SABLE RESOURCES LTD.

Consolidated Financial Statements

For The Years Ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

CONTENTS

SAM S. MAH INC.
Chartered Professional Accountant
SUITE 2001
1177 WEST HASTINGS STREET
VANCOUVER, BC, V6E 2K3

T: 604-617-8858
F: 604-688-8479

INDEPENDENT AUDITOR'S REPORT

**To: the Shareholders of
Sable Resources Ltd.**

I have audited the accompanying consolidated financial statements of Sable Resources Ltd. ("the Company"), which comprise the consolidated statements of financial position as at December 31, 2016 and December 31, 2015 and the consolidated statements of loss and comprehensive loss and cash flows and statement of changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

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

Emphasis of Matter

Without qualifying my opinion, I draw attention to Note 1 in the consolidated financial statements which indicates that the Company incurred a net loss of $348,501 during the year ended December 31, 2016 and, as of that date, had an accumulated deficit of $18,821,871 since inception. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

"Sam S. Mah Inc"

Chartered Professional Accountant

**Vancouver,
Canada April 30,
2017**

SABLE RESOURCES LTD.
Consolidated Statements of Financial Position
As At December 31, 2016 and 2015
(Expressed In Canadian Dollars)

		2016		(Restated-Note 15) 2015
Assets				
Current assets				
Cash & cash equivalents	$	1,065,089	$	-
Other receivables (Note 3)		2,495		1,413
Prepaid expenses		10,000		-
Share subscriptions receivable		214,200		
	$	1,291,784	$	1,413
Non-current assets				
Reclamation bond (Note 4)		-		222,500
Mineral property interests (Note 5)		108,499		108,499
		108,499		330,999
Total assets	$	1,400,283	$	332,412
Liabilities				
Current liabilities				
Bank overdraft	$	-	$	359
Trade and other payables		259,753		589,324
Convertible debentures (Note 8)		85,343		335,343
Due to related parties (Note 8)		181,262		139,124
	$	526,358	$	1,064,150
Shareholders' equity				
Share capital (Note 7)		18,632,314		16,950,953
Contributed surplus		1,063,482		790,679
Deficit		(18,821,871)		(18,473,370)
		873,925		(731,738)
Total liabilities and shareholder's equity	$	1,400,283	$	332,412

Nature and continuance of operations (Note 1)

Approved by the Board:

"Tom Obradovich", ***Director***

"Joel Gilliam", ***Director***

See accompanying notes to the consolidated financial statements

SABLE RESOURCES LTD.
Consolidated Statements of Shareholders' Equity
For the Years Ended December 31, 2016 and 2015
(Expressed in Canadian dollars)

	Number of shares	Amount $	Contributed Surplus $	AOCI $	Deficit $	Total Equity $
Balance at January 1, 2016 **(Restated-Note 15)**	22,961,490	16,950,953	790,679	-	(18,473,370)	(731,738)
Shares issued in settlement of debt	5,000,000	250,000				250,000
Private placements	21,627,967	1,494,197				1,494,197
Share issue costs		(62,836)	34,836			(28,000)
Stock-based compensation			237,967			237,967
Net loss for the year					(348,501)	(348,501)
Balance at December 31, 2016	49,589,457	18,632,314	1,063,482	-	(18,821,871)	873,925

	Number of shares	Amount $	Contributed Surplus $	AOCI $	Deficit $	Total Equity $
Balance at January 1, 2015	22,961,490	16,950,953	790,679	-	(18,232,578)	(490,946)
Net loss for the year					(240,792)	(240,792)
Balance at December 31, 2015 **(Restated-Note 15)**	22,961,490	16,950,953	790,679	-	(18,473,370)	(731,738)

"AOCI" represents Accumulated Other Comprehensive Income

See accompanying notes to the consolidated financial statements

SABLE RESOURCES LTD.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended December 31, 2016 and 2015
(Expressed in Canadian dollars)

