(Formerly GWR Resources Inc.)

(An Exploration Stage Company)

FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEAR ENDED SEPTEMBER 30, 2016

Tel: 604 688 5421
Fax: 604 688 5132
www.bdo.ca

BDO Canada LLP
600 Cathedral Place
925 West Georgia Street
Vancouver BC V6C 3L2 Canada

Independent Auditor's Report

To the shareholders of EnGold Mines Ltd.

We have audited the accompanying financial statements of EnGold Mines Ltd., which comprise the statements of financial position as at September 30, 2016 and 2015, and the statements of comprehensive loss, cash flows and changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the 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, the financial statements present fairly, in all material respects, the financial position of EnGold Mines Ltd. as at September 30, 2016 and 2015 and the results of its operations and cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which indicates that the Company has not yet achieved profitable operations and has an accumulated deficit of $45,083,041. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

(signed) "BDO CANADA LLP"

Chartered Professional Accountants

Vancouver, British Columbia
January 30, 2017

EnGold Mines Ltd.
(Formerly GWR Resources Inc.)
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

As at		September 30, 2016		September 30, 2015
ASSETS				
Current				
Cash	$	114,826	$	311,368
Receivables (Note 15c)		68,136		21,932
Prepaid expenses		28,129		8,713
Total current assets		211,091		342,013
Reclamation deposits (Note 4)		147,000		110,000
Other assets		1,008		1,008
Assets held-for-sale (Note 7)		-		155,000
Property, plant and equipment (Note 5)		32,327		69,910
Exploration and evaluation assets (Note 6)		2,488,909		2,488,909
Total assets	$	2,880,335	$	3,166,840
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities (Note 11)	$	301,215	$	242,388
Short term loans (Note 11)		52,500		-
Other liabilities (Note 10)		22,326		34,889
Current portion of long-term debt (Note 9)		-		86,808
Total current liabilities		376,041		364,085
Shareholders' equity				
Share capital (Note 10)		35,276,401		35,105,414
Reserves (Note 10)		12,310,934		12,284,496
Deficit		(45,083,041)		(44,587,155)
Total shareholders' equity		2,504,294		2,802,755
Total liabilities and shareholders' equity	$	2,880,335	$	3,166,840

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 14)

Approved and authorized by the Board on January 30, 2016:

"Rolf Van Driesum"	Director	*"David Brett"*	Director
Rolf Van Driesum		David Brett	

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

EnGold Mines Ltd.
(Formerly GWR Resources Inc.)
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

For the years ended September 30		2016		2015
EXPENSES				
Depreciation (Note 5)	$	15,083	$	33,849
Exploration and evaluation expenditures		352,208		321,810
BCMETC refund (Note 16)		(91,221)		-
Filing and regulatory		17,425		19,655
Office and other		46,155		69,021
Management and consulting (Note 11)		109,821		73,507
Professional fees		110,747		132,706
Impairment of property, plant and equipment (Note 5)		20,000		-
Share-based payments (Note 10)		18,696		160,500
Loss before other items		(598,914)		(811,048)
OTHER ITEMS				
Legal provision (Note 14)		(20,482)		(55,000)
Impairment of assets held-for-sale		-		(30,000)
Reversal of gross negligence penalties (Note 16)		-		318,981
Gain (loss) on sale of asset (Notes 7 and 8)		10,412		(198,283)
Other income (Note 10)		98,363		85,111
Gain on extinguishment of debt (Note 12)		14,735		1,471
Loss and comprehensive loss for the year	$	(495,886)	$	(688,768)
Basic and diluted loss per common share	$	(0.00)	$	(0.00)
Weighted average number of common shares outstanding		157,807,181		150,778,967

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

EnGold Mines Ltd.
(Formerly GWR Resources Inc.)
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

