ELEMENT 79 CAPITAL INC./
CAPITAL ÉLÉMENT 79 INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

Unaudited - see Notice to Reader

September 30, 2016

ELEMENT 79 CAPITAL INC./
CAPITAL ÉLÉMENT 79 INC.

SEPTEMBER 30, 2016

CONTENTS

ELEMENT 79 CAPITAL INC./
CAPITAL ÉLÉMENT 79 INC.

NOTICE TO READER

Management of the Company has prepared these unaudited condensed interim financial statements and their accompanying notes and is responsible for the integrity and fairness of the financial information presented therein. These have been reviewed and approved by the Company's Audit Committee and the Board of Directors. The Company's auditors have not reviewed or audited these condensed interim unaudited financial statements.

ELEMENT 79 CAPITAL INC./
CAPITAL ÉLÉMENT 79 INC.

Unaudited - see Notice to Reader
As at September 30, 2016

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	September 30, **2016** $	December 31, 2015 $
Assets		
Current assets		
Cash and cash equivalents (Note 4)	**-**	41,461
Prepaid expenses	**22,995**	22,995
Total assets	**22,995**	64,456
Liabilities and shareholders' deficiency		
Current liabilities		
Accrued liabilities	**197,252**	182,365
Loans from directors	**2,070**	-
Total liabilities	**199,322**	182,365
Shareholders' deficiency		
Share capital (Note 6)	**449,390**	449,390
Reserves	**97,038**	97,038
Deficit	**(722,755)**	(664,337)
Total shareholders' deficiency	**(176,327)**	(117,909)
Total liabilities and shareholders' deficiency	**22,995**	64,456

Going concern (Note 2)

On behalf of the board:

"signed", Edward Ierfino
Edward Ierfino, Director

"signed",Kosta Kostic
Kosta Kostic, Director

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

ELEMENT 79 CAPITAL INC./
CAPITAL ÉLÉMENT 79 INC.

Unaudited - see Notice to Reader
For the period ended September 30, 2016

CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIENCY

	Number of shares	Share capital $	Reserves $	Deficit $	Total $
Balance - December 31, 2015	**6,012,066**	**449,390**	**97,038**	**(664,337)**	**(117,909)**
Net loss and comprehensive loss for the period	**-**	**-**	**-**	**(58,418)**	**(58,418)**
Balance - September 30, 2016	**6,012,066**	**449,390**	**97,038**	**(722,755)**	**(176,327)**

	Number of shares $	Share capital $	Reserves $	Deficit $	Total $
Balance - December 31, 2014	**6,012,066**	**449,390**	**97,038**	**(324,810)**	**221,618**
Net loss and comprehensive loss for the period	**-**	**-**	**-**	**(162,868)**	**(162,868)**
Balance - June 30, 2015	**6,012,066**	**449,390**	**97,038**	**(487,678)**	**58,750**

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

ELEMENT 79 CAPITAL INC./
CAPITAL ÉLÉMENT 79 INC.

Unaudited - see Notice to Reader
For the period ended September 30, 2016

CONDENSED INTERIM STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS

	Three months ended September 30		Nine months ended September 30	
	2016	2015	**2016**	2015
	$	$	**$**	$
Expenses				
Office	**607**	197	**607**	2,037
Insurance	**2,270**	1,145	**5,172**	5,388
Professional fees	**2,300**	2,500	**24,399**	36,081
Travel and promotion	**-**	2,587	**2,633**	6,510
Public company expenses	**14,997**	13,663	**23,373**	21,441
Interest and bank charges	**79**	130	**2,259**	346
Loss before undernoted items	**(20,253)**	(20,222)	**(58,443)**	(71,803)
Impairment of loans receivable	**-**	-	**-**	(93,270)
Interest income	**-**	-	**25**	2,205
Net loss and comprehensive loss	**(20,253)**	(20,222)	**(58,418)**	(162,868)
Loss per share:				
Basic and fully diluted	**(0.0101)**	(0.0101)	**(0.0290)**	(0.0809)
Weighted average number of common shares outstanding for the period	**2,012,066**	2,012,066	**2,012,066**	2,012,066

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

ELEMENT 79 CAPITAL INC./
CAPITAL ÉLÉMENT 79 INC.

