fjordland
EXPLORATION INC.

ANNUAL REPORT

December 31, 2016

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fjordland EXPLORATION INC.

December 31, 2016
(Canadian Funds)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Fjordland Exploration Inc.

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

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Fjordland Exploration 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.

Emphasis of Matter

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

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

April 25, 2017

FJORDLAND EXPLORATION INC.
Statements of Financial Position
December 31
(Expressed in Canadian Dollars)

	Note	**2016**	2015
Assets			
Current			
Cash		$ 204,394	$ 7,055
Receivables	5	1,834	12,038
Prepaids		139	136
		206,367	19,229
Project Advance	8(a)	18,630	29,923
Mineral Properties	8	380,833	318,630
Deposits	7	3,050	15,050
Equipment	6	1,502	2,105
		$ 610,382	$ 384,937
Liabilities			
Current			
Accounts payable and accrued liabilities	9, 10	$ 20,383	$ 30,787
Loans	10, 11	203,341	197,425
		223,724	228,212
Shareholders' Equity			
Share Capital	12	15,820,888	15,181,324
Share-based Payments Reserve		308,108	274,876
Deficit		(15,742,338)	(15,299,475)
		386,658	156,725
		$ 610,382	$ 383,937

Nature and continuance of operations *(Note 1)*
Subsequent events *(Note 15)*

Approved and authorized by the Board on April 25, 2017

On behalf of the Board:	*"Richard C. Atkinson"*	*"Victor A. Tanaka"*
	Richard C. Atkinson	Victor A. Tanaka

FJORDLAND EXPLORATION INC.
Statements of Loss and Comprehensive Loss
For the Years Ended December 31
(Expressed in Canadian Dollars)

	Note		**2016**		2015
General and administrative expenses					
Accounting and audit		$	54,750	$	58,880
Administration fees	10		36,000		36,000
Bad debt recovery			-		(6,143)
Depreciation	6		603		1,205
Filing fees			9,829		8,364
Legal fees			2,516		2,484
Marketing			14,000		1,521
Office and printing			9,692		17,617
Rent			18,683		32,600
Share-based compensation	10, 12(d)		6,142		53,695
Transfer agent fees			6,224		2,965
Wages and benefits			763		2,246
			(159,202)		(211,434)
Operator fees			-		5,971
Property investigation			(3,647)		(525)
Financing expense and interest on loans payable	10, 11		(35,014)		(41,233)
Mineral properties written-down	8		(245,000)		(76,589)
Loss and comprehensive loss for the year		$	(442,863)	$	(323,810)
Basic and diluted loss per share		$	(0.00)	$	(0.00)
Weighted average shares outstanding			98,776,437		93,279,358

See accompanying notes to the financial statements

FJORDLAND EXPLORATION INC.
Statements of Cash Flows
For the Years Ended December 31
(Expressed in Canadian Dollars)

		2016		2015
Cash provided by (used in):				
Operating activities				
Loss for the year	$	(442,863)	$	(323,810)
Items not affecting cash:				
Depreciation		603		1,205
Financing expenses and interest on loan payable		35,014		41,233
Share-based compensation		6,142		53,695
Mineral properties written-down		245,000		76,589
Net change in non-cash working capital				
Receivables		(296)		28,217
Prepaid expenses		(3)		556
Project advance		11,293		(2,390)
Accounts payable		(10,404)		(3,367)
		(155,514)		(128,072)
Investing activities				
Recoveries from mineral properties		-		16,543
Acquisition and exploration costs related to mineral properties		(56,703)		(171,471)
Deposits		12,000		11,499
		(44,703)		(143,429)
Financing activities				
Loan proceeds		-		200,000
Payment of loans and interest		(29,098)		(109,890)
Shares issued for cash		432,150		5,783
Share issuance cost		(5,496)		(3,797)
Share subscription		-		-
		397,556		92,096
Change in cash		197,339		(179,405)
Cash position - beginning of year		7,055		186,460
Cash position - end of year	$	204,394	$	7,055

