NUNAVIK NICKEL MINES LTD

Financial report

Years ended on December 31, 2016 and 2015

NUNAVIK NICKEL MINES LTD

FINANCIAL REPORT

MNP SENCRL srl / LLP

Independent Auditors' Report

To the Shareholders of Nunavik Nickel Mines Ltd.

We have audited the accompanying financial statements of Nunavik Nickel Mines Ltd., which comprise the statement of financial position as at December 31, 2016 and the statements of comprehensive loss, changes in equity and cash flows for the year 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 audit. We conducted our audit 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 audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Nunavik Nickel Mines Ltd. as at December 31, 2016, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without modifying our opinion, we draw attention to Note 2 of the financial statements which indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Comparative information
The financial statements of Nunavik Nickel Mines Ltd. as at and for the year ended December 31, 2015, were audited by another auditor who expressed an unmodified opinion on those financial statements on April 27, 2016.

Montréal, Québec

MNP SENCRL, srl [1]

April 11, 2017

[1] CPA auditor, CA, public accountancy permit No. A126822

NUNAVIK NICKEL MINES LTD

STATEMENTS OF FINANCIAL POSITION

As at **(in Canadian dollars)**

	Notes	December 31, 2016	December 31, 2015
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	6	11,846	70,571
Sales taxes recoverable		1,620	1,078
Prepaid expenses and deposits		16	5,507
		13,482	77,156
Non-current assets			
Exploration and evaluation assets	7	60,009	1,460,725
Total assets		73,491	1,537,881
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		12,175	6,100
Due to the controlling shareholder Golden Valley, without interest, due on demand		30,000	-
Total liabilities		42,175	6,100
EQUITY			
Share capital	8	2,557,466	2,557,466
Contributed surplus	9	158,071	137,283
Warrants	8	4,877	4,877
Deficit		(2,689,098)	(1,167,845)
Total equity		31,316	1,531,781
Total liabilities and equity		73,491	1,537,881

Going Concern (Note 2)

Subsequent events (Note 17)

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

These financial statements were approved and authorized for issue by the Board of directors on April 11, 2017.

"Glenn J. Mullan"	*"Dr. C. Jens Zinke"*
(signed Glenn J. Mullan)	(signed C. Jens Zinke)
Director	Director

NUNAVIK NICKEL MINES LTD

STATEMENTS OF COMPREHENSIVE LOSS

Years ended December 31, 2016 and 2015 **(in Canadian dollars)**

	Notes	December 31, 2016	December 31, 2015
		$	$
Operating expenses			
Exploration and evaluation expenses		7,869	4,460
Audit and accounting fees		26,152	15,912
Legal fees		15,344	26,462
Regulatory and transfer agent fees		19,551	23,322
Shareholders' information		3,706	3,486
Office expenses and other		5,898	11,486
Travel and entertainment		2,222	7,551
Share-based payments	9	20,788	-
Impairment of exploration and evaluation assets	7	1,420,017	-
Operating loss		1,521,547	92,679
Other expenses (income)			
Interest income		(420)	(174)
Interest expense		114	126
Foreign exchange loss		12	-
		(294)	(48)
Net loss and comprehensive loss		1,521,253	92,631
Basic and diluted net loss per common share		0.118	0.007
Weighted average number of common shares outstanding		12,881,994	12,596,789

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

NUNAVIK NICKEL MINES LTD

STATEMENTS OF CHANGES IN EQUITY

Years ended December 31, 2016 and 2015 **(in Canadian dollars)**

	Notes	Share capital		Contributed surplus	Warrants	Deficit	Total
		Number	$	$	$	$	$
Balance on January 1st, 2015		10,081,994	2,298,006	137,283	-	(1,075,214)	1,360,075
Issuance of shares as part of an acquisition of mining rights	8	300,000	36,000	-	-	-	36,000
Issuance of units under a private placement	8	2,500,000	250,000	-	-	-	250,000
Issuance of warrants as part of a finder's fee payment	8	-	(4,877)	-	4,877	-	-
Cost related to the issuance of units	8	-	(21,663)	-	-	-	(21,663)
		2,800,000	259,460	-	4,877	-	264,337
Net loss and comprehensive loss		-	-	-	-	(92,631)	(92,631)
Balance on December 31, 2015		12,881,994	2,557,466	137,283	4,877	(1,167,845)	1,531,781
Balance on January 1st, 2016		12,881,994	2,557,466	137,283	4,877	(1,167,845)	1,531,781
Share-based payments	9	-	-	20,788	-	-	20,788
		-	-	20,788	-	-	20,788
Net loss and comprehensive loss		-	-	-	-	(1,521,253)	(1,521,253)
Balance on December 31, 2016		12,881,994	2,557,466	158,071	4,877	(2,689,098)	31,316

