STRIKEPOINT GOLD INC.

Consolidated Financial Statements

Year Ended December 31, 2016

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
StrikePoint Gold Inc.

We have audited the accompanying consolidated financial statements of StrikePoint Gold Inc., which comprise the consolidated statements of financial position as at December 31, 2016 and 2015 and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 auditors' 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 auditors consider 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.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

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Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about the ability of StrikePoint Gold Inc. to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

May 1, 2017

STRIKEPOINT GOLD INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31,
(Expressed in Canadian dollars)

		2016		2015
ASSETS				
Current				
Cash	$	935,655	$	146,441
Receivables		27,538		40,067
Prepaid expenses and deposits		3,054		1,554
		966,247		188,062
Equipment (Note 3)		4,406		6,156
	$	970,653	$	194,218
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities (Note 7)	$	38,987	$	15,002
Shareholders' equity				
Share capital (Note 8)		19,660,942		18,175,564
Reserves (Note 8)		5,575,865		5,232,501
Deficit		(24,305,141)		(23,228,849)
		931,666		179,216
	$	970,653	$	194,218

Nature of operations and going concern (Note 1)
Subsequent events (Note 14)

On behalf of the Board:

"Shawn Khunkhun" Director	*"Ian Harris"* Director
Shawn KhunKhun	Ian Harris

See accompanying notes to these consolidated financial statements

STRIKEPOINT GOLD INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
YEAR ENDED DECEMBER 31
(Expressed in Canadian dollars)

		2016		2015
EXPENSES				
Administrative	$	18,000	$	-
Amortization (Note 3)		1,750		1,873
Consulting		30,000		1,350
Exploration costs (Notes 4, 5 & 6)		64,481		153,216
Management fees		120,000		127,500
Office		66,833		72,526
Option payments (Notes 4 & 5)		46,265		66,000
Professional fees		59,935		38,674
Shareholder communication		66,101		145,747
Share-based payments (Note 8)		573,492		552,294
Transfer agent and filing fees		29,656		32,216
Travel and related costs		3,237		3,611
Loss from operations		(1,079,750)		(1,195,007)
OTHER ITEM				
Interest income		3,458		93
Loss and comprehensive loss for the year	$	(1,076,292)	$	(1,194,914)
Loss per common share (basic and diluted)	$	(0.05)	$	(0.09)
Weighted average number of common shares outstanding (basic and diluted)		21,687,933		13,866,519

See accompanying notes to these consolidated financial statements.

STRIKEPOINT GOLD INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31,
(Expressed in Canadian dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (1,076,292)	$ (1,194,914)
Items not affecting cash:		
Amortization	1,750	1,873
Share-based payments	573,492	552,294
Option payments by issuance of common shares	4,900	26,000
Change in non-cash working capital items:		
(Increase) decrease in receivables	12,529	(35,727)
(Increase) decrease in prepaid expenses and deposits	(1,500)	2,488
(Decrease) increase in accounts payable and accrued liabilities	23,984	(9,449)
Net cash used in operating activities	(461,136)	(657,435)
CASH FLOWS USED IN INVESTING ACTIVITY		
Purchase of equipment	-	(1,340)
Net cash used in investing activity	-	(1,340)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares, net of issuance costs	1,014,150	-
Proceeds from the exercise of stock options	236,200	440,000
Net cash provided by financing activities	1,250,350	440,000
Change in cash during the year	789,214	(218,775)
Cash, beginning of year	146,441	365,216
Cash, end of year	$ 935,655	$ 146,441

See accompanying notes to these consolidated financial statements.