	2016	2015 (Restated-Note 15)
Property related expenses		
Cost of mining and milling	$ 7,094	$ 229,594
Exploration expenditures	64,538	43,266
Property maintenance	11,127	11,399
	82,759	284,259
General and administration expenses (income)		
Administration	49,540	21,213
Interest income	(59)	(2,172)
Interest expense	4,903	1,093
Stock-based compensation (Note 7)	237,967	-
Write-off of prior year's payables	(45,532)	(63,601)
Settlement of a legal claim (Note 11)	18,923	-
	265,742	(43,467)
Total comprehensive loss for the year	**(348,501)**	**(240,792)**
Deficit - beginning of the year	(18,473,370)	(18,232,578)
Deficit - end of the year	$(18,821,871)	$ (18,473,370)
Basic and diluted loss per share	(0.01)	(0.02)
Weighted average shares outstanding	28,490,955	13,043,983

See accompanying notes to the consolidated financial statements

(Expressed in Canadian dollars)

	2016	2015 (Restated-Note 15)
Cash provided by (used in)		
Operating activities		
Net loss for the year	$ (348,501)	$ (240,792)
Items not involving cash		
Stock-based compensation	237,967	-
	(110,534)	(240,792)
Change in non-cash components of working capital		
Other receivables	1,301	244
Prepaid expenses	(10,000)	-
Trade and other payables	(331,954)	165,807
Due to related parties	42,138	74,231
Cash used in operating activities	(409,049)	(510)
Financing activities		
Share capital proceeds, net	1,466,197	-
Share subscriptions receivable	(214,200)	-
Reclamation bonds forfeited	222,500	
Cash provided by financing activities	1,474,497	-
Increase in cash and cash equivalents during the year	1,065,448	(510)
Cash and cash equivalents-beginning of the year	(359)	151
Cash and cash equivalents-end of the year	$ 1,065,089	$ (359)
Supplemental disclosure with respect to cash flows:		
Non- cash transactions:		
Shares issued in settlement of debt	250,000	-

See accompanying notes to the consolidated financial statements

1. Nature of Operations

Sable Resources Ltd. (the "Company") is incorporated under the Business Corporation Act (British Columbia). The Company is primarily engaged in the acquisition, exploration and development of mineral resource properties. The Company owns a mineral processing facility and tailings pond in Northern British Columbia, Canada.

The address of the Company's corporate office and principal place of business is Suite 900-999 West Hastings Street, Vancouver, B.C., V6C 2W2.

The Company has not yet determined whether any of its properties contain mineral deposits that are economically recoverable. The recoverability of any amounts shown as deferred mineral interest costs is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and future profitable production or proceeds from the disposition of its properties.

While the Company's consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. For the year ended December 31, 2016, the Company reported a net loss of $348,501 (2015 $240,792) and as of that date had an accumulated deficit of $18,821,871 (2015 $18,473,370). As of December 31, 2016, the Company has working capital/(deficiency) of $765,426 (2015 ($1,062,737)). Although the Company presently has sufficient financial resources to undertake its currently planned business and has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Accordingly, it does not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these financial statements.

2. Significant Accounting Policies

a) *Statement of Compliance*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These consolidated financial statements represent the Company's presentation of its results and financial position under IFRS. These accounting policies are based on the IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations that the Company expects to be applicable at that time. The policies set out below were consistently applied to all presented unless otherwise noted.

These consolidated financial statements were approved and authorized for issue by the Company's board of directors on April 30, 2017.

b) Subsidiary

In addition to the Company, the financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. They are de-consolidated from the date that control by the Company ceases.

The subsidiary of the Company is as follows:

			Portion of Ownership Interest and Voting Power Held	
Name of Subsidiary	Principal Activity	Place of Incorporation and Operation	December 31, 2016	December 31, 2015
Multinational Mining Inc.	Mineral Property Holding Company	Canada	100%	100%

These consolidated financial statements were prepared on an accrual basis and are based on historical costs except for financial instruments measured at fair value.

c) Cash Equivalents and Reclamation Bond

Cash equivalents are highly liquid investments, such as term deposits with major financial institutions, having a term to maturity of three months or less at acquisition, that are readily convertible to specified amounts of cash.

Reclamation bond are term deposits placed in the name of the government of the province of British Columbia as collateral for possible reclamation activities on the Company's mineral properties in connection with permits required for exploration activities. As they are restricted from general use, they are excluded from current assets.

d) Functional and Presentation Currency

The Company’s functional currency is the Canadian dollar. Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the year-end exchange rate and all income and expenses are translated at average exchange rates prevailing during the year. Non-monetary assets and liabilities are translated at the rates prevailing at the dates the assets were acquired or liabilities incurred. Exchange gains and losses arising on translation are included as a charge to operations in the year incurred.