Income taxes paid	$	-	$	-
Interest paid	$	29,098	$	9,890

Supplemental Disclosure with Respect to Cash Flows *(Note 14)*

See accompanying notes to the financial statements

FJORDLAND EXPLORATION INC.
Statements of Shareholders' Equity
For the Years Ended December 31

(Expressed in Canadian Dollars)

	Share Capital		Share	Share-based Compensation		Total Shareholder's
	No. of Shares	Amount	Subscription	Reserve	Deficit	Equity
Balance, December 31, 2014	89,349,282	$15,039,787	$99,551	$258,489	$(15,012,973)	$384,854
Shares issued for cash						
Private placement, net of issue costs	3,511,113	101,537	-	-	-	101,537
Issued for other consideration						
Mineral properties			-	-	-	
Shares issued as loan bonus	800,000	40,000	-	-	-	40,000
Share subscription			(99,551)			(99,551)
Transfer to deficit on expiry of options	-	-	-	(37,308)	37,308	-
Share-based compensation	-	-	-	53,695	-	53,695
Loss for the year	-	-	-	-	(323,810)	(323,810)
Balance, December 31, 2015	**93,660,415**	**15,181,324**	**-**	**274,876**	**(15,299,475)**	**156,725**
Shares issued for cash						
Private placement, net of issue costs	2,521,500	246,654	-	-	-	246,654
Residual value of unit warrants	-	(50,430)	-	50,430	-	-
Exercise of warrants	2,500,000	125,000	-	-	-	125,000
Exercise of options	1,100,000	55,000	-	-	-	55,000
Issued for other consideration						
Mineral properties	4,000,000	240,000	-	-	-	240,000
Fair value of finder's fee warrants	-	(1,450)	-	1,450	-	-
Transfer to share capital of exercise of options	-	24,790	-	(24,790)	-	-
Share-based compensation	-	-	-	6,142	-	6,142
Loss for the year	-	-	-	-	(442,863)	(442,863)
Balance, December 31, 2016	**103,781,915**	**$15,820,888**	**$ -**	**$308,108**	**$(15,742,338)**	**$386,658**

See accompanying notes to the financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Fjordland Exploration Inc. (the "Company" or "Fjordland") was incorporated on September 19, 1996 pursuant to the *Company Act* (British Columbia) and the common shares were listed for trading on the TSX Venture Exchange ("Exchange"). The Company is in the process of actively exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The Company is considered to be in the exploration stage and does not have operating cash flow.

The Company's head office, principal address and registered and records office is 1100, 1111 Melville Street, Vancouver, British Columbia, Canada, V6E 3V6.

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate the acquisition of, participation in or interest in new properties, assets or business opportunities, and raise additional funds by way of equity financings. Any acquisition may be subject to shareholder and regulatory approval and obtaining the necessary financing. Should the Company be unable to complete such a transaction, its ability to raise sufficient financing to maintain operations may be impaired. The available funds are insufficient to continue operations for the ensuing year. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing in the future. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements have been prepared on a historical basis, using the accrual basis of accounting except for cash flow information. The accounting policies set out in Note 3 have been applied consistently to all years presented in these financial statements unless otherwise indicated.

These financial statements were authorized for issue by the Board of Directors on April 25, 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation and Consolidation

The financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

These financial statements included the financial statements of the Company and its wholly owned inactive subsidiary Nevada Prospectors Inc. incorporated in California, USA until its administrative dissolution during fiscal 2015.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Use of Estimates and Judgment

The preparation of financial statements in conformity with IFRS 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 revenues and expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of mineral properties, valuation of share-based payments, and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

i) Economic recoverability and probability of future benefits of exploration and evaluation costs

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

ii) Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rates, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

iii) Income taxes

In assessing the probability of realizing deferred tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operation and cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Cash

Cash consists of cash on hand and demand deposits that are subject to an insignificant risk of change in value.

(d) Mineral Properties

Once the legal right to explore a property has been obtained, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs, net of recoveries, on a property-by-property basis. These direct expenditures include such costs as materials used, surveying costs, drilling costs and payments made to contractors during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments and government assistance are recorded as property costs or recoveries when the payments are made or received.