STRIKEPOINT GOLD INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Share Capital				
	Number	**Amount**	**Reserves**	**Deficit**	**Total**
Balance at December 31, 2014	13,292,683	$ 17,512,490	$ 4,877,281	$ (22,033,935)	$ 355,836
Shares issued for mineral property option payments	130,000	26,000	-	-	26,000
Stock options exercised	880,000	637,074	(197,074)	-	440,000
Share-based payments	-	-	552,294	-	552,294
Loss for the year	-	-	-	(1,194,914)	(1,194,914)
Balance at December 31, 2015	14,302,683	18,175,564	5,232,501	(23,228,849)	179,216
Shares issued for mineral property option payments	20,000	4,900	-	-	4,900
Shares issued for private placement, net	10,200,000	1,014,150	-	-	1,014,150
Stock options exercised	1,230,000	466,328	(230,128)	-	236,200
Share-based payments	-	-	573,492	-	573,492
Loss for the year	-	-	-	(1,076,292)	(1,076,292)
Balance at December 31, 2016	25,752,683	$ 19,660,942	$ 5,575,865	$ (24,305,141)	$ 931,666

See accompanying notes to these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

StrikePoint Gold Inc. (the "Company") is incorporated under the laws of the Province of Alberta and is listed on the TSX Venture Exchange under the symbol "SKP". The Company is considered to be in the exploration stage with respect to its mineral properties. Based on the information available to date, the Company has not yet determined whether its mineral properties contain ore reserves.

The Company's head office and principle address is 507-837 West Hastings Street, Vancouver, BC, V6C 3N6. The registered and records office is located at 777 Hornby Street, Suite 2080, Vancouver, BC, V6Z 1S4.

These consolidated financial statements have been prepared by management on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Several material uncertainties may cast a significant doubt on the validity of this assumption. The Company continues to incur operating losses, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its exploration projects. The Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to complete its exploration projects by issuance of share capital or through joint ventures, and/or to realize future profitable production or proceeds from the disposition of a property. As at December 31, 2016, the Company has an accumulated deficit of $24,305,141 and has working capital of $927,260.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

These consolidated financial statements were authorized for issue on May 1, 2017 by the directors of the Company.

Principles of consolidation

These consolidated financial statements include the accounts of its wholly-owned inactive subsidiary Braveheart Gold Inc. All intercompany accounts and transactions have been eliminated on consolidation.

Basis of preparation

These consolidated financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit and loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. These consolidated financial statements are presented in Canadian dollars unless otherwise noted.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Critical accounting estimates, judgments and assumptions

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) The inputs used in calculating the fair value for share-based payments expense included in profit or loss and stock-based share issuance costs included in equity. The share-based payments expense and stock-based share issuance costs are estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.

ii) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined to be the Canadian dollar for the Company and its subsidiary. Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in a currency other than the Canadian dollar are translated at the exchange rate at the reporting date, while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of loss and comprehensive loss in the period in which they arise.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, payments made and/or received under option and joint venture agreements and costs associated with exploration and evaluation activity.

Costs incurred before the Company has obtained the legal rights to explore an area are expensed in the consolidated statements of loss and comprehensive loss.

Exploration and evaluation expenditures related to the determination of a property or project's feasibility and exploration expenditures and payments pursuant to option and joint venture agreements made and/or received prior to the determination of the technical feasibility and commercial feasibility of a mineral property are expensed in the consolidated statements of loss and comprehensive loss as incurred.

Proceeds from the sale of mineral licenses and related net smelter returns prior to the determination of the feasibility of the mineral property are recognized in the consolidated statements of loss and comprehensive loss when sold.

Exploration and evaluation expenditures including payments pursuant to option and joint venture agreements made after a mineral property has been deemed commercially feasible are capitalized as development assets.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

***Exploration and evaluation expenditures** (cont'd)*

Proceeds from the sale of mineral licenses and related net smelter returns of capitalized mineral properties are offset against the related carrying value of the assets sold with any gain or loss recognized in the consolidated statements of loss and comprehensive loss.

To date the Company's mineral properties have not advanced past the exploration stage and, accordingly, no amounts have been capitalized in respect of exploration and evaluation expenditures.