2. Significant Accounting Policies (cont'd)

e) Exploration and Evaluation Assets

Exploration and evaluation expenditures are expensed once the legal right to explore a property has been acquired. Exploration and evaluation assets are recorded at cost less accumulated impairment losses. Direct costs related to the acquisition of mineral properties are capitalized until the commercial viability of the asset is established. To the extent that the expenditures are spent to establish ore reserves within the rights to explore, the Company expenses those costs as property related expenses.

The amortization of a capital asset in connection with exploring or evaluating a property of this nature will be included in the cost of the intangible asset.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of the project are deemed to be impaired. As a result, those exploration and expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

Management reviews the facts and circumstances suggesting if the carrying amount of the exploration and evaluation assets exceeds their recoverable amount on a regular basis. If the facts and circumstances suggest the carrying value exceeds the recoverable amount, the Company will perform an impairment test on the property in accordance with the provisions of IAS 36.

Exploration stage assets and development stage assets are considered separate CGUs for impairment testing purposes.

The amount shown for mineral properties does not necessarily represent present or future values. Recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

f) Plant and Equipment

Plant and equipment are stated at cost less accumulated amortization and are being depreciated on a declining basis at rates ranging between 10% and 45%, which approximate their estimated useful lives.

g) Deferred Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income tax assets and liabilities are determined based on differences between the financial statement carrying values of existing assets and liabilities and their respective income tax bases (temporary differences), and losses carried forward.

2. **Significant Accounting Policies (cont'd)**

g) Deferred Income Taxes (cont'd)

Deferred income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on deferred income tax assets and liabilities of a change in tax rates is included in operations in the year in which the change is substantively enacted. The amount of deferred income tax assets recognized is limited to the amount of the benefit that is more likely than not to be realized.

h) Financial Assets

Financial assets are classified into one of four categories:

- fair value through profit or loss ("FVTPL");
- held-to-maturity ("HTM");
- available for sale ("AFS"); and
- loans and receivables.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

FVTPL financial assets

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. Transaction costs are expensed as incurred.

HTM investments

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. They are subsequently measured at amortized cost.

AFS financial assets

Short-term investments and other assets held by the Company are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognized directly in equity in the investments revaluation reserve. Impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, are recognized directly in profit or loss rather than equity.

2. Significant Accounting Policies (cont'd)

h) Financial Assets (cont'd)

AFS financial assets (cont'd)

When an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investment's revaluation reserve is included in profit or loss for the period.

The fair value of AFS monetary assets denominated in a foreign currency is translated at the spot rate at the statement of financial position date. The change in fair value attributable to translation differences on amortized cost of the asset is recognized in profit or loss, while other changes are recognized in equity.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognized at the transaction value, including transaction costs and subsequently are carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at period end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Fair value hierarchy

Measurement of the fair value of financial instruments is made under a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

Level 1: Valuations based on quoted prices, unadjusted, in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level I prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

2. Significant Accounting Policies (cont'd)

h) Financial Assets (cont'd)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investments have been impacted.

Objective evidence of impairment could include the following:

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

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

De-recognition of financial assets

A financial asset is derecognized when:

- the contractual right to the asset's cash flows expire; or
- the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

2. Significant Accounting Policies (cont'd)

i) Financial Liabilities and Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

De-recognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

j) Critical Accounting Estimates, Judgments, and Uncertainties

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

Critical Accounting Estimates and Assumptions

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

Share Based payments

The Company uses the Black-Scholes pricing model to estimate the fair value of stock options granted and warrants issued. Under this model, the Company must estimate the term, volatility and if applicable, the forfeiture rate of options granted and warrants issued.

Critical Accounting Judgments

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

2. Significant Accounting Policies (cont’d)

j) Critical Accounting Estimates, Judgments, and Uncertainties

Critical Accounting Judgments (cont’d)

Amortization rates

The application of determining the useful lives of equipment are estimates by management based on assumptions about future events. Estimates and assumption made may change if new information becomes available. New information may become available during the use of the equipment that causes the Company to adjust its estimate.