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

STATEMENTS OF CASH FLOWS

Years ended december 31, 2016 and 2015 **(in Canadian dollars)**

	Notes	December 31, 2016	December 31, 2015
		$	$
OPERATING ACTIVITIES			
Net loss		(1,521,253)	(92,631)
Non-cash profit or loss items			
Share-based payments		20,788	-
Tax credits accounted in exploration expenses		(1,275)	(476)
Impairment of exploration and evaluation assets		1,420,017	-
		(81,723)	(93,107)
Change in non-cash working capital items			
Sales taxes recoverable		(542)	1,683
Prepaid expenses and deposits		5,491	-
Accounts payable and accrued liabilities		2,806	(29,863)
		7,755	(28,180)
Net cash related to operating activities		(73,968)	(121,287)
INVESTING ACTIVITIES			
Additions to exploration and evaluation assets	7 and 11	(16,636)	(39,057)
Tax credit received		1,879	1,108
Net cash related to investing activities		(14,757)	(37,949)
FINANCING ACTIVITIES			
Due to the controlling shareholder Golden Valley		30,000	-
Issuance of units	8	-	250,000
Cost related to the issuance of units	8	-	(21,663)
Net cash related to financing activities		30,000	228,337
Increase (decrease) in cash		(58,725)	69,101
Cash, beginning of year		70,571	1,470
Cash, end of year		11,846	70,571
Interest received		420	174

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

NOTE 1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

Nunavik Nickel Mines Ltd (the "Company"), incorporated on February 18, 2010 under the Business Corporations Act of British Columbia (the "Company") is involved in the process of exploring, evaluating and promoting its mineral properties and other projects. The head office of the Company is located at 152 Chemin de la Mine École, Val d'Or, Québec, Canada. The Company's registered and records office is located at #1810 - 1111 West Georgia Street, Vancouver, B.C. V6E 4M3. The Company also has administrative offices located at 800 René-Lévesque Boulevard West, Suite 425, Montréal, Quebec, H3B 1X9.

The Company's shares are listed on the TSX Venture Exchange under the symbol KZZ.

These financial statements will be included in the consolidation perimeter of its controlling shareholder Golden Valley Mines Ltd. ("Golden Valley"). As at December 31, 2016, Golden Valley is holding a 60.27 % participation in the Company.

NOTE 2. GOING CONCERN ASSUMPTION

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board ("IASB") and the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company's ability to continue as a going concern depends upon its ability to obtain necessary financing to fund its prospection operations, its projects and continued support of suppliers and creditors. The Company's ability to raise enough financing to meet these objectives cannot be determined at this time. The Company's business involves a high degree of risk and there is no assurance that the Company will be successful in discovering economically recoverable deposits on its mineral properties. Furthermore, the Company has not yet generated any income or cash flows from its operations and there is no assurance that the business will be profitable in the future. As at December 31, 2016, the Company has a cumulative deficit of $2,689,098 ($1,167,845 as at December 31, 2015). These material uncertainties cast significant doubts regarding the Company's ability to continue as a going concern.

The carrying amounts of assets, liabilities and expenses presented in the financial statements and the classification used in the financial statements have not been adjusted as would be required if the going concern assumption was not appropriate. Those adjustments could be material.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and evaluation of financial statements
The financial statements are prepared using the significant accounting policies described in the present note. These methods have been applied consistently to all periods presented in these financial statements.

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

Functional and presentation currency
These financial statements are presented in Canadian dollars, which is the Company's functional currency.

Segment disclosure
The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the President and the Board of Directors.

The Company has determined that it has only one operating segment, the sector of exploration and evaluation of mineral resources. All its exploration and evaluation assets are located in Canada.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized in the statement of financial position when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

The Company classifies its financial instruments by category according to their nature and their characteristics. Management determines the classification when the instruments are initially recognized, which is normally the date of the transaction.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's cash and cash equivalents are classified in this category. They are initially measured at fair value plus directly attributable transaction costs. Subsequently, they are measured at amortized cost. The difference between the initial carrying value and the collection value is recognized in profit or loss over the duration of the contract using the effective interest rate method. They are presented in current assets when they are recoverable within 12 months of the end of the period; otherwise they are classified as non-current assets.

If there is objective evidence of an impairment loss, the amount of the loss is equal to the difference between the carrying value of the asset and the present value of estimated future cash flows, discounted at the asset's original effective interest rate. The carrying value of the asset is reduced by using an allowance account.When assets are deemed to be uncollectible, they are written off against the allowance account. When the amount of the impairment loss decreases in a subsequent period and when this decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal is limited to the amortized cost that would have been obtained at the date of impairment reversal had the impairment not been recognized. The amount of impairment loss and the amount of the reversal are recognized in profit or loss.