Share-based payments

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. When the options are exercised, the applicable amounts of option reserves are transferred to share capital.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the year. For all years presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. In calculating the diluted loss per share, the weighted average number of common shares outstanding assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. For the years presented, this calculation proved to be anti-dilutive.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statements of loss and comprehensive loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Financial instruments *(cont'd)*

Financial assets (cont'd)

evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statements of loss and comprehensive loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statements of loss and comprehensive loss.

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. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statements of loss and comprehensive loss.

Other financial liabilities: This category includes accounts payables and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified its cash as fair value through profit and loss. The Company's receivables are classified as loans and receivables. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

See Note 10 for relevant disclosures.

Impairment of assets

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Impairment of assets *(cont'd)*

an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statements of loss and comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. A reversal of an impairment loss is recognized immediately in the statements of loss and comprehensive loss.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

Deferred tax is provided using the statement of financial position liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, the income taxes relate to the same taxable entity and the same taxation authority, and the Company intends to settle its current tax assets and liabilities on a net basis.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Equipment

Equipment is comprised of office and computer equipment which are carried at cost and amortized on a declining balance basis over the estimated service lives of the assets at rates ranging from 20% to 30%. Amortization methods, useful lives and residual values are reviewed at each reporting date.

Restoration and environmental obligations

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

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

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

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

The Company had no restoration or environmental obligations as at December 31, 2016 and December 31, 2015.

New Accounting Standards not yet adopted

The following standards, amendments and interpretations are effective for years beginning on or after January 1, 2017. The Company is currently assessing the impacts of the following standards, amendments and interpretations:

- IFRS 9 Financial Instruments - is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments.
- IFRS 15 Revenue from Contracts with Customers - IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers.
- IFRS 16 Leases - IFRS 16 replaces IAS 17 to become the new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor.

3. EQUIPMENT

		Furniture & equipment
Cost		
Balance, December 31, 2014	$	78,644
Additions		1,340
Balance, December 31, 2015 and 2016	$	79,984
Accumulated amortization		
Balance, December 31, 2014	$	71,955
Amortization		1,873
Balance, December 31, 2015		73,828
Amortization		1,750
Balance, December 31, 2016	$	75,578
Carrying amounts		
As at December 31, 2015	$	6,156
As at December 31, 2016	$	4,406

4. LOBSTICK OPTION AGREEMENT

On November 26, 2013, the Company entered into an option agreement with an unrelated individual (the "Optionor") whereby the Optionor granted the Company the option to acquire a 100% undivided right, title and interest in the optioned property (the "Lobstick Property") located in the Lobstick area near Lake of the Woods, Ontario.

In order to exercise the option, the Company must pay and issue to the Optionor:

- $5,000 plus 5,000 common shares of the Company on or before December 15, 2013 of which $5,000 was paid on December 11, 2013 with the issue date for the common shares extended to January 21, 2014 (issued);

- $5,000 plus 5,000 common shares of the Company upon confirmation of plan and permit acceptance by the Ontario Ministry of Northern Development and Mines, paid and issued, respectively, on June 10, 2014;

- Payment of $15,000 (paid) and the issuance of 10,000 common shares (issued at a value of $2,000) of the Company, on or before December 15, 2014;

- Payment of $15,000 (paid) and the issuance of 10,000 common shares (issued at a value of $2,000) of the Company, on or before December 15, 2015;

- Payment of $15,000 (paid) and the issuance of 10,000 common shares (issued at a value of $3,700) of the Company, on or before December 15, 2016; and

- Payment of $15,000 and the issuance of 10,000 common shares of the Company, on or before December 15, 2017.

In addition, the Company must fulfill all work commitments relating the Lobstick Property comprised of $12,000 per year by April 8 of each year. The Company may accelerate the cash payments, share issuances and work commitments at its discretion. The Company will be the operator of the Lobstick Property during the term of the option agreement.