Exploration and Evaluation Assets

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumption made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information become available.

Title to Mineral Property interests

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

Impairment of non-financial assets

The Company reviews and evaluates its property, including exploration and evaluation assets, plant and equipment for indications of impairment when events or changes in circumstances indicate that the related carrying amount may not be recoverable or at least at the end of each reporting period. The asset's recoverable amount is estimated if an indication of impairment exists.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. Future cash flows are estimated based on expected future production, commodity prices, operating costs and capital costs.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset.

2. Significant Accounting Policies (cont'd)

j) Critical Accounting Estimates, Judgments, and Uncertainties

Impairment of non-financial assets (cont'd)

Impairment losses reducing the carrying value to the recoverable amount are recognized in profit and loss. An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount.

k) Risk Instruments and Risk Management

Financial Risk Management
The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The fair values of cash and cash equivalents, other receivable, reclamation bond and accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

Financial Instrument Risk Exposure
The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit Risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's credit risk is primarily attributable to its bank accounts and accounts receivable. Bank accounts are with a Canadian Schedule 1 banks. Management believes that the credit risk with respect to receivable is remote.

Liquidity Risk
Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due or that it will be required to meet them at excessive cost. The Company reviews its working capital position regularly to ensure there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company manages its liquidity risk through private placements.

The Company's operating cash requirements including amounts projected to complete its existing capital expenditure program are continuously monitored and adjusted as input variables change. These variables include but are not limited to commodity prices, cost overruns on capital projects and changes to government regulations relating to land tenure, allowable production and availability of markets. As these variables change, liquidity risks may necessitate the need for the Company to pursue equity issuances, obtain project or debt financing, or enter into joint arrangements. There is no assurance that the necessary financing will be available in a timely manner.

2. Significant Accounting Policies (cont'd)

k) Risk Instruments and Risk Management (cont'd)

Interest Rate Risk

The Company is exposed to the risk that the value of financial instruments will change due to movements in market interest rates. The Company's convertible debentures are of fixed interest rates and not exposed to fluctuations in market interest rates. The Company does not use derivative instruments to reduce its interest rate risk as the Company's management believes that the likely financial impact of interest rate changes does not justify using derivatives.

The only significant market risk exposure to which the Company is exposed is short-term interest rate risk. The Company's bank accounts, for reclamation bond, earn interest income at variable rates. The Company's future interest income is exposed to short-term rates.

Commodity Price Risk

The Company is subject to commodity price risk for the sale of gold and silver. Mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of commodities by various central banks, financial institutions, expectations of inflation or deflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, international supply and demand, speculative activities and increased production due to new mine developments, improved mining and production methods and international economic and political trends. The Company's revenues, if any, are expected to be in large part derived from the extraction of mineral products. As such, the effect of these factors on the price in future product sales, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

Environmental Risk

The Company is engaged in mineral exploration and development and is accordingly exposed to environmental risks associated with mineral exploration and development activity. The Company has accepted liability and responsibilities for the reclamation of certain mineral claims including removal and decommissioning of the mill, camp and tailings pond to the satisfaction of government authorities. The amount of the reclamation liability at this date is not determinable. Failing to comply with their responsibilities for the required reclamation would result in the regulatory authorities seizing the Company's security bond in order to perform the necessary work with the Company liable for any costs in excess of the security bond.

l) Loss Per Share

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share requires the use of the treasury stock method, which assumes that the exercise of stock options and warrants will have a dilutive effect on loss per share. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of stock options and warrants is applied to repurchase common shares at the average market price for the period.

2. Significant Accounting Policies (cont'd)

m) Impairment

The Company's tangible and intangible assets are reviewed for indications of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit ("CGU"), exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

n) Decommissioning And Restoration Provisions

The Company records a liability based on the best estimates of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate. Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations are initially recognized and recorded as a liability based on estimated future cash flows required to discharge the liability discounted at a risk-free rate. The restoration provision is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the risk-free discount rate.