Unaudited - see Notice to Reader
For the period ended September 30, 2016

CONDENSED INTERIM STATEMENT OF CASH FLOWS

	Three months ended September 30		**Nine months ended September 30**		
	2016	2015	**2016**	2015	
	$	$	**$**	$	
Cash flows for operating activities					
Net loss and comprehensive loss	**(20,253)**	(20,222)	**(58,418)**	(162,868)	
Items not affecting cash:					
Investment income recognized in net loss	**-**	-	**(25)**	(2,195)	
Impairment of loan receivable	**-**	-	**-**	93,270	
	(20,253)	(20,222)	**(58,443)**	(71,793)	
Changes in non-cash working capital item					
Accrued liabilities	**18,173**	(20,310)	**14,887**	(5,581)	1
Net cash used in operating activities	**(2,080)**	(40,532)	**(43,556)**	(77,374)	
Cash flows for investing activities					
Investment income	**-**	-	**25**	-	
Net cash provided by investing activities	**-**	-	**25**	-	
Cash flows for financing activities					
Loans from directors	**2,070**	-	**2,070**	-	
Net cash flows provided by financing activities	**2,070**	-	**2,070**	-	
Net decrease in cash and cash equivalents	**(10)**	(40,532)	**(41,461)**	(77,374)	
Cash and cash equivalents - beginning of period	**10**	99,387	**41,461**	136,229	
Cash and cash equivalents - end of period	**-**	58,855	**-**	58,855	

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

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

1. Nature of business

The Company, incorporated under the Canada Business Corporations Act on February 6, 2013, is classified as a Capital Pool Company as defined by the TSX Venture Exchange ("TSX-V") Policy 2.4.

The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities.

On November 14, 2013, the Company completed its initial public offering by issuing 2,012,066 common shares at $0.15 per share for gross proceeds of $301,810 and is now trading on the TSX-V under the stock symbol "EMS.P".

The address of the Company's registered and head office is 1000 Sherbrooke St. West, Suite 2700, Montreal, Quebec, Canada.

2. Going concern

The accompanying financial statements have been prepared on the basis that the Company will continue as a going concern. Accordingly, they do not purport to give effect to adjustments, if any, that may be necessary should the Company be unable to continue its operations and therefore be required to realize its assets and discharge its liabilities and commitments in other than the ordinary course of business.

The Company does not currently have operations or assets capable of of generating revenue or cash flows. As at September 30, 2016, the Company incurred a net loss of $58,418 with an accumulated deficit of $722,755, had a negative cash flow from operations of $43,556 and expects to incur further losses in the development of its business. There is no assurance that it will complete a Qualifying Transaction within the twenty four month time period specified by the TSX-V Policy 2.4. The Company's continuing operations as intended are dependant upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or business, which would be a "Qualifying Transaction". Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval.

On December 31, 2013, the Company signed a non-binding letter of intent (the “LOI”) with Canadian Gold Resources Ltd. ("CanGold"), a corporation existing under the laws of Canada, which outlines the general terms and conditions pursuant to which the Company and CanGold would be willing to complete a transaction that will result in a reverse take-over of the Company by the shareholders of CanGold (the "CanGold Transaction").

The CanGold Transaction remained subject to, among other conditions, completion of due diligence investigations to the satisfaction of each of the Company and CanGold and receipt of requisite regulatory approval, including the approval of the TSX-V.

In contemplation of CanGold Transaction, the Company agreed to provide CanGold a secured loan in the principal amount of up to $150,000 as soon as possible following TSX-V approval of same and agreement on standard loan and security documentation acceptable to the Company and CanGold, each acting reasonably. As at September 30, 2016, the Company advanced $175,000 to CanGold (see Note 5 below).

Cont'd...

2. Going concern - Cont'd

Due to the delay that was expected to be necessary to resolve certain title registration issues with the Mexican General Bureau of Mining involving CanGold's material mining property, the Company decided not to proceed with the CanGold Transaction.

New Qualifying Transaction with Benton Resources Inc.