During the year ended December 31, 2016, the Company incurred $65,540 (2015 - $139,005) of exploration expenditures on the Lobstick Property. The expenditures were comprised of the following:

	December 31, 2016	December 31, 2015
Assaying	$ 18,675	$ -
Core cutting	-	6,580
Drilling	-	107,314
Field costs	-	3,677
Geological consulting	5,806	14,698
Storage	5,000	-
Title maintenance	35,000	-
Transportation	-	6,186
Travel	-	550
	$ 64,481	$ 139,005

Following the exercise of the option, the Company must pay and issue to the Optionor:

- $50,000 plus 100,000 common shares of the Company within 30 days of filing a technical report under National Instrument 43-101 demonstrating mineral resources on any part of the Lobstick Property;

4. LOBSTICK OPTION AGREEMENT (cont'd)

- $50,000 plus 100,000 common shares of the Company within 30 days of filing a positive, bankable feasibility study (as defined under National Instrument 43-101) with respect to any part of the Lobstick Property; and
- A 3% net smelter return royalty with respect to the Lobstick Property upon commencement of commercial production, for which the Company may repurchase two-thirds of the 3% net smelter return royalty from the Optionor for $1,000,000 for each one-third repurchased.

5. BLACK RAVEN PROPERTY

On February 19, 2015, the Company entered into an Assignment and Assumption Agreement (the "Assignment Agreement") with Entourage Metals Ltd. ("Entourage"), a Canadian public company, whereby Entourage has assigned to the Company all of its rights under an existing option agreement dated February 28, 2011, as amended on February 26, 2013 and as further amended on February 28, 2014 (the "Option Agreement"), to acquire a 100% interest in and to the Black Raven Property, located in NW Ontario from seven individuals (the "vendors") (the original optionors). As consideration for the Assignment Agreement, the Company issued, on closing, 100,000 common shares valued at $20,000 to Entourage.

During the current year, the Company earned its 100% interest in the Black Raven property by paying $25,000 and issuing 10,000 common shares to the vendors.

The Company is also committed to issue 50,000 common shares to Entourage within 15 business days following the completion and filing of a NI 43-101 compliant resource of at least 500,000 ounces Au or the equivalent in situ value of Cu, Pb, Zn, Ag or other precious metals.

During the year ended December 31, 2016, the Company incurred $Nil (2015 - $8,529) of exploration expenditures on the Black Raven Property. The expenditures during the year ended December 31, 2015 were comprised of $3,685 for geological consulting fees, field costs $638, travel $1,206 and $3,000 for core storage costs.

The Company will grant a 2.5% net smelter royalty to the vendors upon commencement of commercial production, for which the Company may repurchase 60% of the 2.5% net smelter return royalty from the vendors for $1,500,000.

Subsequent to December 31, 2016, the Company entered into an agreement to dispose of the property (Note 14).

6. ANGELINA OPTION AGREEMENT

On March 20, 2014, the Company entered into an option agreement with JOVG Global Mineral Enterprises ("JOVG") on the Company's 100% owned Angelina property, located in Rice Lake Belt, Manitoba. Pursuant to the terms of the option agreement, JOVG, a private company based in Winnipeg, Manitoba, had the option to earn a 50% undivided interest in the Angelina property by conducting a minimum of $150,000 in exploration work on the property before February 15, 2015 (incurred); a further $150,000 by February 15, 2016 and a further $250,000 by each of February 15, 2017 and 2018. During the year ended December 31, 2015, JOVG returned the property to the Company. During the year ended December 31, 2016, the Company incurred $Nil (2015 - $5,682) of exploration expenditures on the Angelina Property. The expenditures incurred during the year ended December 31, 2015 were comprised of $5,560 for geological consulting fees and $122 for travel.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		December 31, 2016		December 31, 2015
Accounts payable	$	18,987	$	1,002
Accrued liabilities		20,000		14,000
Total	$	38,987	$	15,002

8. SHARE CAPITAL AND RESERVES

a) Authorized share capital

As at December 31, 2016, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares, are fully paid.

b) Issued share capital

On February 2, 2015, the Company issued 10,000 common shares pursuant to the Lobstick option agreement described in Note 4, for which the market value on the date of issuance was $0.20 per share.