For the year ended September 30		2016		2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the year	$	(495,886)	$	(688,768)
Non-cash items:				
Depreciation		15,083		33,849
Share-based payments		18,696		160,500
Gain on extinguishment of debt (Note 12)		(14,735)		(1,471)
Long term debt accrued interest		192		2,161
Impairment of property, plant and equipment (Note 5)		20,000		
Impairment of assets held-for-sale		-		30,000
Other income (Note 10)		(98,363)		(85,111)
(Gain) loss on sale of asset		(10,412)		198,283
Changes in non-cash working capital items:				
Receivables		(46,204)		8,745
Prepaid expenses		(19,416)		(8,713)
Accounts payable and accrued liabilities		74,062		(20,804)
Net cash used in operating activities		(556,983)		(371,329)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of assets-held-for-sale (Note 7)		165,412		-
Reclamation deposit (Note 4)		(37,000)		-
Proceeds from sale of property, plant and equipment (Note 5)		2,000		250,000
Net cash provided by investing activities		130,412		250,000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from share issuances (Note 10)		290,000		400,000
Loan from related party (Note 11)		68,500		60,000
Repayment of long-term debt and interest (Note 9)		(87,000)		
Repayment of loan from related party (Note 11)		(16,000)		(60,000)
Share issuance costs (Note 10)		(25,471)		(53,243)
Net cash provided by financing activities		230,029		346,757
Change in cash during the year		(196,542)		225,428
Cash, beginning of year		311,368		85,940
Cash, end of year	$	114,826	$	311,368
Supplemental cash flow information:				
Broker warrants issued as share issuance costs (Note 10b)	$	7,742	$	-
Flow-through premium liability (Note 10b)	$	85,800	$	-
Accounts payable settled in exchange for property, plant and equipment	$	500	$	-

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

EnGold Mines Ltd.
(Formerly GWR Resources Inc.)
STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Share capital				
	Number	Amount	Reserves	Deficit	Total
Balance, September 30, 2014	149,425,542	$ 34,892,826	$ 12,109,827	$ (43,898,387)	$ 3,104,266
Private placements	8,000,000	280,000	-	-	280,000
Share issuance costs – cash	-	(53,243)	-	-	(53,243)
Share issuance costs – warrants	-	(14,169)	14,169	-	-
Share-based payments	-	-	160,500	-	160,500
Loss for the year	-	-	-	(688,768)	(688,768)
Balance, September 30, 2015	157,425,542	35,105,414	12,284,496	(44,587,155)	2,802,755
Private placements	1,796,000	89,800	-	-	89,800
Private placements – flow through	2,860,000	200,200	-	-	200,200
Share issuance costs – cash	-	(25,471)	-	-	(25,471)
Share issuance costs – warrants	-	(7,742)	7,742	-	-
Flow-through premium liability	-	(85,800)	-	-	(85,800)
Share-based payments	-	-	18,696	-	18,696
Loss for the year	-	-	-	(495,886)	(495,886)
Balance, September 30, 2016	162,081,542	$ 35,276,401	$ 12,310,934	$ (45,083,041)	$ 2,504,294

See Note 10

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

1. NATURE OF OPERATIONS AND THE ABILITY TO CONTINUE AS A GOING CONCERN

EnGold Mines Ltd. (the "Company") (formerly GWR Resources Inc.) was incorporated in British Columbia under the Business Corporations Act. The Company is in the business of exploring for and evaluating economically viable mineral properties in Canada.

The Company changed its name pursuant to a shareholders' resolution passed at the Company's Annual General Meeting held April 22, 2016. Management recommended the change to better reflect the Company's increasing focus on gold exploration.

The Company's registered and records office is Robson Court, Suite 1000, 840 Howe St, Vancouver, BC V6Z 2M1

The Company is in the process of exploring and evaluating its resource properties and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These financial statements have been prepared in accordance with accounting principles applicable to a going concern, which assumes that the Company will realize its assets and discharges its liabilities in the ordinary course of business. For the year ended September 30, 2016 the Company incurred a loss of $495,886 and has an accumulated deficit of $45,083,041 and expects to incur further losses in the development of its business. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's continuing operations and its ability to discharge its liabilities and fulfill its commitments as they come due, is dependent upon the ability of the Company to continue to obtain debt or equity financing in the short term, the continued support of related parties, and ultimately, on locating economically recoverable ore reserves in its mineral properties. Management believes the Company will be successful at securing additional funding, however, there is no assurance that such plans will be successful.

If the Company is unable to obtain adequate additional financing and the continued support of related parties, the Company will be required to curtail operations and exploration activities. Furthermore, failure to continue as a going concern would require restatement of assets and liabilities on a liquidation basis, which would differ significantly from the going concern basis.

The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

2. BASIS OF PREPARATION

Statement of Compliance

These financial statements 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").