On February 23, 2015, the Company signed a letter of intent (the "LOI") with Benton Resources Inc. ("Benton") to acquire a right to earn a 100% interest in Benton's right, title, and interest in and to the nine contiguous, non-surveyed, unpatented mining claims totaling 67 units comprising Benton's Abernethy gold project (the "Property") situated approximately 10 km WSW of Kenora, Ontario (the "Transaction"). The LOI was negotiated at arm's length and the Company intends the Transaction to constitute its Qualifying Transaction under the policies of the TSX-V.

The Transaction is subject to receipt of requisite regulatory approval, including the approval of the TSX-V and standard closing conditions, the approval of the directors of each of the Company and Benton of a definitive option agreement in respect of the Property (the "Option Agreement"), and completion of due diligence investigations to the satisfaction of each of the Company and Benton, as well as the conditions described below.

Conditions to Transaction

Prior to completion of the Transaction (and as conditions of closing):

- The parties will prepare a filing statement in accordance with the rules of the TSX-V, outlining the terms of the Transaction.
- Benton and the Company will enter into the Option Agreement in respect of the Transaction on or before April 24, 2015, which condition was met on May 22, 2015.
- All requisite regulatory approvals relating to the Transaction, including, without limitation, TSX-V approval, will have been obtained.
- The Company completes a concurrent financing (described below) for minimum gross proceeds of $1,000,000.

The Proposed Transaction

Pre-Closing Capitalization of the Company

As of the date hereof, the Company has 6,012,066 common shares ("Element 79 Shares") issued and outstanding, and securities exercisable or exchangeable for, or convertible into, or other rights to acquire, an aggregate of 601,266 Element 79 Shares at an exercise price of $0.15 per Element 79 Share.

Terms of the Transaction

The Company proposes to acquire an initial fifty-one percent (51%) interest in the Property by:

(i) issuing 400,000 Element 79 Shares, a deemed value of a minimum of $0.15 per Element 79 Share, to Benton upon closing of the Transaction (the "Closing"); and

Cont'd...

2. Going concern - Cont'd

(ii) incurring a minimum of $500,000 in exploration expenditures on the Property within twelve (12) months of Closing.

In addition, the Option Agreement shall stipulate that Element 79 will have the right to acquire an additional:

(i) nineteen percent (19%) interest in the Property by (A) issuing an additional 600,000 Element 79 Shares to Benton at the market price of the Element 79 shares on the TSX-V at the time that the right is exercised and (B) incurring a minimum of $500,000 in additional exploration expenditures on the Property within eighteen (18) months of Closing; and

(ii) thirty percent (30%) interest in the Property by paying Benton $750,000, which payment may be made in cash or, subject to applicable regulatory approvals, in Element 79 Shares, at the sole discretion of Element 79 (together, the Element 79 Shares that may be issued as consideration to Benton in addition to the initial 400,000 Element 79 Shares, collectively referred to as the “Additional Shares”), within 180 days following the date upon which Element 79 acquires an aggregate seventy percent (70%) interest in the Property, failing which Element 79 and Benton will remain 70%/30% joint venture partners in respect of the Property.

Should Element 79 acquire a one hundred percent (100%) interest in the Property, Benton shall be granted a three percent (3%) net smelter return royalty (NSR), half of which may be repurchased by Element 79 by paying Benton $1,000,000.

The Company will not assume any of the liabilities or obligations of Benton of any nature or kind whatsoever, contingent or otherwise, relating to the Property.

It is expected that the Resulting Issuer will be classified as a Tier 2 Mining Issuer.

The TSXV granted, on March 4, 2016, an extension to the Company, until August 24, 2016, in order to complete the Transaction with Benton Resources Inc. On August 24, 2016, the Company communicated with the TSXV and obtained a final extension to September 14, 2016. If the Company does not complete the Transaction within the foregoing deadline, then the common shares will either be transferred to the NEX board or delisted from the TSXV.

Concurrent Private Placement

Element 79 has engaged Leed Jones, Gable & Company Inc. (the “Agent”) to act as agent, on a best efforts basis, in connection with a brokered private placement (the “Private Placement”) of securities of Element 79 that will close concurrently with, and as a condition of, the Transaction.