If economically recoverable ore reserves are developed, capitalized costs of the related property will be tested for impairment, then reclassified as mining assets and will be amortized using the unit-of-production method. When a property is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of the project are deemed to be impaired. As a result those exploration and evaluation costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment at each statement of financial position date or whenever facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and value in use. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Although the Company has taken steps to verify title to the properties in which it has an interest in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee that title to the properties will not be challenged or impugned. Property title may be affected by undetected defects, may be subject to unregistered prior agreements, transfers or land claims, or may be non-compliant with regulatory requirements.

(e) Equipment

Equipment is recorded at cost less accumulated depreciation. Depreciation is recognized using the following rates:

Office equipment - 30% declining balance
Furniture and fixtures - 20% declining balance
Leasehold improvements - straight line basis over term of lease

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest.

The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the properties may be diminished or negated.

(g) Restoration Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(h) Financial Instruments

The Company classifies 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).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial Instruments (continued)

(i) Financial assets

The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit and loss ("FVTPL") - Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as such. A financial asset is classified as FVTPL if it has been acquired for the purpose of selling in the near future, it is part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument. FVTPL assets are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company has classified cash as fair value through profit or loss.

Loans and receivables – Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at period end. Bad debts are written off during the period in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The Company classifies its receivables as loans and receivables.

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 less any provision for impairment. The Company does not hold any held-to-maturity investments.

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 in other comprehensive income (loss). 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 accumulated other comprehensive income (loss) and recognized through profit or loss. The Company does not hold any available-for-sale financial assets.

All financial assets except those measured at FVTPL are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial Instruments (continued)

(ii) Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss. The Company does not hold any financial liabilities as fair-value-through profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method. The Company classifies its accounts payable, accrued liabilities and loans as other financial liabilities.

(i) 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 by 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 or taxable loss, and 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 statement of financial position date.

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 asset.

(j) Warrants Issued In Equity Financing Transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of shares and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction. Warrants that are part of units are assigned a value based on the residual value, if any, and included in reserves.

Warrants that are issued as payment for agency fees or other transaction costs (Finder's Warrants) are assigned a value based on the Black-Scholes pricing model and included in reserves.

When warrants are exercised, any reserves related to those warrants are reclassified from reserves to share capital.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Share-based Payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. The Board of Directors grants such options with vesting periods determined at its discretion and at prices not less than the closing market price on the grant date.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the options are earned. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. The fair value of the options is measured at the date of grant. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Upon expiry, the recorded value is transferred to deficit.

(l) Flow-Through Shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included in income at the same time the qualifying expenditures are made.

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 and recorded to profit or loss.

(m) Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. All options and warrants outstanding have been excluded from the calculation as they are considered anti-dilutive.

(n) Segmented information

The Company has one operating segment, mineral acquisition and exploration, and operates in one geographical segment, being Canada.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Adoption of New IFRS Pronouncements

The adoption of the following new IFRS pronouncements did not have an effect on the Company's financial statements:

i) IFRS 14, Regulatory Deferral Accounts is effective for annual periods beginning on or after January 1, 2016.

(p) New Standards Not Yet Adopted

The Company has not yet adopted the following revised or new IFRS that have been issued but were not yet effective as at December 31, 2016:

i) IFRS 9, Financial Instruments (effective date January 1, 2018) introduces new requirements for the classification and measurement of financial assets and liabilities.

ii) IFRS 15, Revenue from Contracts with Customers is effective for annual periods beginning on or after January 1, 2017.

iii) IFRS 16, Leases is a 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. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. This standard is effective for the years beginning on or after January 1, 2019.

The Company is currently assessing the impact that these new accounting standards will have on the financial statements.

4. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, deposits, accounts payable, accrued liabilities and loans. The fair value of these financial instruments, other than cash, approximates their carrying value, unless otherwise noted. Cash is measured at fair value using level 1 inputs.

Credit Risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company's cash is held in major Canadian financial institutions. The Company's receivables consist of GST receivables, recoveries and reimbursements for mineral property costs. Management believes that the credit risk concentration with respect to these financial instruments is minimal.