The restoration provision is also accreted to full value over time through periodic charges to profit or loss. The amount of the restoration provision initially recognized is capitalized as part of the related asset's carrying value and amortized to profit or loss. The method of amortization follows that of the underlying asset. The costs related to a restoration provision are only capitalized to the extent that the amount meets the definition of an asset and can bring about future economic benefit. A revision in estimates or a new disturbance will result in an adjustment to the liability with an offsetting adjustment to the related asset.

Significant Accounting Policies (cont'd)

n) Decommissioning And Restoration Provisions (cont'd)

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures.

o) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event, and it is probably that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

p) Flow-Through Shares

The Company may, from time to time, issue flow-through common shares to finance its resource exploration activities. Canadian income tax law permits the Company to renounce to the flow-through shareholders the income tax attributes of resource exploration costs financed by such shares. Flow-through common shares are recognized in equity based on the quoted price of the existing shares on the date of the issue. The difference between the amounts recognized in common shares and the amount the investor pays for the shares is recognized as another liability which is reversed into earnings as eligible expenditures are incurred. The deferred tax impact is recorded prospectively upon renunciation of the related tax benefits, provided it is expected the Company will incur the required eligible expenditures. When flow-through expenditures are renounced, a portion of the future income tax assets that were not previously recognized, are recognized as a recovery of deferred income taxes in net income.

q) Share-based Payments

The Company issues equity instruments such as common shares, share options and warrants, for services rendered by employees and non-employees.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in statement of comprehensive loss over the vesting period, described at the period during which all the vesting conditions are satisfied.

Where equity settled share options are awarded to employees, the fair value of the options at the date of the grant is charged to the statement of the comprehensive loss over the vesting period.

2. Significant Accounting Policies (cont'd)

q) *Share-based Payments (cont'd)*

Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the good or services received in the statement of comprehensive loss unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliability estimated, the fair value is measured by use of a valuation model.

All exercisable equity settled share-based payments are reflected in contributed surplus until exercised, the amount reflected in contributed surplus is credited to share capital along with the consideration paid for those shares.

Where the terms and conditions of equity settled share based payments are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is charged to the statement of comprehensive loss over the remaining vesting period.

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

r) Accounting standards adopted

As of January 1, 2015, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The Company has adopted the following new standards without any significant effect on its financial statements.

IFRS 7, Financial Instruments - Disclosure

Amended to require additional disclosures on transition from IAS 39 to IFRS 9.

s) New standards not yet adopted

IFRS 9 – Financial Instruments ("IFRS 9")
New standard IFRS 9, Financial Instruments, classification and measurement is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, "Financial Instruments: Recognition and Measurement." IFRS 9 has two measurement categories:

(Expressed in Canadian dollars)

2. Significant Accounting Policies (cont'd)

s) New standards not yet adopted (cont'd)

IFRS 9 – Financial Instruments ("IFRS 9") (cont'd)

amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit and loss. This standard is effective for years beginning on or after January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")

The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition.

The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018.

IFRS 16 – Leases ("IFRS 16")

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019.

The Company has not early adopted these revised standards and are currently assessing the impact that these standards will have on the financial statements.

3. Other Receivables

	December 31, 2016	December 31, 2015
Interest Receivable	$ -	$ 1,413
HST/GST Receivable	2,495	-
	$ 2,495	**$ 1,413**

(Expressed in Canadian dollars)

4. Reclamation Bond and Commitment

The Company is responsible for the reclamation of certain mineral claims and mining leases including removal and decommissioning of the mill, camp and tailings pond to the satisfaction of government authorities. The amount of the reclamation liability at this date is not determinable. Failing to comply with their responsibilities for the required reclamation would result in the regulatory authorities seizing the Company's security bond in order to perform the necessary work with the Company liable for any costs in excess of the reclamation bond.

As at December 31, 2015, the Company had provided a $222,500 security bond to the Province of British Columbia as security against future reclamation which will be required on the Company's mineral properties once abandoned. On October 1, 2016, the reclamation bond was forfeited to the British Columbia Ministry of Energy and Mines (Ministry) due to the Company's delay in not undertaking a Dam Safety Inspection (DSI) with respect to its Baker tailings storage facilities. If the Company had undertaken the DSI which was to be reviewed by an independent qualified third party professional engineer, it would have required maintaining an acceptable tailings storage facility pond elevation, completing a flood routing analysis, developing a plan to install new vibrating wire piezometers in key areas of the dam, developing an Operations, Maintenance and Surveillance Manual, and completing a dam stability evaluation. Since a DSI was not completed due to a lack of sufficient funds, the Company used the forfeiture of its security bond of $222,500 as the best estimate of the costs to complete the aforementioned repairs and maintenance. Accordingly, the Company has restated its prior year's final statements to reflect the cost of the work to be done. (See Note 15, Restatement).