In connection with the Private Placement, the Agent will receive (i) a cash commission of 10% of the total proceeds of the Private Placement, and (ii) compensation options (the “Agent’s Options”) to acquire such number of Element 79 Shares which is equal to 10% of the aggregate number of Element 79 Shares issued and sold pursuant to the Private Placement. Each Agent’s Option shall entitle the Agent to acquire one additional Element 79 Share at an exercise price of $0.15 per Element 79 Share for a period of two years from the completion of the Transaction.

Cont'd...

2. Going concern - Cont'd

The Private Placement consists of the following:

- a minimum of 3,000,000 hard cash units at a price of $0.15 per unit (each, a "Hard Cash Unit") and a minimum of 2,800,000 flow-through units at a price of $0.18 per unit (each, a "Flow-Through Unit"), for minimum combined gross proceeds of $954,000 (the "Minimum Offering"); and
- a maximum of 3,300,000 Hard Cash Units at a price of $0.15 per Hard Cash Unit and a maximum of 5,500,000 Flow-Through Units at a price of $0.18 per Flow-Through Unit, for maximum combined gross proceeds of $1,485,000 (the "Maximum Offering").

Each Hard Cash Unit shall consist of one (1) Element 79 Share and one common share purchase warrant in the capital of Element 79 entitling the holder thereof to acquire one (1) Element 79 Share at an exercise price of $0.20 for a period of thirty-six (36) months following completion of the Transaction.

Each Flow-Through Unit shall consist of one (1) common share in the capital of Element 79 that is a "flow through share" as defined in subsection 66(15) of the Income Tax Act (Canada), as amended from time to time, and one half (½) common share purchase warrant in the capital of Element 79, with each whole common share purchase warrant entitling the holder thereof to acquire one (1) Element 79 Share at an exercise price of $0.20 for a period of twelve (12) months following completion of the Transaction.

It is management's opinion, given the current level of funding and projected levels of expenditures, the Company does not have sufficient cash resources to continue for the next twelve months.

3. Basis of preparation

The financial statements were authorized for issuance on November 29, 2016 by the board of directors of the Company.

3.1 Statement of compliance

These unaudited condensed financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, IAS 34 "Interim Financial Reporting" as issued by the Internation Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"). Accordingly, certain disclosures required in annual financial statements have been condensed or omitted. These condensed interim financial statements are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim financial statements be read in conjunction with the most recent audited annual financial statements of the Company for the year ended December 31, 2015.

3.2 Basis of measurement

The unaudited condensed interim financial statements have been prepared under the historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss or available for sale which are measured at fair value. In addition, the financial statements have been

Cont'd...

3. Basis of preparation - Cont'd

prepared using the accrual basis of accounting and are presented in Canadian dollars, which is the functional currency of the Company.

3.3 Accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions about the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from those estimates and such differences could be significant.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Company. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting estimates and judgements are those that have a significant risk of causing material adjustment and are often applied to matters or outcomes that are inherently uncertain and subject to change. Key areas of estimation, where management has made difficult, complex or subjective judgements, often as a result of matters that are inherently uncertain, include the valuation of share based payments, valuation of deferred financing costs, accrued liabilities and deferred taxes.

In preparing these unaudited condensed interim financial statements, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's annual financial statements as at December 31, 2015.

4. Cash and cash equivalents

Cash and cash equivalents are comprised of the following:

	September 30, 2016 $	December 31, 2015 $
Cash	-	131,229
Cashable guaranteed investment certificate with the Company's bank bearing interest at 0.65%, maturing within one year and whose market value approximates cost.	-	5,000
	-	136,229

Cont'd...