Impairment of financial assets

All financial assets, except for those at fair value through profit or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

Financial liabilities at amortized cost

Financial liabilities at amortized cost represent financial liabilities not held for trading. Accounts payable and accrued liabilities are classified in this category. They are initially measured at fair value less transaction costs. Subsequently, they are measured at amortized cost. The difference between the initial carrying amount and the redemption value is recognized in profit or loss over the duration of the contract using the effective interest rate method. They are presented as current liabilities when they are repayable within 12 months following the end of the period; otherwise, they are classified as non-current liabilities.

Provisions

Provisions are recognized when present legal or constructive obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with the current laws and regulations. Site restauration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

At December 31, 2016 and 2015, there is no provision in the statement of financial position.

Cash and cash equivalents
Cash and cash equivalents comprise cash in bank and demand deposit, which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Tax credits receivable
The Company is entitled to a refundable tax credit on qualified exploration expenditures incurred and refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as a reduction of exploration and evaluation costs incurred based on estimates made by management. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

Exploration and evaluation expenditures and exploration and evaluation assets
Exploration and evaluation expenditures are costs incurred in the course of initial search for mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights or options to acquire such rights (option agreement), expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are recognized as exploration and evaluation assets. Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expenses are recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts; the difference is then immediately recognized in profit or loss.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

Although the Company has taken steps to verify title to the mining properties in which it hold an interest in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Title to property may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of exploration and evaluation assets
For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

Impairment reviews for exploration and evaluation assets are carried out on a project by project basis, with each project representing a potential single cash-generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

a) the right to explore the areas has expired or will expire in the near future with no expectation of renewal;
b) no further exploration or evaluation expenditures in the areas are planned or budgeted;
c) no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
d) sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

Disposal of interest in connection with option agreement
On the disposal of interest in connection with the option agreement, the Company does not recognize expenses related to the exploration and evaluation performed on the property by the acquirer. In addition, the cash or the shares consideration received directly from the acquirer is credited against the carrying amount of costs previously capitalized to the property, and the surplus is recognized as a gain on the disposal of exploration and evaluation assets in profit or loss.

Equity
Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs. In addition, if shares were issued as consideration for the acquisition of a mineral property or some other form of non-monetary assets, they are measured at their fair value according to the quoted price on the day of the conclusion of the agreement.

Unit placements
Proceeds from unit placements are allocated between common shares and warrants. Being given the limited trading on the Company's stock, the related fair value method, using the Black Scholes options pricing model was retained to estimate the fair value of the warrants issued as part of the flow-through and non-flow-through units.

Other elements of equity
Contributed surplus includes charges related to stock options until such are exercised and charges related to warrants expired.

Warrants includes fair values allocated to the warrants issued. When warrants are exercised, the related cost and fair value are transferred to share capital.

Deficit includes all current and prior period retained profits and losses.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity-settled share-based payments

The Company operates an equity-settled share-based payments plan for its eligible directors, officers, employees and consultants. The Company's plan do not feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with employees and others providing similar services, the Company measured the fair value of the services received by reference to the fair value of the equity instruments granted.

All equity-settled share-based payments (except equity-settled share-based payments to brokers) are ultimately recognized as an expense in the profit or loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to Contributed surplus, in equity. Equity-settled share-based payments to brokers, in respect of an equity financing are recognized as issuance costs of the equity instruments with a corresponding credit to Contributed surplus, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of stock options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of stock options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if stock options ultimately exercised are different to that estimated on vesting.

Upon exercise of stock options, the proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the stock options recorded in contributed surplus are then transferred to share capital.

Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred and current tax not recognized in other comprehensive income or directly in equity.

Current tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and associates is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that the reversal will occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred tax expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to common equity holders of the Company by the weighted average number of common shares outstanding during the same period. Diluted earnings per share is calculated by adjusting loss attributable to common equity holders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares. Dilutive potential common shares shall be deemed to have been converted into common shares at the average market price at the beginning of the period or, if later, at the date of issue of the potential common shares.

The diluted loss per share is equal to the basic loss per share as a result of the anti-dilutive effect of the outstanding warrants and options.

NOTE 4. FUTURE CHANGES IN ACCOUNTING POLICIES

At the date of autorization of these financial statements, certain new standards,amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company accounting policies for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's financial statements.

IFRS 9, « Financial instruments »

The IASB previously published versions of IFRS 9, «Financial instruments» that introduced new classification and measurement requirements in 2009 and 2010 and a new hedge accounthing model in 2013. In July 2014, the IASB released the final version of IFRS 9, «Financial instruments» which replaces earlier versions of IFRS 9 issued and completes IASB's project to replace IAS 39, «Financial Instruments: Recognition and Measurement».

The standard is effective for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with certain exceptions. Early adoption is permitted. The restatement for the classification and assessment presented for prior periods, particularly with respect to impairment is not required. The Company is still evaluating the impact of this standard on its financial statements.