Basis of Presentation

The financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of these 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 year, 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:

2. BASIS OF PREPARATION *(cont'd…)*

Use of Estimates and Judgments *(cont'd…)*

Critical accounting estimates

i. The Company has not recognized a deferred tax asset as management believes it is not probable that taxable profit will be available against which deductible temporary differences can be utilized.

ii. Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected share price volatility. Because the Company's warrants have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

Critical accounting judgments

i. The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project. Management has assessed these indicators and does not believe an impairment provision is required.

ii. 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.

iii. The estimate for contingencies and settlement provisions require management to make judgments as to the likelihood of outcomes, and estimates of the timing and the possible outflow of economic benefits.

.

3. SIGNIFICANT ACCOUNTING POLICIES

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants, and stock options are classified as equity instruments.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs 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 current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd…)

Assets held for sale

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use or abandonment. This condition is regarded as met only when the sale is highly probable and the assets are available for immediate sale in their present condition. Management must be committed to the sale, which should be expected to qualify for recognition as completed sale within one year from the date of classification.

Property, Plant and Equipment

Recognition and Measurement

On initial recognition, property, plant and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in a manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property, plant and equipment is subsequently measured at cost less accumulated amortization, less any accumulated impairment losses, with the exception of land which is not amortized.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent Costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the operations during the financial period in which they are incurred.

Major Maintenance and Repairs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in operations as incurred.

Gains and Losses

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in statement of comprehensive income (loss).

Depreciation

Depreciation is recognized in operations and is recognized at the following rates over the assets economic useful life:

Buildings	5%
Field equipment	20%
Vehicles	20%
Office furniture and equipment	20%
Computer equipment	33%
Computer software	50%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's reporting year is disclosed separately as flow-through share proceeds in Note 16.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Exploration and evaluation licenses

All direct costs related to the acquisition of mineral property interests (E&E Assets) are capitalized into intangible assets on a property by property basis. License costs paid in connection with a right to explore in an exploration area, for a period in excess of one year, are capitalized and amortized over the term of the license.

Exploration and evaluation expenditures

Exploration costs, net of incidental revenues, are charged to operations in the year incurred until such time as it has been determined that a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated reserves as the depletion base.

The refundable tax credit rate based on qualified expenditures incurred is 20% in British Columbia and 35% in Quebec. Additionally, the Company may be entitled to a refundable credit on duties for losses in the Province of Quebec under the Mining Duties Act. The refundable credit on duties is applicable on 50% of qualifying exploration expenditures at a rate of 15%. In accordance with IAS 20, any tax credits receivable are credited against the costs incurred at the time they are determined to be receivable.

The Company may be entitled to certain refundable tax credits on qualified exploration expenditures incurred in the Provinces of British Columbia ("BC"). The provincial government of BC provides for a refundable tax on net qualified mining exploration expenditures incurred in BC by companies resident in BC. The credit is calculated as 20% of qualified mining exploration expenses less the amount of any assistance received or receivable. Management has estimated and accrued the likely refundable amount arising from expenses incurred in the current year. The determination of the expenditures which would qualify as mining exploration expenses was based on the previous years' tax filings and subsequent reviews by government auditors.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income taxes (cont'd…)

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the excess.

Provisions

Environmental rehabilitation provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an environmental rehabilitation obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized asset retirement costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional rehabilitation costs). The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated.

Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to the statement of comprehensive loss. The Company had no rehabilitation obligations as at September 30, 2016 and 2015.

Other 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 probable 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. (Note 14)

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. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to operations over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to operations over the remaining vesting period.

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 the statement of comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.
Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods 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 reliably estimated, the fair value is measured by use of a valuation model.

All equity-based share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share-based payments (cont'd…)

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. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Reclamation Deposits

Cash which is subject to contractual restrictions on use for mineral properties is classified separately as reclamation deposits. Reclamation deposits are classified as non-current assets.

Financial instruments

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Loans and receivables

The Company's cash is classified as loans and receivables.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities.

Financial instrument disclosures

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) 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); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Segment Reporting

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties. All significant assets are held within Canada.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New standards, interpretations and amendments adopted

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual audited financial statements for the year ended September 30, 2016, except for the adoption of new standards and interpretations effective as of October 1, 2016.