5. Mineral Property Interests

	December 31, 2016	December 31, 2015
Shasta Claims	$ 9,054	$ 9,054
Chappelle Claims	74,535	74,535
Wild Rose Claims	20,060	20,060
Other	4,850	4,850
	$ 108,499	$ 108,499

The mineral property interests consist of numerous claims located in the Toodoggone area of northern British Columbia. The deferred amounts consist of acquisition costs.

6. Supplementary Non-Cash Flow Finance Information

The following significant non-cash financing activities occurred during the year:

	December 31, 2016	December 31, 2015
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -

(Expressed in Canadian dollars)

7. Share Capital

a) Authorized

Unlimited number (2015 - unlimited) common shares without par value.

b) Issued and outstanding

	Number of Shares	$ Amount
Balance, December 31, 2015	22,961,490	16,950,953
Shares issued in settlement of debt (i)	5,000,000	250,000
Shares issued in private placement at $0.050 (ii)	10,000,000	500,000
Shares issued in private placement at $0.075 (iii)	9,999,967	749,997
Shares issued in private placement at $0.150 (iv)	1,628,000	244,200
Finder's fee		(62,836)
Balance, December 31, 2016	49,589,457	18,632,314

(i) On September 14, 2016, 5,000,000 shares were issued at $0.05 per share in settlement of debt to a former CEO and director the Company.

(ii) On September 14, 2016, the Company completed a private placement financing of $500,000 by issuing 10,000,000 units at a price of $0.05 per unit. Each unit consists of one common share and one half of one warrant exercisable for a period of one year at a price of $0.15 per share. All shares issued have a hold period expiring January 15, 2017.

(iii) On November 24, 2016, the Company completed a private placement financing of $749,997 by issuing 9,999,967 units at a price of $0.075 per unit. Each unit consists of one common share and one half of one warrant exercisable for a period of one year at a price of $0.10 per share. All shares issued have a hold period expiring March 25, 2017.

(iv) On December 30, 2016, the Company completed a private placement financing of $244,200 by issuing 1,628,000 common shares at a price of $0.15 per share. All shares issued have a hold period expiring May 1, 2017.

Of the offering, 828,000 shares were issued in form of flow-through common shares. The Company entered into Flow-through Share Agreements during the year ended December 31, 2016, whereby it was committed to incur on or before December 31, 2017 a total of $124,200 of qualifying Canadian Exploration Expenses (CEE) as described in the Income Tax Act of Canada.

(Expressed in Canadian dollars)

7. Share Capital (Cont'd)

c) *Stock Options and broker's warrants*

The Company has a share option plan whereby officers, directors and certain employees and consultants may be granted options to purchase unissued common shares of the Company. The option exercise price is decided by the Directors of the Company but may not be less than the discounted market price of the Company's shares as defined in the Rules and Policies of the TSX Venture Exchange.

On October 25, 2016, the Company granted a total of 2,450,000 stock options to certain directors and consultants. These options are exercisable for up to five years at a price of $0.10 per share. The company recognized a stock-based compensation of $237,967 for the stock options vested.

The Company used the Black-Scholes option pricing model to determine the fair value of the options with the following assumptions:

	Granted October 25, 2016
Number of options	2,450,000
Dividend rate	0%
Risk-free interest rate	0.66%
Expected life	5 Years
Expected volatility	195.07%
Exercise price	$0.10
Expiry date	October 25, 2021
Fair value per option	$0.0971
Share-based compensation	$237,967

The broker's warrants were fair valued using the Black-Scholes option pricing model with the following assumptions: 216.96% volatility, 0% dividend yield, 0.51% risk-free interest rate and an expected life of 1 year. As a result, the fair value was estimated to be $34,836; recorded as a share issue cost with a corresponding credit to contributed surplus.