NOTE 5. JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

When preparing financial statements, management undertakes a number of estimates, judgments and assumptions about recognition and measurement of assets, liabilities, income and expenses. These estimates and judgments are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the financial statements.

Judgements

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Recognition of deferred tax assets and measurement of income tax expense

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to use 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 tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. If changes were made to management's assessment regarding the Corporation's ability to use future tax deductions, the Company could be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

At December 31, 2016 and 2015 (in Canadian dollars)

NOTE 5. JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Going concern

The evaluation of the Company's ability to continue as a going concern, to raise additional financing in order to cover its operating expenses and its obligations for the upcoming year requires significant judgment based on past experience and other assumptions including the probability that future events are considered reasonnable according to the circumstances. Please refer to Note 2 for further information.

Estimation

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgement and a number of estimates and interpretations in many cases.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recovered from either exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

See Note 7 for the exploration and evaluation assets impairment analysis.

The impairment loss recognized in the statement of comprehensive loss amounts to $1,420,017 for the year ended December 31, 2016 ($nil for the year ended December 31, 2015). No reversal of impairment losses has been recognized for the reporting periods.

Fair value of stock options

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of comparable mining exploration companies' share on the TSX Venture Exchange, the probable life of share options granted and the time of exercise of those share options. The model used by the Company is the Black-Scholes valuation model.

NOTE 6. CASH AND CASH EQUIVALENTS

	2016	2015
	$	$
Cash	11,846	10,571
Demand deposit, 0,7% redeemed	-	60,000
	11,846	70,571

NOTES TO FINANCIAL STATEMENTS

At December 31, 2016 and 2015 **(in Canadian dollars)**

NOTE 7. EXPLORATION AND EVALUATION ASSETS

The following tables presents a summary of exploration and evaluation assets by property:

	Balance as at January 1, 2015	Additions	Impairment	Balance as at December 31, 2015	Additions	Impairment	Balance as at December 31, 2016
	$	$	$	$	$	$	$
Boston Bulldog Prospect (Ontario)	-	41,100	-	41,100	1,024	-	42,124
Shoot-Out Prospect - (Quebec)	-	-	-	-	7,680	-	7,680
Chibougamau-Chapais Prospect (Quebec)	-	-	-	-	10,205	-	10,205
Marymac Prospect (Quebec)	1,381,437	38,188	-	1,419,625	392	(1,420,017)	-
	1,381,437	79,288	-	1,460,725	19,301	(1,420,017)	60,009

The following table presents the additions to exploration and evaluation assets by property:

	December 31, 2016					December 31, 2015		
	Boston Bulldog	Shoot-Out	Chibougamau-Chapais	Marymac	Total	Boston Bulldog	Marymac	Total
	$	$	$	$	$	$	$	$
Acquisition and claim maintenance	100	7,066	2,868	550	10,584	41,100	38,009	79,109
Technical and field staff	-	614	3,434	-	4,048	-	309	309
Consultant fees	924	-	3,684	446	5,054	-	502	502
General expenses	-	-	219	-	219	-	-	-
Tax credits	-	-	-	(604)	(604)	-	(632)	(632)
Balance, end of year	1,024	7,680	10,205	392	19,301	41,100	38,188	79,288

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

NOTE 7. EXPLORATION AND EVALUATION ASSETS (continued)

Marymac Prospect - Labrador Trough, Quebec

The Marymac Prospect located in the Labrador Trough of Quebec, consists of 43 Map Designated Units (each an "MDU"). The Company holds a 100% interest in the Marymac Prospect that is subject to a 2% net smelter royalty ("NSR") interest in favour of Capex Group Inc. (formerly 862539 Alberta Ltd.), which was granted pursuant to an agreement dated March 1, 2001. Since the Company is not planning any work in the near future, the Company made the decision to impair its Marymac Prospect at December 31, 2016.

Boston Bulldog Prospect - Kirkland Lake, Ontario

The Boston Bulldog Prospect is a group of 3 mining claims located in Kirkland Lake, Ontario. On February 16, 2015, the Company entered into a Mining Option Agreement, amended on March 6, 2015, pursuant to which it has been granted by 2973090 Canada Inc., a Canadian private company wholly-owned and controlled by Glenn J. Mullan, the previous CEO and a director of the Company, an option to acquire a 100% interest in the mineral claims comprising the Boston Bulldog Prospect, subject to a 3% NSR royalty. In consideration of the grant of the option, the Company paid 2973090 Canada Inc. a sum of $5,000 in cash to cover the cost of staking the property and issued 300,000 common shares (issued in April 2015). To maintain and exercise the option, the Company must keep the property in good standing and incur minimum mining operations expenditures of $50,000 by April 7, 2018 (Notes 16 and 17). In accordance with the terms of the option, the Company has the right to reduce the royalty from 3% to 2% of the NSR by paying 2973090 Canada Inc. $1,000,000 at any time on or before February 16, 2022.