Interest Rate Risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

4. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Liquidity Risk

The Company ensures that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets. As the Company does not have operating cash flow, the Company has relied primarily on equity financings to meet its capital requirements. The Company is exposed to liquidity risk.

Foreign Exchange Risk

The Company is not exposed to significant foreign exchange risk as it operates in Canada and does not undertake any significant foreign currency transactions.

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 of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company defines its capital as shareholder's 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 periodic expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on demand deposit in an interest bearing Canadian chartered bank account. The Company is not subject to any externally imposed capital restrictions.

5. RECEIVABLES

The Company's receivables are as follows:

		December 31, 2016	December 31, 2015
GST receivable	$	1,834	1,504
Cost recoveries and reimbursements		-	11,534
	$	1,834	12,038

6. EQUIPMENT

	Furniture and fixtures	Office equipment	Leasehold improvements	Total
Cost				
Balance, December 31, 2014	$6,161	$42,039	$13,699	$61,899
Additions	-	-	-	-
Disposals	-	-	-	-
Balance, December 31, 2015	$6,161	$42,039	$13,699	$61,899
Accumulated depreciation				
Balance, December 31, 2014	$5,809	$39,433	$13,347	$58,589
Depreciation	71	782	352	1,205
Balance, December 31, 2015	$5,880	$40,215	$13,699	$59,794

	Furniture and fixtures	Office equipment	Leasehold improvements	Total
Cost				
Balance, December 31, 2015	$6,161	$42,039	$13,699	$61,899
Additions	-	-	-	-
Disposals	-	-	-	-
Balance, December 31, 2016	$6,161	$42,039	$13,699	$61,899
Accumulated depreciation				
Balance, December 31, 2015	$5,880	$40,215	$13,699	$59,794
Depreciation	56	547	-	603
Balance, December 31, 2016	$5,936	$40,762	$13,699	$60,397
Carrying amounts				
As at December 31, 2015	$281	$1,824	$ -	$2,105
As at December 31, 2016	$225	$1,277	$ -	$1,502

7. DEPOSITS

	December 31, 2016	December 31, 2015
Office lease deposit	$ 3,050	3,050
Exploration deposits	-	12,000
	$ 3,050	15,050

8. Mineral Properties

	Dillard BC.	S Voisey Bay LB	Northwest Athabasca Basin Sask	Total
Cost				
Balance, December 31, 2014	$72,697	$244,468	$ -	$317,165
Additions:				
Permitting	22,381	28,625	-	51,006
Operator fees	-	6,711	-	6,711
Management fees	5,775	30,345	-	36,120
Geophysics	-	13,957	-	13,957
Data verification	6,563	3,412	-	9,975
Drilling	28,887	4,462	-	33,349
Cost recoveries/advances	(59,7143)	(13,350)	-	(73,064)
Mineral properties written-down	(76,589)	-	-	(76,589)
Balance December 31, 2015	-	318,630	-	318,630
Additions:				
Acquisition costs		-	295,961	295,961
Permitting	-	11,242	-	11,242
Mineral properties written down	-	-	(245,000)	(245,000)
Balance, December 31, 2016	$ -	$329,872	$ 50,961	$380,833

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties, except as described below, are properly registered and are in good standing.

(a) South Voisey's Bay, Labrador

The Company, in September 2014 as amended November 2014, entered into a Memorandum of Understanding ("MOU") with Commander Resources Ltd ("Commander") whereby the Company was granted an option to earn a 75% undivided interest in the South Voisey's Bay property.

The Company has earned a 15% interest in the property by having expended $350,000 in exploration costs prior to the option agreement expiration on August 15, 2015.

The Company intends to participate in future exploration programs proposed by the operator, Commander Resources Ltd, and accordingly has a project advance as at December 31, 2016 of $18,630 (2015 - $29,923).

(b) Northwest Athabasca Basin, Saskatchewan

i) In March and May 2016, the Company staked mineral claims in the Northwest Athabasca Basin, Saskatchewan at a cost of $50,961.

ii) On May 20, 2016, the Company entered into an Option Agreement with CanAlaska Uranium Ltd ("CanAlaska"), whereby the Company was granted the option to purchase a 100% interest in two claim groups in the Northwest Athabasca Basin, Saskatchewan.