	Number of Shares	**Weighted Average Exercise Price $**	**Weighted Average Life Remaining**
Balance, December 31, 2015	10,000	1.6	0.3
Issued in the year	2,450,000	0.1	5.0
Expired in the year	(10,000)	-	-
Balance, December 31 2016	2,450,000	0.1	5.0

(Expressed in Canadian dollars)

7. Share Capital (Cont'd)

c) Stock Options (Cont'd)

At December 31, 2016, the following stock options were outstanding:

Number of Shares	Weighted Average Exercise Price $	Expiry Dated
2,450,000	0.1	October 25, 2021
2,450,000	0.1	

d) Share Purchase Warrants

At December 31, 2016, there were 10,524,982 share purchase warrants outstanding:

-5,525,000 warrants at an exercise price of $0.15 per share expiring on September 14, 2017.

-4,999,982 warrants at an exercise price of $0.10 per share expiring on November 24, 2017.

8. Related Party Transactions and Convertible Debentures

During the year ended December 31, 2016; the following transactions occurred with a former CEO and director of the Company:

- 5,000,000 common shares were issued at $0.05 per share in settlement of $250,000 of debenture debt.

- $134,779 (2015 - $92,641) was advanced to the Company. The advances are non-interest bearing and repayable on demand.

As at December 31, 2016 the following amounts were owing to a former CEO and director of the Company:

	December 31, 2016	December 31, 2015
Advances	**$ 134,779**	$ 92,641
Loans and interest	**46,483**	46,483
Convertible debentures	**85,343**	335,343
	$ 266,605	$ 474,467

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration agreed to by the related parties. Amounts due to related parties are unsecured with no specific terms for repayment.

(Expressed in Canadian dollars)

9. Fair Value Hierarchy

Measurement of the fair value of financial instruments is used under a fair value three-level hierarchy based upon the significance of inputs used in making fair value measurements as follows:

- Level 1 - quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included in 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 asset or liability that are not based on observable market data.

At December 31, 2016, the levels in the fair value hierarchy into which the Company's financial assets and liabilities measured and recognized in the balance sheet at fair value are categorized are as follows:

	Level 1	Level 2
Cash and cash equivalents	1,065,089	

10. Segmented Information

The Company considers itself to operate in a single operating segment, being resource exploration and development, and operates in a single geographic segment being Canada.

11. Legal Settlement

The Company was a defendant in a Contract of Employment civil claim for unjust dismissal. During the year ended December 31, 2016, the matter was settled for $38,923; of which $18,923 was paid in 2016 and $20,000 was paid in a previous year.

12. Capital Management

The Company was incorporated under the laws of British Columbia and is a junior natural resource company listed on the TSX Venture Exchange.

The Company's objectives are to raise the necessary equity financing to fund its exploration projects and mining activities and to manage the equity funds raised to best optimize its exploration and mining programs in the interests of its shareholders and other stakeholders at an acceptable risk.

In the management of capital, the Company includes shareholders' equity, cash and cash equivalents, short-term and long-term investments and advances receivable in the definition of capital.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its underlying assets. In order to maintain or adjust the capital structure, the Company may raise additional equity funds and acquire new exploration properties as circumstances dictate.

(Expressed in Canadian dollars)

13. Comparative Figures

Certain of the 2015 comparative figures have been reclassified to conform to the current year's presentation.

14. Income Taxes

There was no current income tax expense or recovery for 2016 or 2015.

Income tax expense differs from the amount which would result from applying the statutory Canadian income tax rate for the following reasons:

	2016	2015
Loss for the year	$ (348,501)	$ (18,292)
Canadian income tax rate	26.0%	26.0%
Tax based on statutory income tax rate	(90,610)	(4,755)
Deductibles expenses, net	14,217	(20,000)
Unrecognized tax losses	76,393	24,755
	$ -	$ -

Deferred tax benefits, which may arise as a result of these losses and other tax assets, have not been recognized in these consolidated financial statements due to the uncertainty of their realization.