Shoot-Out Prospect - Northern Quebec

The Shoot-Out Prospect is the combination of two properties, Shoot-Out East and Shoot-Out West, and consists of 63 claims located in the Raglan Belt of northern Quebec. The Company has a 100% ownership interest in this property that is subject to a 3% NSR in favour of the original vendors, one of which is a director and officer of the Company.

Chibougamau-Chapais Prospect - Central, Quebec

The Chibougamau-Chapais Prospect is a non-contiguous group of 40 claims, located in the Chibougamau area in central Quebec, which were staked by the Company in the second quarter of 2016. The Company intends to design and conduct a grass roots exploration program on this property in the coming future.

Fortin Property - Abitibi, Quebec

The Fortin Property is located in the central part of Ducros Township, approximatively 80 kilometres northeast of the City of Val-d'Or, Quebec, and consists of 5 contiguous mining claims. The Company holds a 100% interest in this property that is subject to a 1.5% NSR in favour of the original vendors. The Company retains the right to buyback the NSR at anytime; 0.5% buyback for $500,000 and 1% buyback for $1,000,000. This prospect was impaired in the year ended December 31, 2013.

NOTE 8. EQUITY

Authorized

Unlimited number of voting common shares without par value.

Transaction on share capital

2015

On January 30, 2015, the Company closed a non-brokered private placement financing pursuant to which it has issued 2,500,000 units at a price of $0.10 per unit for a gross proceeds of $250,000. Each unit consists of one common share in the capital of the Company and one-half of one non-transferable share purchase warrant, each whole warrant entitling the purchase of one common share at a per share price of $0.12 until January 30, 2017. No amount related to issued warrants was recorded.

In connection with this private placement, the Company has paid finder's fees of $3,300 in cash and issued compensation warrants entitling the purchase 41,250 of the Company's common shares at a per share price of $0.10 until January 30, 2017. The fair value of the compensation warrants has been estimated using the Black-Scholes option-pricing model at $4,877. The Company also incurred legal fees in relation with the private placement of $18,363.

At December 31, 2016 and 2015 (in Canadian dollars)

NOTE 8. EQUITY (Continued)

On April 10, 2015, after having received Exchange acceptance of the Mining Option Agreement to acquire the Boston Bulldog Prospect (received on April 7, 2015), the Company issued 300,000 common shares at a price of $0.12 per share.

Warrants

The following table shows the changes in warrants:

	December 31, 2016		December 31, 2015	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning of year	1,291,250	0.12	-	-
Issued	-	-	1,291,250	0.12
Outstanding, end of year	1,291,250	0.12	1,291,250	0.12

When granted, the fair value of the 41,250 warrants issued as compensation warrants was measured by the reference to the fair value of the equity instruments granted, the fair value of services received cannot be estimated reliably. The fair value of $4,877 was recorded as an increase of share issue expenses against share capital and as an increase of warrants.

The fair value of the compensation warrants of $0.12 was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions:

	December 31, 2015
Share price at date of grant	0.18 $
Expected dividend	- $
Expected volatility	100 %
Risk-free interest rate	0,39 %
Expected life	2 years
Exercise price at the date of grant	0.10 $

Given the limited trading history of the Company's common shares, the expected volatility was determined by reference to historical data of comparable mining exploration companies' share on the TSX Venture Exchange over the expected average life of the warrants. No special features inherent to the warrants granted were incorporated into measurement of fair value.

The number of outstanding warrants that could be exercised for an equal number of common shares is as follows:

Expiration date	Exercise price	Number of warrants outstanding
	$	
January 30, 2017	0.12	1,250,000
January 30, 2017	0.10	41,250
		1,291,250

At December 31, 2016 and 2015 (in Canadian dollars)

NOTE 9. SHARE-BASED PAYMENTS

Stock option plan

The Company has adopted an incentive stock option plan pursuant to which directors, officers, employees and consultants are eligible to receive incentive stock options. Under the terms of this plan, the aggregate number of shares issuable upon the exercise of all options granted thereunder may not exceed 10% of the Company's common shares issued and outstanding at the time of grant. The exercise price of each option is fixed by the Board of Directors, but shall not be less than the closing price of the Company's share on the trading day immediately prior to the date of grant less any discount permitted by the Exchange; if no sales were reported, it shall be the sales closing price on the last trading day immediately prior to the date of grant on which sales were reported. The vesting period of the options shall be determined by the Board of Directors, in accordance with the rules and regulations of the Exchange.

All share-based payments will be settled in equity. The Company has no legal constructive obligation to repurchase or settle the options in cash.