New standards not yet adopted

Certain pronouncements were issued by the IASB or IFRIC that are not mandatory for accounting periods beginning on or after October 1, 2015 or later periods. They have not been early adopted in these consolidated financial statements, and they are expected to affect the Company in the period of initial application. In all cases the Company intends to apply these standards from application date as indicated below:

IFRS 15 Revenue from Contracts with Customers deals with revenue recognition and establishes principles of reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when the customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The Standard replaces IAS 18 Revenue, and IAS 11 Construction Contracts and related interpretations. IFRS 15 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company determined there to be no impact on these financial statements as the Company has yet to have revenue.

IFRS 16 Leases will be effective for accounting periods beginning on or after January 1, 2019. Early adoption will be permitted, provided the Company has adopted IFRS 15 Revenue from Contracts with Customers. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The Company is in the process of assessing the impact, if any, on the financial statements of this new standard.

IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized costs, fair value through OCI and fair value through P&L. The basis of classification depends on entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the hedged ratio to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The Standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company is currently evaluating the impact of this Standard.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. RECLAMATION DEPOSITS

As at September 30, 2016 the Company held $147,000 (September 30, 2015 - $110,000) in deposits with a financial institution as security for reclamation requirements.

(Expressed in Canadian Dollars)

5. PROPERTY, PLANT AND EQUIPMENT

	Field Equipment	Vehicles	Office Furniture	Computer Equipment	Software	Buildings	Land	Total
Cost								
Balance, September 30, 2014	$ 112,682	$ 114,513	$ 57,043	$ 37,329	$ 46,248	$ 495,125	$ 66,752	$ 929,692
Disposals	(3,000)	-	-	-	-	(495,125)	(66,752)	(564,877)
Balance, September 30, 2015	109,682	114,513	57,043	37,329	46,248	-	-	364,815
Disposals	(500)	(2,000)	-	-	-	-	-	(2,500)
Impairment*	(6,469)	(6,753)	(3,364)	(2,333)	(1,081)			(20,000)
Balance, September 30, 2016	$ 102,713	$ 105,760	$ 53,679	$ 34,996	$ 45,167	$ -	$ -	$ 342,315
Accumulated depreciation								
Balance, September 30, 2014	$ 81,831	$ 68,802	$ 49,523	$ 32,131	$ 41,925	$ 100,438	$ -	$ 374,650
Additions	6,170	9,142	1,504	1,716	2,161	13,156	-	33,849
Disposals	-	-	-	-	-	(113,594)	-	(113,594)
Balance, September 30, 2015	88,001	77,944	51,027	33,847	44,086	-	-	294,905
Additions	4,336	7,314	1,203	1,149	1,081	-	-	15,083
Balance, September 30, 2016	$ 92,337	$ 85,258	$ 52,230	$ 34,996	$ 45,167	$ -	$ -	$ 309,988
As at September 30, 2015	$ 21,681	$ 36,569	$ 6,016	$ 3,482	$ 2,162	$ -	$ -	$ 69,910
As at September 30, 2016	$ 10,376	$ 20,502	$ 1,449	$ -	$ -	$ -	$ -	$ 32,327

*During the year ended September 30, 2016, management determined that the estimated recoverable amount of property, plant and equipment was less than its carrying amount and recognized an impairment loss of $20,000 in the statement of comprehensive loss.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

	Lac La Hache
Balance, September 30, 2015, and 2016	$ 2,488,909

(1) Balance represents acquisitions costs paid by the Company.

Lac La Hache

The following descriptions apply to adjacent properties in the Clinton Mining and Cariboo Divisions located near Lac La Hache, British Columbia:

a) Miracle/Murphy

The Company owns a 100% interest in four mineral claims located in the Clinton Mining Division of British Columbia, located near Lac La Hache. Under the terms of an agreement dated October 27, 1994, there is a 1% net smelter return ("NSR") due to the original vendor to a maximum of $1,500,000.

b) Peach Lake

The Company owns an 100% interest in seven mineral claims located in the Clinton Mining Division of British Columbia, located near Lac La Hache. Under the terms of an agreement dated December 1, 1994, there is a 3% NSR due to the original vendor on four of the seven claims to a maximum of $500,000.

c) Ann

The Company owns a 100% interest in two mineral claims located in the Clinton Mining Division of British Columbia, located near Lac La Hache. Under the terms of the agreements, the Company is not required to pay a NSR to the original vendor.