At December 31, 2016, the Company had approximately $8,776,000 of accumulated non-capital losses which can be applied to reduce future taxable income. Unless utilized, these losses will expire between tax years 2026 and 2036. In addition, the Company has discretionary deduction pools for resource related expenditures and equipment balances with a tax basis exceeding net book value. The possible future benefit to the Company of utilizing these losses and deductions has not been recognized in these consolidated financial statements. The non-capital losses expire as follows:

Year of Expiry	Amount
2026	$ 98,000
2027	2,433,000
2028	3,637,000
2029	1,610,000
2031	377,000
2032	512,000
2034	32,000
2035	25,000
2036	52,000
	$ 8,776,000

The Company has approximately $3,300,000 of capital losses which may be carried forward indefinitely.

(Expressed in Canadian dollars)

15. Restatement

During the year ended December 31, 2016, the Company discovered an accounting error made in the year ended December 31, 2015 due to the Company not having sufficient funds to complete outstanding regulatory orders issued by the British Columbia Ministry of Energy and Mines (Ministry) related to the Baker tailings storage facilities. As a result, management used the Ministry‘s forfeiture of its reclamation bond of $222,500 as the best estimate for the repair and maintenance costs to the tailings storage facilities.

The effect of the restatement for the year ended December 31, 2015 is shown as follows:

	As Previously Reported	Adjustment	As Restated
Statements of Financial Position as at December 31, 2015:			
Trade and other payables	366,824	222,500	589,324
Total current liabilities	841,650	222,500	1,064,150
Deficit	(18,250,870)	(222,500)	(18,473,370)
Total equity (deficiency)	(509,238)	(222,500)	(731,738)
Statements of Loss, Comprehensive Loss for the year ended December 31, 2015:			
Cost of milling and mining	229,594	222,500	452,094
Total comprehensive loss for the year	(18,292)	(222,500)	(240,792)
Deficit -end of the year	(18,250,870)	(222,500)	(18,473,370)
Basic and diluted loss per share	0.00	(0.02)	(0.02)
Statements of Changes in Shareholders' Equity (Deficiency) for the year ended December 31, 2015:			
Net loss for the year	(18,292)	(222,500)	(240,792)
Deficit	(18,250,870)	(222,500)	(18,473,370)
Total equity (deficiency)	(509,239)	(222,500)	(731,739)
Statements of Cash Flows for the year ended December 31, 2015			
Net loss for the year	(18,292)	(222,500)	(240,792)
Trade and other payables	(56,693)	222,500	165,807

16. Events after the reporting period

On February 21, 2017, the Company acquired the Mets mining lease in north-central British Columbia in consideration for 1,000,000 common shares in the capital stock of the Company and a 1% NSR which can be purchased at any time for payment of $500,000. The transaction is subject to regulatory approval.

On March 21, 2017, the Company acquired the Tulox gold project located in south-central British Columbia in consideration for 200,000 common shares in the capital stock of the Company and payment of $5,000. An additional 500,000 common shares in the capital stock of the Company will be issued as bonus shares in the event the Company completes a NI43-101 technical report on the property that contains a measured and indicated resource of at least 500,000 ounces of gold within five years of the agreement. All common shares in the capital stock of the Company are subject to a hold period of four months plus one day. The transaction is subject to regulatory approval.

On April 18, 2017, the Company acquired the Bot Deal project located in north-central British Columbia, in consideration for 400,000 common shares in the capital stock of the Company and payment of $7,500. An additional 500,000 common shares in the capital stock of the Company will be issued as bonus shares in the even the Company completes a NI43-101 technical report on the property that contains a measured and indicated resource of at least 500,000 ounces of gold within five years of the agreement. All common shares in the capital stock of the Company will be subject to a hold period of four months plus one day. The transaction is subject to regulatory approval.

On April 24, 2017, the Company entered into an agreement to settle $285,000 of debt owed by the Company to a former director, by issuing 1,900,000 common shares in the capital stock of the Company at $0.15 per share. The common shares in the capital stock of the Company will be subject to a hold period of four months plus one day. The transaction is subject to regulatory approval.

With respect to Note 4 to the financial statements, the Company met with the British Columbia Ministry of Energy and Mines on March 9, 2017. The Company laid out a plan to complete the Dam Safety Inspection and complete any outstanding deficiencies identified by the Ministries of the Environment and Mines. The plan was approved and the Company has the funds to execute the required action. It was also agreed that funds used from the reclamation bond would be accounted for and any balance returned to a security account.