8. MINERAL PROPERTIES (continued)

(b) Northwest Athabasca Basin, Saskatchewan (continued)

Under the terms of the agreement the Company issued 4,000,000 shares with a fair value of $240,000, or $0.06 per share and paid $5,000 cash.

The Company intends to terminate the option agreement and has written-down $245,000 of acquisition costs.

(c) Dillard, BC

In August 2011, the Company entered into an option agreement with private vendors, which allowed the Company to acquire a 100% interest in the Dillard property.

In February 2012, the Company entered into an option agreement with Almaden Minerals Ltd. which allowed the Company to acquire a 100% interest in the Dillard West (“Dill”) property located in southern British Columbia.

In April 2013, the Company signed a Letter of Intent and Preliminary Agreement with Sumac Mines Ltd., a subsidiary of Sumitomo Metal Mining Co. of Japan on the Dillard property (Dillard East and Dillard West).

As at December 31, 2015, the agreements were terminated and the Company wrote off $76,589 of acquisition and exploration costs.

(d) Milligan West, BC

In February 2013, the Company and Serengeti Resources Inc. consolidated certain claims located in north central British Columbia into the Milligan West project with each company owning an equal interest.

As at December 31, 2016, the Company has a 43.7% interest in the project.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

	December 31, 2016	December 31, 2015
Trades payables	$ 4,133	$ 18,160
Accruals	16,250	12,500
Related parties payables	-	127
	$ 20,383	$ 30,787

10. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

(a) Loans

i) During fiscal year 2015 the Company repaid, in aggregate, principal of $75,000 and interest of $7,418 to a corporation controlled by a director of the Company. The Company received an additional $150,000 from the corporation, and issued 600,000 common shares valued at $30,000 as bonus shares to this corporation.

During fiscal year 2016, the Company paid interest of $21,822 to a corporation with a director in common.

ii) At December 31, 2016, the principal of $150,000 (2015 - $150,000) and interest of $2,507 (2015 - $9,329) was owed to the corporation with a director in common (Note 11).

(b) Compensation of key management personnel

Key management personnel consist of the directors and executive officers of the Company. The remuneration, including share-based compensation, of key management person during the years ended December 31, 2016 and 2015 were as follows:

		2016		2015
Administration fees	$	36,000	$	36,000
Share-based compensation		3,309		45,625
	$	39,309	$	81,625

(c) Other

i) The Company incurred accounting fees of $36,000 (2015 - $36,000) charged by a spouse of a director, and share-based compensation of $589 (2015- $7,862) to the spouse.

ii) Included in accounts payables is $Nil (2015 - $127) due to a company with a director in common.

11. Loans

(a) On May 22, 2014, the Company completed loan arrangements by way of promissory notes ("Notes") for total proceeds of $100,000. The Notes matured on November 19, 2014 and bore interest of 10% per annum. In connection with the Notes, the Company, as a bonus to the lenders, issued in the aggregate of 400,000 common shares at a total fair value of $20,000, which transaction costs were amortized and expensed over the term of the loan.

On January 9, 2015, the promissory note was amended and repayment of the principal sum owning was to be extended to May 18, 2015. In all other respects the terms of the Notes remained unchanged.

On May 18, 2015, the Company repaid, in aggregate, principal of $100,000 and interest of $9,890.

11. Loans (continued)

(b) On May 18, 2015, the Company completed loan arrangements by way of promissory notes ("Notes") for total proceeds of $200,000. The Notes matured on May 17, 2016 and bore interest of 10% per annum. In connection with the Notes, the Company, as a bonus to the lenders, issued in the aggregate of 800,000 common shares at a total fair value of $40,000, which was amortized and expensed over the term of the loan.

On October 31, 2016, the Company paid interest of $29,098.

At December 31, 2016, the Company had principal of $200,000 and interest of $3,341 owing to the lenders, (Note 10(a)).