d) Murphy Lake

The Company owns a 100% interest in six mineral claims located in the Cariboo Mining Division of British Columbia, located near Lac La Hache. Under the terms of an agreement dated June 3, 1997, the Company has agreed with the original vendor to issue 300,000 common shares, when it is confirmed that an ore body exists and the plans to commence commercial production are in place, and pay a 3% NSR to a maximum of $1,000,000. No shares have been issued to the date of these financial statements.

e) PMA/Cassidy

The Company owns a 100% interest in four mineral claims, located in the Cariboo Mining Division of British Columbia, located near Lac La Hache. Under the terms of the agreement dated February 14, 2000, the Company is not required to pay a NSR to the original vendor.

f) Candorado Option Agreement

During the year ended September 30, 2012, the Company and Candorado Operating Company Ltd. entered into an option agreement whereby the Company acquired a 100% interest in certain unpatented mineral claims located east of Williams Lake, BC, near Lac La Hache. Consideration issued and paid was as follows:

- Cash payments of $870,000;
- Common shares, issuance of 2,400,000 common shares, valued at $600,000; and
- Share purchase warrants, issuance of 2,000,000 share purchase warrants with each warrant exercisable to purchase one additional common share at an exercise price of $0.40 until January 2014. These warrants were valued at $144,000.

The agreement was originally subject to a 2% NSR but this was waived by the vendor in an amendment to the agreement.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS *(cont'd …)*

Red Property

On July 5, 2016, the Company entered into a joint venture agreement with Pacific Empire Minerals Corp. ("PEMC"). Both parties hold certain adjacent claims located in the Clinton Mining Division of British Columbia and agreed to combine into single property to be known as the Red Property (the "Property") and form an unincorporated joint venture for the purpose of exploring and developing the Property. The participating interests of both parties at the time of the joint venture is 50% with each party responsible for payment of its proportionate share of operating and capital costs, including reclamation and remediation obligations.

Upon formation of the joint venture, a management committee (the "Management Committee") consisting of two representatives of each party and holding voting rights in accordance with each party's participating interest, was established which shall make all decisions which are required to be made by the joint venture participants. The Management Committee shall be responsible for the exploration and development of the Property and for the negotiation of any option or sale of the Property.

As of September 30, 2016, no exploration work has been performed under the agreement.

7. ASSETS HELD-FOR-SALE

During the year ended September 30, 2013, the Company decided to sell non-core Building and Land assets which is connected to the long-term debt (Note 9). During the year ended September 30, 2016, the Company sold the assets-held-for-sale for gross proceeds of $165,412 and recognized a gain on sale of asset of $10,412 in the statement of comprehensive loss.

8. ASSET SALE AND PREMISE OPERATING LEASE

On June 1, 2015, the Company completed a property sale (the "Transaction") with Bris Holdings Ltd. ("Bris"), a third party. The Company sold its building and land with carrying value of $448,283 for gross proceeds of $250,000 and recognized a loss on sale of $198,283 in the statement of comprehensive loss. The Company entered into a rental agreement with Bris for a five-year term at $2,000 per month plus applicable property taxes and insurance costs. During the year ended September 30, 2016, the Company recorded rental payments of $32,188 (September 30, 2015 - $10,729) in exploration and evaluation expenditures in the statement of comprehensive loss.

9. LONG-TERM DEBT

During the year ended September 30, 2016, the Company completed the sale of the asset-held-for-sale (See Note 7) and settled the outstanding balance of the long-term debt of $87,000 including accrued interest of $192. No gain or loss was recognized on settlement of the long-term debt.

	September 30, 2016	September 30, 2015
Principal and accrued interest	$ -	$ 86,808
Less current portion	-	(86,808)
	$ -	$ -

10. SHARE CAPITAL AND RESERVES

a) Authorized share capital

Unlimited number of common and preferred shares without par value.

10. SHARE CAPITAL AND RESERVES *(cont'd …)*

b) Issued share capital

During the year ended September 30, 2016, the Company completed the first tranche of a non-brokered private placement for 2,860,000 Flow-Through units (the "FT Units") at a price of $0.07 per unit, and 1,796,000 Non Flow-Through units ("The NFT Units") at a price of $0.05 for gross proceeds of $290,000. Each FT Unit consist of one flow-through common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of $0.10 until August 31, 2018. Each NFT Unit consists of one common share and one warrant with each warrant entitling the holder to acquire one non-flow through common share at a price of $0.08 per share until August 31, 2018. In connection with the offering, the Company paid certain finder's $19,250 and issued 304,920 share purchase warrants with the same terms as above with a fair value of $7,742 using the Black-Scholes pricing model using a share price of $0.04, expected life of 2 years, and a volatility of 157.22%. The Company used the residual method to calculate the fair value of the tax deduction attached with the flow-through common share and recorded a flow-through liability of $85,800. During the year ended September 30, 2016, the Company spent $148,106 of eligible flow-through expenditures and reduced the flow-through liability by $63,474 to other income.