On February 25, 2015, the Company issued 110,000 common shares pursuant to the Black Raven option agreement described in Note 5, for which the market value on the date of issuance was $0.20 per share.

On June 5, 2015, the Company issued 500,000 common shares pursuant to the exercise of stock options. The Company reclassified $119,055 to share capital from contributed surplus on the exercise of the stock options.

On June 9, 2015, the Company issued 310,000 common shares pursuant to the exercise of stock options. The Company reclassified $44,751 to share capital from contributed surplus on the exercise of the stock options.

On November 6, 2015, the Company issued 70,000 common shares pursuant to the exercise of stock options. The Company reclassified $33,268 to share capital from contributed surplus on the exercise of the stock options.

On December 7, 2015, the Company issued 10,000 common shares pursuant to the Lobstick option agreement described in Note 4, for which the market value on the date of issuance was $0.20 per share.

On February 26, 2016, the Company issued 10,000 common shares pursuant to the Black Raven option agreement described in Note 5, for which the market value on the date of issuance was $0.12 per share.

On April 27, 2016, the Company completed a non-brokered private placement, raising gross proceeds of $1,020,000 through the issuance of 10,200,000 common shares at a price of $0.10 per share. Share issuance costs totaled $5,850. No finders’ fees were paid in conjunction with this private placement.

On June 14, 2016, the Company issued 980,000 common shares for proceeds totaling $186,200 in conjunction with the exercise of stock options.

8. SHARE CAPITAL AND RESERVES (cont'd)

(b) Issued share capital (cont'd)

On December 1, 2016, the Company issued 10,000 common shares pursuant to the Lobstick option agreement described in Note 4, for which the market value on the date of issuance was $0.37 per share.

On December 8, 2016, the Company issued 50,000 common shares for proceeds totaling $10,000 in conjunction with the exercise of stock options.

On December 8, 2016, the Company issued 200,000 common shares for proceeds totaling $40,000 in conjunction with the exercise of stock options.

c) Stock options

The Company has an incentive stock options plan in place under which it is authorized to grant options to directors and employees to acquire up to 10% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 5 years and vesting periods are determined by the Board of Directors.

Details of stock options outstanding and exercisable as at December 31, 2016 are as follows:

Number of Shares	Exercise Price	Expiry Date
1,200,000	$0.15	April 26, 2021
250,000	$0.20	September 19, 2021
500,000	$0.30	October 25, 2021
50,000	$0.35	November 7, 2021
2,000,000		

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2014	655,000	$ 0.76
Exercised	(880,000)	0.50
Cancelled	(125,000)	0.76
Forfeited	(100,000)	1.00
Granted	1,690,000	0.51
Balance, December 31, 2015	1,240,000	0.59
Forfeited	(1,240,000)	0.59
Granted	3,230,000	0.20
Exercised	(1,230,000)	0.19
Balance, December 31, 2016	2,000,000	$ 0.20
Balance, exercisable, December 31, 2016	2,000,000	$ 0.20

8. SHARE CAPITAL AND RESERVES (cont'd)

d) Share-based payments

In February 2015, the Company granted stock options to a director to acquire up to 100,000 common shares with a grant date fair value of $0.20 per option resulting in share-based payments expense of $18,235, using the Black-Scholes option pricing model.

In April 2015, the Company granted stock options to consultants to acquire up to 650,000 common shares with a grant date fair value of $0.20 per option resulting in share-based payments expense of $119,055, using the Black-Scholes option pricing model.

In May 2015, the Company granted stock options to a consulting to acquire up to 160,000 common shares with a grant date fair value of $0.30 per option resulting in share-based payments expense of $44,751, using the Black-Scholes option pricing model.