Balance, December 31, 2014	$	106,082
Proceeds received		200,000
Value of bonus shares		(40,000)
Financing expenses and interest		41,233
Repayment of loan and interest		(109,890)
Balance, December 31, 2015		**197,425**
Financing expenses and interest		35,014
Repayment of loan and interest		(29,098)
Balance, December 31, 2016	$	**203,341**

12. SHARE CAPITAL

(a) Authorized

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 June 6, 2016, the Company issued 4,000,000 common shares, with a fair value of $240,000 or $0.06 per share as consideration towards the acquisition of mineral property (Note 8(b)).

On September 27, 2016, the Company completed a non-brokered private placement for the issuance of 2,521,500 units at $0.10 per unit for a total of $252,150. Each unit consisted one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of $0.15 until September 27, 2017, if however; the closing price of the Company's shares are $0.30 or greater for a period of 10 consecutive trading days the Company may notify the holder in writing that the warrants will expire 20 days from receipt of such notice unless exercised by the holder before such date. The Company paid a finder's fees of $3,187 and issued 24,000 Finder's Warrants valued at $1,450 using the Black-Scholes option pricing model. The Company incurred share issue costs in the amount of $5,496 in connection with the placement.

For the year ended December 31, 2016, the Company issued 2,500,000 common share on the exercise of warrants for proceeds of $125,000.

For the year ended December 31, 2016, the Company issued 1,100,000 common shares on the exercise of stock options for proceeds of $55,000.

12. SHARE CAPITAL (continued)

(b) Issued Share Capital (continued)

On January 6, 2015, the Company completed a non-brokered private placement for the issuance of 2,355,566 non flow-through units (the "Units') and 1,155,567 flow-through units (the "FT Units") at $0.03 per unit for gross proceeds of $105,334 of which $99,551 was received in fiscal 2014. The amount was recorded as share capital on issuance of the common shares in fiscal year 2015. Each Unit consisted of one common share and one share purchase warrant. Each FT Unit consisted of one flow-through common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of $0.05 until January 6, 2018. The Company incurred share issue costs in the amount of $3,797 in connection with the placement. No values were attributed to the warrants or flow through components.

On May 18, 2015, pursuant to the loan arrangement, the Company issued, as a bonus to the lenders, 800,000 common shares at a total fair value of $40,000 (Note 11(b)).

(c) Stock Options

Options to purchase common shares have been granted to directors, officers, employees and consultants at exercise prices determined by reference to the market value on the date of the grant.

In May 2016, the Company received shareholder approval to grant up to 16,529,856 common shares under the Company's Stock Option Plan.

Stock option transactions are summarized as follows:

	December 31, 2016		December 31, 2015	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding at beginning of period	12,045,000	$0.05	12,475,000	$0.06
Granted	200,000	$0.125	-	-
Exercised	(1,100,000)	$0.05	-	-
Expired/Forfeited	-	-	(430,000)	$0.11
Outstanding at end of year	11,145,000	$0.05	12,045,000	$0.05

As at December 31, 2016, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Options	Exercisable	Expiry Date	Exercise Price
6,350,000	6,350,000	August 2, 2018	$0.05
4,595,000	4,595,000	September 16, 2019	$0.05
200,000	50,000	September 8, 2017	$0.125
11,145,000	10,995,000		

The fair value of options on the grant date was $18,263 (2015 - $Nil) or $0.10 (2015 - $Nil) per option. Total share-based compensation expense recognized for the options that vested during the year was $6,142 (2015 - $53,695).

12. SHARE CAPITAL (continued)

(c) Stock Options (continued)

The fair value of the options granted during the year were estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2016	2015
Expected dividend yield	0.00%	-
Expected stock price volatility	252.87%	-
Risk-free interest rate	.57%	-
Forfeiture rate	0.00%	-
Expected life of options	1 year	-

(d) Warrants

During the year ended December 31, 2016, the Company, in connection with the private placements, issued warrants allowing the purchase of up to 2,545,500 common shares of which 24,000 relate to Finder's Warrants. All the warrants entitle the holder to purchase one common share at a price of $0.15 expiring on September 27, 2017. The warrants associated with the unit have been valued using the residual value method and have a fair value of $50,430 or $0.02 per warrant. The 24,000 Finder's Warrants have a fair value of $1,450 or $0.06 per warrant, based on the Black Scholes option pricing model using the following assumptions: a discount rate of 0.51%, expected life of 1 year, expected volatility of 266.85% and dividend and forfeiture rates of 0%.