During the year ended September 30, 2015, the Company completed a brokered private placement for 8,000,000 units at a price of $0.05 per unit for gross proceeds of $400,000. Each unit consist of one flow-through common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of $0.10 for 2 years. In connection with the offering, the Company paid certain finder's $32,000, filing fees of $2,100 and issued 640,000 share purchase warrants with the same terms as above with a fair value of $14,169 using the Black-Scholes pricing model using a share price of $0.02 - $0.04, expected life of 2 years, and a volatility of 168.46%. The Company used the residual method to calculate the fair value of the tax deduction attached with the flow-through common share and recorded a flow-through liability of $120,000. During the year ended September 30, 2016, the Company has met the requirements (year ended September 30, 2015- $283,703) of eligible flow-through expenditures and reduced the flow-through liability by $34,889 (year ended September 30, 2015 - $85,111) to other income.

c) Stock options and warrants

The Company has a share purchase option plan approved by the Company's shareholders that allows it to grant share purchase options, subject to regulatory terms and approval, to its officers, directors, and employees. The share purchase option plan (the "2011 Rolling Option Plan") is based on the maximum number of eligible shares equaling a rolling percentage of 7.5% of the Company's outstanding common shares, and may not exceed 5% to any individual, calculated from time to time. Pursuant to the 2011 Rolling Option Plan, if outstanding share purchase options are exercised or expire, and/or the number of issued and outstanding common shares of the Company increases, then the share purchase options available to grant under the plan increases proportionately. The exercise price of each share purchase option is set by the Board of Directors at the time of grant but cannot be less than the market price (less permissible discounts).

Under the Plan, if an optionee ceases to be a director, officer or employee for any reason other than death, this option shall terminate as specified by the Board and all rights to purchase common shares under such option shall cease and expire and be of no further force or effect. Options have a maximum term of five years and depending on who the optionee is and whether the optionee resigned or is terminated, will terminate on the effective date of resignation or termination or 18 months following termination, except in the case of death, in which case they terminate one year after death. Unless otherwise noted vesting of options is made at the time of granting of the options at the discretion of the Board of Directors. Vested options are exercisable at any time.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES *(cont'd …)*

c) Stock options and warrants *(cont'd …)*

Stock option and share purchase warrants transactions are summarized as follows:

	Options			Warrants		
	Number of Shares		Weighted Average Exercise Price	Number of Shares		Weighted Average Exercise Price
Balance, September 30, 2014	6,710,000	$	0.24	-	$	-
Expired and cancelled	(6,110,000)		0.22	-		-
Granted	5,050,000		0.07	8,640,000		0.10
Balance, September 30, 2015	5,650,000	$	0.12	8,640,000	$	0.10
Expired and cancelled	(400,000)		0.42	-		-
Granted	800,000		0.07	4,960,920		0.09
Balance, September 30, 2016 outstanding and exercisable	6,050,000	$	0.09	13,600,920	$	0.10

As at September 30, 2016, incentive stock options were outstanding as follows:

	Number	Exercise price	Expiry date
Stock Options	800,000	$0.25	December 28, 2016*
	3,050,000	$0.07	March 25, 2017
	1,400,000	$0.07	June 15, 2017
	800,000	$0.07	May 12, 2018
	6,050,000		

*Expired subsequent to yearend.

During the year ended September 30, 2016, the Company granted 800,000 (2015 – 5,050,000) options with a weighted-average fair value of $0.02 per option (2015 - $0.04) to directors, officers and consultants. Total share-based payments recognized in the statement of comprehensive loss for the year ended September 30, 2016 is $18,696 (2015 - $160,500).