The Company's stock options are as follows for the reporting periods presented:

		December 31, 2016		December 31, 2015
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of year	793,199	0.18	1,008,199	0.18
Granted	446,801	0.065	-	-
Forfeited	(675,000)	0.20	(215,000)	0.19
Outstanding, end of year	565,000	0.07	793,199	0.18

The fair value of the stock options granted of $0.05 has been estimated on the date of issue, using the Black-Scholes option-pricing model with the following assumptions:

	December 31, 2016
Share price at date of grant	0.065 $
Expected dividend yield	- $
Expected volatility	100 %
Risk-free interest rate	0,64 %
Expected life	5 years
Exercise price at the date of grant	0.065 $

Given the limited trading history of the Company's common shares, the underlying expected volatility was determined by reference to historical data of comparable mining exploration companies' share on the TSX Venture Exchange over the expected average life of the options. No special features inherent to the options granted were incorporated into measurement of fair value.

An amount of $20,788 of share-based payments expense was included in profit and loss for the year ended December 31, 2016 and credited to contributed surplus, while none were incurred for the year ended December 31, 2015.

At December 31, 2016 and 2015 (in Canadian dollars)

NOTE 9. SHARE-BASED PAYMENTS (Continued)

The number of outstanding stock options that could be exercised for an equal number of common shares is as follow:

Expiry date	Exercise price	Number of options
	$	
April 3, 2019	0.065	60,000
November 20, 2019	0.08	58,199
May 16, 2021	0.065	446,801

Restricted Share Unit Plan

At the annual general and special meeting of shareholders held on June 27, 2016, the shareholders approved the adoption and implementation of a Restricted Share Unit Plan (the " RSU Plan"). The RSU Plan will be adopted and implemented by the Company's Board upon receipt of acceptance by the Exchange. The RSU Plan provides that restricted share units ("Share Units") may be granted by the Company's Compensation and Corporate Governance Committee (the "Committee") to executive officers, directors, employees and consultants (each a "Participant") as a bonus or similar payment in respect of services rendered or otherwise as compensation, including as an incentive for future performance. At the time Share Units are granted to a Participant, the Committee will determine any time-based or other conditions as to the vesting of the Share Units and the expiry date (the "Expiry Date") for such Share Units. The Expiry Date of a Share Unit will be decided at the grant date. The aggregate number of common shares issuable pursuant to Share Units granted under the RSU Plan will not, at any given time, exceed 896,769 common shares. The Company has yet to make the submission to the Exchange to obtain its acceptance of the RSU Plan.

NOTE 10. INCOME TAXES

Major components of tax expense (income)

The major components of tax expense (income) are outlined below:

	December 31, 2016	December 31, 2015
	$	$
Current tax expense (income)	-	-
Deferred tax expense (income)		
Origination and reversal of temporary differences	(85,612)	(24,308)
Deferred tax expense arising from the write-down of a deferred tax asset	85,612	24,308
Total deferred tax expense (income)	-	-
Total income tax expense (income)	-	-

At December 31, 2016 and 2015 (in Canadian dollars)

NOTE 10. INCOME TAXES (Continued)

Relationship between expected tax expense and accounting profit or loss

The relationship between the expected tax expense based on the combined income tax rate in Canada and the reported tax expense in the statement of comprehensive loss can be reconciled as follows:

	December 31, 2016	December 31, 2015
	$	$
Loss before income taxes	(1,521,253)	(92,631)
Expected tax expense calculated using the combined federal and provincial income tax rate in Canada of 26.90% (26.90% in 2015)	(409,217)	(24,918)
Impact of change in tax rates	3,517	-
Impairment of exploration and evaluation assets	314,714	-
Share-based payments	5,592	-
Non-deductible expenses and other	(218)	610
Change in unrecognized temporary differences	85,612	24,308
Deferred income tax expense (income)	-	-

The statutory tax rate 26.90% in 2016 is the same as the statutory tax rate in 2015. The Quebec general corporate tax rate will decrease from 11.9% to 11.5% beginning January 1 of each year from 2017 to 2020.

Unrecognized deferred tax assets and liabilities

As at December 31, 2016 and 2015, the Company has the following temporary differences for which no deferred tax has been recognized:

	December 31, 2016		December 31, 2015	
	Federal	Provincial	Federal	Provincial
	$	$	$	$
Share issuance costs	12,986	12,986	17,331	17,331
Exploration and evaluation assets	334,276	334,276	1,394,725	1,396,115
Non-capital losses	534,346	532,021	457,661	455,336
	881,608	879,283	1,869,717	1,868,782

The ability to realize the tax benefits is dependant upon a number of factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient profits will be available to allow the asset to be recovered. At December 31, 2016, deferred tax assets totalling $233,358 ($147,746 at December 31, 2015) have not been recognized.