Exercise Price	Expiry Date	Outstanding at December 31, 2015	Warrants Issued	Warrants Exercised	Warrants Expired	Outstanding at December 31, 2016
$0.05	October 23, 2017	4,200,000	-	(700,000)	-	3,500,000
$0.05	October 31, 2017	1,800,000	-	-	-	1,800,000
$0.05	January 6, 2018	3,511,133	-	(1,800,000)	-	1,711,133
$0.15	September 27, 2017	-	2,545,500	-	-	2,545,500
		9,511,133	2,545,500	(2,500,000)	-	9,556,633

The weighted average exercise price of outstanding warrants is $0.08 (2015 - $0.05).

During the year ended December 31, 2015, the Company, in connection with the private placements, issued warrants allowing the purchase of up to 3,511,133 common shares. All the warrants entitle the holder to purchase one common share at a price of $0.05 expiring on January 6, 2018.

Exercise Price	Expiry Date	Outstanding at December 31, 2014	Warrants Issued	Warrants Exercised	Warrants Expired	Outstanding at December 31, 2015
$0.05	October 23, 2017	4,200,000	-	-	-	4,200,000
$0.05	October 31, 2017	1,800,000	-	-	-	1,800,000
$0.05	January 6, 2018	-	3,511,133	-	-	3,511,133
		6,000,000	3,511,133	-	-	9,511,133

13. INCOME TAXES

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

	2016	2015
Loss for the year	$(442,863)	$(323,810)
Expected Income tax (recovery)	$(115,000)	$84,000)
Permanent difference	2,000	14,000
Share issue costs	(1,000)	(1,000)
Adjustment to prior year provision versus tax return expiry of non -capital losses	-	9,000
Change in unrecognized deductible temporary differences	115,000	62,000
Total income tax expense (recovery)	$ -	$ -

The significant components of the Company's deferred tax assets that have been included on the statements of financial positions are as follows:

	2016	2015
Deferred tax assets (liabilities)		
Exploration and evaluation assets	$1,677,000	$1,686,000
Property and equipment	18,000	18,000
Canadian eligible capital (CEC)	21,000	21,000
Share issue costs	2,000	1,000
Non-capital losses available for future period	1,045,000	922,000
	2,763,000	2,648,000
Unrecognized deferred tax assets	(2,763,000)	(2,648,000)
Net deferred tax assets	$ -	$ -

The significant components of the Company's temporary differences, unused tax losses and unused tax losses that have not been included on the statements of financial position are as follows:

	2016	**Expiry Date Range**	**2015**
Temporary differences			
Exploration and evaluation assets	$6,166,000	No expiry date	$6,200,000
Investment tax credit	100,000	2017 to 2032	100,000
Capital assets and others	149,000	No expiry date	150,000
Share issue costs	8,000	2017 to 2020	5,000
Allowable capital losses	1,000	No expiry date	1,000
Non-capital losses available for future period	4,019,000	2017 to 2036	3,547,000

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

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The Company had non-cash transactions as follows:

	2016	2015
Significant non-cash investing and financing activities:		
Investing activities		
Accounts payable advance applied to mineral property	$ -	$ 56,521
Mineral property recoveries included in receivables at year end	-	10,500
Shares issued for mineral properties	240,000	-
Financing activities		
Expiration of options and warrants	$ -	$ 37,308
Shares issued to lenders	-	40,000
Fair value of Finder's Warrants	1,450	-
Residual value of unit warrants	50,430	-
Exercise of options	24,790	-

15. SUBSEQUENT EVENTS

The Company had the following subsequent event:

Subsequent to the year ended December 31, 2016, the Company granted 750,000 stock options at an exercise price of $0.07, exercisable at any time up to April 10, 2022.