The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of stock options granted during the year:

	September 30, 2016	September 30, 2015
Risk-free interest rate	0.56%	0.74%
Expected life of options	2 years	2 years
Expected annualized volatility	139.93%	223.02%
Dividend yield	0.0%	0.0%

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES *(cont'd …)*

c) Stock options and warrants *(cont'd …)*

As at September 30, 2016, share purchase warrants were outstanding as follows:

	Number		Exercise price	Expiry date
Share Purchase Warrants	6,480,000	$	0.10	July 22, 2017
	2,160,000	$	0.10	August 20, 2017
	2,860,000	$	0.10	August 31, 2018
	2,100,920	$	0.08	August 31, 2018
	13,600,920			

11. RELATED PARTY TRANSACTIONS

Key management personnel comprise the Chief Executive Officer, Corporate Secretary, Vice President of Exploration and Directors of the Company. The remuneration of the key management personnel for the year ended September 30, 2016 is as follows:

- Included in management and consulting fees was $65,000 (2015 - $42,000) for services provided by the CEO and $13,000 (2015 - $11,000) paid to the corporate secretary.

- Included in exploration and evaluation expenditures are $78,400 (2015 - $57,800) for geological consulting services to a company controlled by the Vice President of Exploration.

An amount of $18,992 (September 30, 2015 - $32,003) included in accounts payable to a company controlled by the Vice President of Exploration. All balances are unsecured, non-interest bearing, have no fixed repayment terms, and are due on demand.

During the year ended September 30, 2016, the Company received a $68,500 advance, repaid $16,000 with $52,500 outstanding as at year end, from a director of the Company included in short term loans to meet short-term cash requirements. The balance is unsecured, non-interest bearing, has no fixed repayments terms and is due on demand.

12. GAIN ON EXTINGUISHMENT OF DEBT

During the year ended September 30, 2016, the Company negotiated with a vendor to settle $29,735 in accounts payable for $15,000 payment in cash. The Company recognized a gain on settlement of debt for $14,735 in the statement of comprehensive loss.

13. CAPITAL MANAGEMENT

The Company manages its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital consists of shareholder's equity comprising: issued capital; share purchase warrants; reserves and deficit. The basis for the Company's capital structure is dependent on the Company's exploration programs. There were no changes in the Company's approach to capital management during the current year and the Company is not subject to externally imposed capital requirements, except when the Company issues flow-through shares. The Company is subject to certain requirements in relation to its use of funds raised through the issuance of flow-through shares. These funds have to be incurred for eligible exploration expenditures in accordance with Canadian federal and certain provincial income tax acts.

14. COMMITMENTS AND CONTINGENCIES

i) From time to time, certain claims, suits, and complaints may arise in the ordinary course of operations against the Company. In the opinion of management, any provisions related to such claims, if any, will be accrued when the claims meet the recognition criteria for contingent liabilities. Management recorded a legal provision of $65,000 for a claim against the Company and settled another claim for cash payment of $20,842. The Company is not aware of any unrecorded material contingent liabilities which require recording in the financial statements for the year ended September 30, 2016.

In addition to the above, two former senior officers of the Company commenced litigation against the Company alleging wrongful dismissal and claiming unspecified damages. The Company is defending the cases and believes they are without merit. No contingent liability has been recorded in relation to these legal proceedings.

ii) The Company is partly financed by the issuance of flow-through shares. However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company has committed to take all the necessary measures for this purpose. Refusals of certain expenses by tax authorities would have negative tax consequences for investors.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

Market risk is the risk that changes in market prices, such as interest rates, commodity prices, and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. As at September 30, 2016, the Company is not materially exposed to market risk.

b) Interest Risk

Interest risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not entered into any derivative contracts to manage risk. The Company's policy as it relates to its cash balances is to invest excess cash in a reputable Canadian chartered bank.

As of September 30, 2016, the Company's exposure to interest rate risk is cash with variable interest rate. A change in interest rates of 1% would not materially affect cash.

(Expressed in Canadian Dollars)

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(cont'd…)*

c) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is on its reclamation deposit.

Amounts receivable mainly consists of input tax credit receivables and BCMETC refund from the CRA. Due to the nature of the assets, management believes that the credit risk concentration with respect to receivables is remote and no collateral is held as security for these balances. As at September 30, 2016, the Company had a receivables balance of $68,136 (September 30, 2015 - $21,932).

d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

The Company anticipates that the current funds are not sufficient to support its corporate and administrative obligations on a continuous basis. Management is evaluating other alternatives to secure financing including additional equity offerings. However, there is no assurance that these initiatives will be successful. The amount and timing of additional funding will be impacted by among other things, the strength of the capital markets.