At December 31, 2016 and 2015 (in Canadian dollars)

NOTE 10. INCOME TAXES (Continued)

The Company has the following non-capital losses which are available to reduce income taxes in future periods, for which no deferred tax asset has been recognized in the statement of financial position, that can be carried over the following years:

	Federal	Provincial
		$
2030	486	486
2031	76,270	76,270
2032	108,228	108,008
2033	61,553	61,553
2034	120,084	119,440
2035	91,040	89,579
2036	76,685	76,685
	534,346	532,021

The Company has investment tax credits carryover of $23,295 ($23,295 in 2015) that expire between 2031 and 2033, which are available to reduce income taxes payable in future years.

NOTE 11. ADDITIONAL CASH FLOWS INFORMATION

Additional disclosures regarding cash flows that did not result in a cash outflow:

	December 31, 2016	December 31, 2015
	$	$
Exploration and evaluation assets paid with share issue	-	36,000
Tax credits deducted from exploration and evaluation assets	604	632
Accounts payable and accrued liabilities included in exploration and evaluation assets	3,269	4,932

NOTE 12. RELATED PARTY TRANSACTIONS

Transactions with the parent company

On October 1, 2010 the Company entered into a Management and Administrative Services Agreement (the "Management Agreement") with Golden Valley pursuant to which Golden Valley will provide certain administrative, management and financial services such as office space, administrative support, including the use of Golden Valley's in house legal counsel for day to day general enquiries, services of a chief financial officer and investors relations services to the Company in consideration of $96,000 per year (the "Fee"), payable on a monthly basis, plus applicable taxes. The provision of services by Golden Valley commenced on October 1, 2010, but payment of monthly fees started as of July 15, 2011 (the "Trading Date").

From June 1, 2012, Golden Valley has agreed to suspend the charges of the management fees to enable the Company to conserve cash for its operations. Accordingly, the Company has not been charged management fees by Golden Valley for the years ended December 31, 2016 and 2015. The Company will resume payment of the management fees when its cash situation will permit.

The Management Agreement is for an initial term of two years commencing on the Trading Date, and will be automatically renewed after the initial term for successive period of 12 months. The Management Agreement can be terminated at any time and by either party, upon delivery of a twelve-month written notice. The Management Agreement provides for the Fee to be reviewed on an annual basis.

At December 31, 2016 and 2015 (in Canadian dollars)

NOTE 12. RELATED PARTY TRANSACTIONS (Continued)

The Company entered into an amending agreement (an "Amending Agreement") with Golden Valley dated as of May 21, 2014, amending the terms of the Management Agreement. The Amending Agreement confirms, among other things, that:

- if there is a change of control of the Company and Golden Valley terminates the Management Agreement within six months of the change of control;
- if the Company terminates the Management Agreement within twelve months of the change of control; or
- if the Company and Golden Valley agree to terminate the Management Agreement within six months of the change of control.

Then the Company will pay Golden Valley a termination payment equal to the aggregate of the amounts that would have been payable by the Company to Golden Valley as the fee for the period from the date of the Amending Agreement to the date on which the Management Agreement is terminated if payment of the fee had not been suspended during such period.

Golden Valley shall be entitled to terminate the Management Agreement at any time giving to the Company at least 30 days prior notice in writing as long as the fee is not being paid to Golden Valley.

In addition, pursuant to the terms of the Management Agreement, Golden Valley has agreed to provide the Company with the services of a qualified geologist at an hourly charge equal to the hourly charge to Golden Valley, plus 10%. During the year ended December 31, 2016, the Company incurred fees in the amount of $19,958; $11,249 was included in exploration and evaluation assets and $8,709 was expensed ($5,971 for the year ended December 31, 2015, $1,311 was included in exploration and evaluation assets and $4,660 was expensed). As at December 31, 2016, the Company had a balance payable of $10,259 to Golden Valley ($5,694 at December 31, 2015) included in accounts payable and accrued liabilities .

On January 30, 2015, the Company closed a private placement of 2,500,000 units at $0.10 per unit. The Company's parent and majority shareholder, Golden Valley, purchased 800,000 units under the offering for total proceed to the Company of $80,000.

Transactions with key management

Key management personnel of the Company are the members of the board of directors, as well as the president and the chief financial officer. The remuneration of key management personnel includes the following expenses:

	December 31, 2016	December 31, 2015
	$	$
Share-based payments	13,344	-

The Company did not pay any compensation nor any other form of employment benefits or perquisites to its key management in the periods ended December 31, 2016 and 2015. The services of the chief financial officer previously charged to the Company through the Management and Administrative Agreement were assumed by Golden Valley.

In connection with the private placement, the Company paid finder's fees of $3,300 and issued finder's fee warrants entitling the purchase of 41,250 of its common shares at a per share price of $0.10 until January 30, 2017, to an individual related to the Chairman of the Board of the Company. The fair value of finder's fee warrants has been estimated using the Black-Scholes option-pricing model at $4,877. For additional information please refer to Note 9.