In June 2015, the Company granted stock options to consultants to acquire up to 780,000 common shares with a grant date fair value of $0.50 per option resulting in share-based payments expense of $370,253, using the Black-Scholes option pricing model.

In April 2016, the Company granted stock options to a director to acquire up to 1,200,000 common shares with a grant date fair value of $0.12 per option resulting in share-based payments expense of $139,006, using the Black-Scholes option pricing model.

In May 2016, the Company granted stock options to consultants to acquire up to 980,000 common shares with a grant date fair value of $0.19 per option resulting in share-based payments expense of $182,602, using the Black-Scholes option pricing model.

In September 2016, the Company granted stock options to two consultants to acquire up to 500,000 common shares with a grant date fair value of $0.20 resulting in stock-based payments expense of $95,051 using the Black-Scholes option pricing model.

In October 2016, the Company granted stock options to a consultant to acquire up to 500,000 common shares with a grant date fair value of $0.28 resulting in stock-based payments expense of $142,576 using the Black-Scholes option pricing model.

In November 2016, the Company granted stock options to a consultant to acquire up to 50,000 common shares with a grant date fair value of $0.28 resulting in stock-based payments expense of $14,257 using the Black-Scholes option pricing model.

The Company applies the fair value method using the Black-Scholes option pricing model to account for stock options granted to directors, officers and consultants. The following assumptions were used to calculate the weighted average fair value of the stock options granted during the period:

	2016	2015
Risk-free interest rate	0.73%	0.88%
Expected life of options	5 years	5 years
Annualized volatility	192%	173%
Dividend rate	0%	0%
Forfeiture rate	0%	0%

8. SHARE CAPITAL AND RESERVES (cont'd)

e) Warrants

No warrants were issued during the years ended December 31, 2016 or 2015.

As at December 31, 2016, the Company had no outstanding share purchase warrants.

9. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2016, the Company entered into the following transactions with related parties:

a) Paid or accrued management fees of $120,000 (2015 - $79,500) to the CEO of the Company.

b) Paid or accrued management fees of $Nil (2015 - $48,000) to two directors of the Company.

c) Paid or accrued professional fees of $30,500 (2015 - $20,000) to a company controlled by the Corporate Secretary of the Company.

d) Recorded share-based payment expense of $139,006 (2015 - $18,235) in conjunction with the granting of stock options to directors and officers of the Company.

Key management personnel compensation disclosed above (including senior officers and certain directors of the Company):

	December 31, 2016	December 31, 2015
Short-term benefits	$ 150,500	$ 191,500
Share-based payments	139,006	18,235

10. FINANCIAL INSTRUMENTS AND RISK FACTORS

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments include cash, receivables, and accounts payable and accrued liabilities. The carrying value of these financial instruments approximates their fair value. Cash is measured based on Level 1 inputs of the fair value hierarchy.

10. FINANCIAL INSTRUMENTS AND RISK FACTORS (cont'd)

The following is an analysis of the Company's financial assets measured at fair value as at December 31, 2016 and December 31, 2015:

	As at December 31, 2016		
	Level 1	**Level 2**	**Level 3**
Cash	$ 935,655	$ -	$ -

	As at December 31, 2015		
	Level 1	**Level 2**	**Level 3**
Cash	$ 146,441	$ -	$ -

Risk factors

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has cash balances but no interest-bearing debt. The bank account is held with a major Canadian bank. As all of the Company's cash is held by one bank, there is a concentration of credit risk with the bank. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company's secondary exposure to risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government sales taxes.

Currency Risk

Currency risk is the risk that arises from the change in price of one currency against another. The Company operates in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest Rate Risk

Interest rate risk is the risk due to variability of interest rates. The Company is exposed to interest rate risk on its bank account. The income earned on the bank account is subject to the movements in interest rates. The Company has cash balances and no-interest bearing debt, therefore, interest rate risk is nominal.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash balances.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. Under current market conditions, both liquidity and funding risk have been assessed as high.