Determination of Fair value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Statement of Financial Position carrying values for: cash; receivables; long-term debt; and accounts payable and accrued liabilities, approximates fair value due to their short-term nature.

16. INCOME TAXES

A reconciliation of income taxes (recovery) at statutory rates with the reported taxes for the year ended September 30, 2016 is as follows:

	2016	2015
Income (loss) before taxes for the year	$ (495,886)	$ (688,768)
Expected income tax (recovery)	$ (129,000)	$ (179,000)
Change in statutory tax rates	-	-
Non-deductible expenses	30,000	(63,000)
Expiry of losses	-	54,000
Impact of change in CRA re-assessments and other	19,000	237,000
Share issuance costs	(7,000)	(9,000)
Change in unrecognized deductible temporary differences	87,000	(40,000)
Income tax recovery	$ -	$ -

(Expressed in Canadian Dollars)

16. INCOME TAXES (cont'd…)

The Canadian income tax rate declined during the year due to changes in the law that reduced corporate income tax rates in Canada. The significant components of the Company`s unrecorded deferred tax assets (liabilities) are as follows:

	2016	2015
Deferred tax assets (liabilities):		
Share issue costs	$ 11,000	$ 13,000
Property, plant and equipment	151,000	102,000
Exploration and evaluation assets	1,586,000	1,365,000
Capital losses	6,000	6,000
Lease obligation	(21,000)	(21,000)
Non-capital losses available for future periods	1,764,000	1,945,000
	3,497,000	3,410,000
Unrecognized deferred tax assets	(3,497,000)	(3,410,000)
Net deferred tax assets	$ -	$ -

Tax losses carried forward are as follows:

	2016	2015	Expiry date range
Non-capital losses available for future periods	$6,783,000	$7,480,000	2017-2036

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

Flow-Through Shares

The Company is committed to incur eligible exploration and evaluation expenditures, pursuant to the Canada Income Tax Act and Québec Taxation Act, of $200,200 by December 31, 2017 and to transfer the tax deductions related to these expenditures to the subscribers of its flow through share underwriting completed in September, 2016. The Company incurred $148,106 of eligible expenses as at September 30, 2016. As at the date of filing, the Company has not yet renounced any expenditures.

The company incurred eligible exploration and evaluation expenditures, pursuant to the Canada Income Tax Act and Québec Taxation Act, of $400,000 as at September 30, 2016 related to flow through share underwriting completed in June, 2015. As at the date of filing, the Company has renounced all expenditures.

BCMETC Refund

During the year ended September 30, 2014, the Company received a BCMETC refund of $1,110,170. The Company was assessed a gross negligence penalty related to the flow through shares of $318,981, which was refunded in the year ended September 30, 2015 due to a successful notice of objection appeal, for net proceeds of $557,927 (includes reduction for Part XII.6 tax).

During the year ended September 30, 2016, the Company received BCMETC refund of $37,302 and was notified by the CRA of a BCMETC refund of $53,919 in relation to the BCMETC claim from September 30, 2013, for a total refund of $91,221. The Company recognized the receivable at September 30, 2016. See also Note 15(c).

17. SUBSEQUENT EVENTS

Subsequent to September 30, 2016:

a) The Company completed the second tranche the non-brokered private placement for 4,140,000 Flow-Through units (the “FT Units”) at a price of $0.07 per unit and 2,204,000 Non Flow-Through units (“The NFT Units”) at a price of $0.05 for gross proceeds of $400,000. Each FT Unit consist of one flow-through common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of $0.10 until October 12, 2018. Each NFT Unit consists of one common share and one warrant with each warrant entitling the holder to acquire one non-flow through common share at a price of $0.08 per share until October 12, 2018;

b) In connection with the offering, the Company paid finder’s fees of $27,510 and issued 437,080 warrants with the same terms as above;

c) The Company granted to employees and consultants incentive stock options to purchase 550,000 common shares at a price of $0.12 for a period of two years;

d) The Company completed a non-brokered private placement of 5,500,000 FT Units at $0.20 per Unit for gross proceeds of $1,100,000. The Units consist of one FT share and one warrant to purchase one non-FT common share at a price of $0.30 for two years. The Company paid $70,000 in finder’s fees and issued 350,000 finder’s warrants with the same terms as the terms in the October 13, 2016 placement;

e) The Company issued 100,000 common shares due to the exercise of options; and

f) The Company issued 300,000 common shares due to the exercise of warrants.