In April 2015, the Company issued 300,000 of its common shares to acquire the Boston Bulldog Prospect from 2973090 Canada Inc. a private company wholly-owned and controlled by Glenn J. Mullan the previous CEO and a director of the Company. For more detail on this transaction refer to Note 8.

At December 31, 2016 and 2015 (in Canadian dollars)

NOTE 13. FINANCIAL ASSETS AND LIABILITIES

Categories of financial assets and liabilities

The carrying amounts and fair values of financial instruments presented in the statement of financial position are as follows:

		December 31, 2016		December 31, 2015
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Financial assets				
Loans and receivables				
Cash and cash equivalents	11,846	11,846	70,571	70,571
Financial liabilities				
Financial liabilities measured at amortized cost				
Accounts payable and accrued liabilities	12,175	12,175	6,100	6,100
Due to the controlling shareholder Golden Valley	30,000	30,000	-	-
	42,175	42,175	6,100	6,100

The carrying value of cash and cash equivalents, accounts payable and accrued liabilities and the due to the parent company is considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

Financial assets and liabilities measured at amortized cost for which a fair value is provided in the statement of financial position are presented in accordance with the fair value hierarchy.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

There have been no significant transfers between Level 1 and 2 in the reporting periods.

The techniques and evaluation methods used to measure fair value were not changed compared to previous years.

NOTE 14. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives in managing capital is to safeguard its ability to continue its operations, to increase the value of the assets of the business and to provide an adequate return to owners. These objectives will be achieved by identifying the right exploration prospects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares to improve its financial performance and flexibility. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its exploration and evaluation activities or may slow its activities until conditions improve.

The Company monitors capital on the basis of the carrying amount of equity. Capital for reporting period under review is summarized in Note 8 and in the statement of changes in equity. The Company is not subject to any externally imposed capital requirements.

NOTE 15. FINANCIAL RISK

The Company is exposed to various financial risks in relation to its financial instruments. The main types of risks the Company is exposed to are credit risk and liquidity risk.

The Company focuses on actively securing short to medium-term cash flow by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial instruments for speculative purposes.

The Company's main financial risk exposure and its financial risk management policies are as follows.

Credit risk
Credit risk relates to the risk that one party to a financial instrument will not fulfill some or all of its obligations, thereby causing the Company to sustain a financial loss. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets, cash and cash equivalents at the reporting dates for amounts of $11,846 at December 31, 2016 and $70,571 at December 31, 2015. The risk related to cash and cash equivalents is considered negligible as the Company is dealing with a reputable financial institution whose credit rating is excellent.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the Company has potential financing sources. The Company establishes budget and cash estimates to ensure it has the necessary funds to fulfil its obligations.

Accounts payable and accrued liabilities are due within less than 90 days. Following the exercise of warrants described in Note 17, the Company's cash resources significantly exceed the current cash outflow requirements.

NOTE 16. COMMITMENTS

The Company entered into a Management Agreement described in Note 12.

During the year, the Company entered into an indemnification agreement with each officer and director. The Company would indemnify its officers and directors to provide them with maximum protection permitted by law in lieu of a liability insurance.

As provided in the Mining Option Agreement on the Boston Bulldog prospect, which was amended on March 24, 2017 (Note 17), the Company has to incur minimum exploration and evaluation expenditures of $50,000 before April 7, 2018.

NOTE 17. SUBSEQUENT EVENTS

On January 30, 2017, a total of 890,000 warrants were exercised at a price of $0.12 for total gross proceeds of $106,800.

On March 24, 2017, the Company amended its Mining Option Agreement on the Boston Bulldog Prospect to extend the deadline to incur minimum exploration and evaluation expenditures of $50,000 to April 7, 2018.

On March 30, 2017, the Company closed a non-brokered private placement financing pursuant to which it has issued 4,353,461 units at a price of $0.065 per unit for a gross proceeds of $282,975. Each unit consists of one common share in the capital of the Company and one non-transferable share purchase warrant, each whole warrant entitling the purchase of one common share at a per share price of $0.085 until March 30, 2019.

In connection with this private placement, the Company issued 225,200 common shares of the Company at a deemed price of $0.065 per share in satisfaction of an agreegate $14,638 finder's fee. The Company also issued to the finder 225,200 non-transferable warrants entitling the holder to purchase an aggregate 225,200 common shares at a price of $0.085 per share until March 30, 2019.

NOTE 18. CHANGE TO THE PRESENTATION

The Company reviewed the classification of its expenses. Management believes that this new classification provides a clearer picture of the Company's nature of expenses. Comparative periods have been presented accordingly. There is no other effect of this change in presentation.