11. CAPITAL MANAGEMENT

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

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

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

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

12. SEGMENTED INFORMATION

The primary business of the Company is the acquisition and exploration of mineral properties in Canada.

13. INCOME TAX

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

		2016		2015
Loss for the year	$	(1,076,292)	$	(1,194,914)
Combined statutory tax rate		26%		26%
Expected income tax recovery at statutory rates	$	(280,000)	$	(311,000)
Change in statutory rates		-		13,000
Permanent difference		149,000		38,000
Change in unrecognized deductible temporary differences and other		131,000		260,000
Total income tax expense	$	-	$	-

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

	Expiry date range		2016		2015
Non-capital losses carried forward	2026-2037	$	5,214,000	$	5,228,000
Exploration and evaluation assets	No expiry	$	3,260,000	$	3,146,000
Property and equipment	No expiry	$	58,000	$	56,000
Canadian eligible capital	No expiry	$	8,000	$	8,000
Allowable capital loss	No expiry	$	595,000	$	595,000

Tax attributes are subject to review, and potential adjustment, by tax authorities.

14. SUBSEQUENT EVENTS

a) Subsequent to December 31, 2016, the Company signed a definitive agreement with IDM Mining Ltd. ("IDM"), a Canadian public company, to purchase a 100% interest in a portfolio of 22 properties located in the Yukon, Canada. The terms of the agreement are as follows:

- pay $150,000 in cash (paid);
- issue 10,500,000 common shares of the Company (issued); and
- incur $1,500,000 in exploration expenditures by December 31, 2017.

The Company will appoint two of IDM's designated representatives to its Board of Directors upon closing of the Agreement. IDM has been granted an equity participation right, allowing IDM to maintain its pro-rata interest. IDM has a right of first refusal for two years on the sale of any of the Yukon properties.

This transaction closed during March 2017 upon obtaining regulatory approvals, third party consents and upon the Company obtaining shareholder approval (as the transaction will result in the creation of a new control block being held by IDM).

b) Private placements

During March 2017, the Company issued 6,779,664 flow-through shares at $0.295 per share for gross proceeds of $2,000,000. A Finder's fee totalling $140,000 and 474,576 finder's warrants were paid in conjunction with this private placement.

During April 2017, the Company issued 3,524,490 non-flow-through units at $0.295 per unit for gross proceeds totalling $1,039,725. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of $0.50 per share for a two-year period. Finders' fees totalling $65,873 and 223,334 finders' warrants were paid in conjunction with this private placement.

c) The TSX Venture Exchange has accepted for filing documentation pertaining to an acquisition agreement dated April 23, 2017, between Canadian Orebodies Inc. and the Company, whereby Canadian Orebodies Inc. has agreed to acquire a 100% interest in 31 mineral claims (the Black Raven property) located 14 kilometres northeast of Marathon, Ontario.

Under the terms of the agreement, Canadian Orebodies Inc. will make a $15,000 cash payment (received), issue 1.25 million common shares and issue 250,000 common share purchase warrants as consideration. Each warrant entitles the holder to acquire one common share at $0.63for a one-year period.

Canadian Orebodies Inc. has also executed a termination and assumption agreement dated April 23, 2017, with the underlying optionors of the property, in order to terminate the underlying option agreement, discharge a future milestone payment and assume the underlying royalty obligations. The termination agreement requires Canadian Orebodies to issue 200,000 common shares on closing to the optionors and assume a 2.5-per-cent net smelter royalty.

d) Subsequent to December 31, 2016, the Company received proceeds totalling $50,000 in conjunction with the issuance of 250,000 common shares pursuant to exercise of stock options. In addition, 125,000 stock options, with an exercise price of $0.39 per share, were granted and 50,000 stock options, with an exercise price of $0.35 per share, were cancelled.