5. Loans receivable

	September 30, 2016 $	December 31, 2015 $
Unsecured, non-interest bearing advance to CanGold in contemplation of the letter of intent described in Note 2. This advance is due on demand.	25,000	25,000
Loans to CanGold in contemplation of the CanGold Transaction described in Note 2, bearing interest at the rate of 6% per annum, maturing no later than July 28, 2015 and are secured by a general security over the assets of CanGold, its parent company Ontop Capital Limited and CanGold's wholly-owned subsidiary, Minera Bestep S.A. de C.V.	150,000	150,000
Accrued interest on loan	5,770	5,770
	180,770	180,770
Impairment of loans	(180,770)	(180,770)
	-	-

Following the termination of the agreement with CanGold referred to in Note 2, and as a result of changes in market conditions impacting the value of the assets of CanGold, its parent company Ontop Capital Limited and CanGold's wholly-owned subsidiary, Minera Bestep S.A. de C.V., management has determined, as described more fully in Note 11, that it is possible that not all of the funds may be recoverable and accordingly, has provided for impairment of the loans.

6. Share capital

Authorized -

An unlimited number of common shares and an unlimited number of preferred shares without nominal or par values

Issued -

September 30 2016	January 1 2015		**September 30 2016 $**	December 31 2015 $
6,012,066	6,012,066	Common shares	**449,390**	449,390

On May 17, 2013, the Company issued 4,000,000 common shares to directors and officers of the Company and two arm's length accredited investors at a price of $0.075 per share for gross proceeds of $300,000. These shares are subject to escrow conditions and will be released in stages upon completion of the Company's

Cont'd...

6. Share capital - Cont'd

Qualifying Transaction.

On November 14, 2013, the Company completed its initial public ofering ("IPO") and issued 2,012,066 common shares at a price of $0.15 per share for gross proceeds of $301,810 less fees.

As of September 30, 2016, 4,000,000 of the issued and oustanding shares are subject to escrow conditions.

Basic loss per share is calculated by dividing the net loss by the weighted average number of common shares outstanding during the period. Outstanding shares that are contingently returnable are excluded from the calculation of basic earnings per share. A summary of the weighted average number of common shares outstanding are as follows:

	Three months ended		**Nine months ended**	
	September 30, 2016	September 30, 2015	**September 30, 2016**	September 30, 2015
Weighted average number of common shares outstanding	**6,012,066**	6,012,066	**6,012,066**	6,012,066
Weighted average of contingently returnable shares	**4,000,000**	4,000,000	**4,000,000**	4,000,000
Weighted average number of non-contingently returnable shares	**2,012,066**	2,012,066	**2,012,066**	2,012,066

7. Share based payments

On November 14, 2013, the Company established an incentive stock option plan (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares. These options may vest over a period determined by the Board of Directors when granted and expire after a period of up to ten years, provided that the number of common shares reserved for issuance under the Stock Option Plan does not exceed 601,206 shares. The Board of Directors determines the price per common share and the number of common shares that may be allotted to each director, officer, employee and consultant of the Company and all other terms and conditions of the options granted under the Stock Option Plan.

The Company accounts for options granted using the fair value method.

During the nine months ended September 30, 2016, there were no options granted to directors and officers.

During the nine months ended September 30, 2016, there were no options granted to consultants of the Company.

Cont'd...

7. Share based payments - Cont'd

A summary of changes in the Company's common share purchase options is presented below:

	Three months ended		Nine months ended	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Balance - beginning of period	**602,206**	**0.1500**	602,206	0.1500
Balance - end of period	**602,206**	**0.1500**	602,206	0.1500
Balance exerciseable - end of period	**802,413**	**0.1500**	602,206	0.1500

Common share purchase options outstanding, exercisable, granted to directors, officers, consultants and Agents of the Company as at September 30, 2016 are summarized as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Range of Expiry Date	Weighted Average Remaining Contractual Life
601,206	601,206	0.15	November 14, 2023	89 months

8. Related party transactions

Upon inception, the Company issued 1,493,334 common shares at $0.075 per share for total proceeds of $112,000 to the following related parties:

- 1,253,334 common shares to a company controlled by a director and officer of the Company;
- 80,000 common shares to each of the two other directors and to the Chief Financial Officer of the Company.

During the period ended September 30, 2016, the Company incurred $6,400 in legal fees for services provided by a law firm whose partner is a director of the Company.

These transactions are measured at the exchange amount, which is the amount of consideration determined and agreed to by the related parties.

Cont'd...

9. Capital disclosures

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders;
- to maintain sufficient cash resources to support its ongoing activities;
- to maintain a flexible capital structure which optimizes the cost of capital at an acceptable level of risk.

In the management of capital, the Company considers the items included in shareholders' equity in the definition of capital.

The Company manages its capital structure and makes adjustments to it in light of economic conditions and the risk characteristics of the underlying assets. The Company, upon the approval of the Board of Directors, will balance its overall capital structure through the issue of new shares, acquiring or disposing of assets, or by undertaking other activities as deemed appropriate under specific circumstances.

The proceeds raised from the issue of shares may only be used to identify and evaluate assets or businesses for future investments with the exception that up to $210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the TSX-V.

The Company is not exposed to any other externally imposed capital requirements.

The Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2015.

10. Compensation of key management

Key management includes the roles of CEO, president and CFO. During the period, no compensation was paid to key management.

11. Financial instruments and risk management

Fair Value

The carrying values of cash and cash equivalents, and accrued liabilities approximate their fair values due to the immediate or short-term maturity of these financial instruments.

The determination of the fair value of cash and cash equivalents was calculated using level 1 of the fair value hierarchy.

Credit risk

The Company is exposed to credit risk through its cash and cash equivalents and its loans receivable described in notes 4 and 5 respectively. Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract.

Cont'd...

11. Financial instruments and risk management - Cont'd

Cash and cash equivalents are maintained with a high quality financial institution. As the Company's cash is held by a single Canadian bank, there is a concentration of credit risk. The carrying amount of cash and cash equivalents and short-term investment represents the Company's maximum credit exposure.

Loans receivable from CanGold of $175,000 were advanced in anticipation of the Transaction described in Notes 2 and 5. The loans mature no later than July 28, 2015. The proposed Transaction has been terminated and the Company has entered into a leter of intent for a new Qualifying Transaction with Benton Resources Inc.

Following the termination of the Transaction with CanGold, CanGold has advised the Company that it continues to work toward monetizing its assets, including the mining claims held by its wholly-owned subsidiary, Minera Bestep S.A. de C.V. ("Minera"). Notwithstanding these efforts, CanGold has further advised the Company that as a result of the deterioration of the value of its assets due to worsening market conditions, including the decrease in the price of gold, it was not in a position to repay the loans on July 28, 2015. The loans are secured by a general security over the assets of CanGold, its parent company, Ontop Capital Limited, and CanGold's wholly-owned subsidiary, Minera; however, in order to realize upon the security, the Company will need to incur additional professional fees and related expenses, and there can be no guarantee that the Company will be able to realize sufficient value to satisfy the full amount of the loans receivable and accrued interest net of such additional fees and expenses. Accordingly, management has determined that an impairment of the loans is necessary and has reduced the carrying amount of the loans receivable to $NIL. Management will continue to analyze the situation with the goal of maximizing the amount of the loans collected.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Company manages its short-term investments based on its cash flow needs. A change in the interest rates of 1% will not have a significant impact on the operations and cash flows of the Company.

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's ability to continue as a going concern is dependant on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by continuously forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and committments.

Cont'd...

12. Subsequent event

The Subsequent to September 30, 2016, the previously-announced qualifying transaction involving the Abernethy Gold Project from Benton Resources Inc. was terminated and the Company applied to the TSX Venture Exchange (the “Exchange”) for a transfer to the NEX Board (the "NEX Transfer"), which the Exchange accepted. The NEX Transfer became effective on November 4, 2016, at which time the Company’s symbol changed from EMS.P to EMS.H.

The Company obtained the requisite shareholder approval (exclusive of the votes of non-arm's length parties to the Company) for the NEX Transfer at a meeting of its shareholders held on February 24, 2016. As required under Exchange policy 2.4, an aggregate of 2,000,000 common shares of the Company subject to escrow and held by the Company’s officers, directors and 10% shareholders, have been cancelled and returned to treasury in order to complete the NEX Transfer. As a result of the foregoing cancellation, the Company has 4,016,066 common shares issued and outstanding.

There is no change in the Company's name, no change in its CUSIP number and no consolidation of capital. It is expected that trading in the Company’s common shares will remain suspended pending the completion of a future financing in order to replenish the Company’s working capital position.