GREEN ARROW RESOURCES INC.

Financial Statements
December 31, 2016 and 2015
(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Green Arrow Resources Inc.

We have audited the accompanying financial statements of Green Arrow Resources Inc., which comprise the statement of financial position as at December 31, 2016, and the statements of comprehensive loss, change in shareholders' deficiency and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 overall presentation of the financial statements.

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

Opinion

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which describe certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Green Arrow Resources Inc.'s ability continue as a going concern.

Other Matter

The financial statements of Green Arrow Resources Inc. as at December 31, 2015 and for the year then ended were audited by another auditor who expressed an unmodified opinion on those statements on April 28, 2016.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
May 1, 2017

GREEN ARROW RESOURCES INC.
Statements of Financial Position
As at December 31
(Expressed in Canadian Dollars)

		2016		2015
Assets				
Current				
Cash	$	35	$	391
Other receivables (note 8)		30,514		29,844
Total Assets	$	30,549	$	30,235
Liabilities				
Current				
Accounts payable and accrued liabilities (note 7)	$	477,948	$	289,564
Total Liabilities		477,948		289,564
Shareholders' Deficiency				
Share Capital (note 11)		1,191,786		1,191,786
Option Reserve (note 11)		42,770		58,291
Warrant Reserve (note 11)		17,300		17,300
Deficit		(1,699,255)		(1,526,706)
Total Shareholders' Deficiency		(447,399)		(259,329)
Total Liabilities and Shareholders' Deficiency	$	30,549	$	30,235

Subsequent events (note 13)

Approved on behalf of the Board:

"Jake H. Kalpakian"
_______________________________ Director
Jake H. Kalpakian

"Neil Spellman"
_______________________________ Director
Neil Spellman

GREEN ARROW RESOURCES INC.
Statements of Comprehensive Loss
For the years ended December 31
(Expressed in Canadian Dollars)

	2016	2015
Expenses		
Management fees (note 8)	$ 60,000	$ 90,000
Office support services (notes 8 and 12)	56,351	61,240
Professional fees	41,812	34,310
Rent (note 8)	25,941	29,403
Interest	3,966	7,007
	188,070	221,960
Impairment (note 6)	-	10,000
Net Loss and Comprehensive Loss	$ 188,070	$ 231,960
Loss per Share, basic and diluted	$ 0.03	$ 0.03
Weighted Average Number of Common Shares Outstanding	7,440,000	7,282,997

GREEN ARROW RESOURCES INC.
Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Option Reserve	Warrant Reserve	Deficit	Total Equity (Deficiency)
Balance, December 31, 2014	7,240,000	$ 1,180,786	$ 58,291	$ 18,300	$ (1,294,746)	$ (37,369)
Net loss for the year	-	-	-	-	(231,960)	(231,960)
Exercise of warrants (Note 9)	200,000	10,000	-	-	-	10,000
Transfer of warrant reserve on exercise of warrants	-	1,000	-	(1,000)	-	-
Balance, December 31, 2015	7,440,000	1,191,786	58,291	17,300	(1,526,706)	(259,329)
Expiry of options	-	-	(15,521)	-	15,521	-
Net loss for the year	-	-	-	-	(188,070)	(188,070)
Balance, December 31, 2016	**7,440,000**	**$ 1,191,786**	**$ 42,770**	**$ 17,300**	**$ (1,699,255)**	**$ (447,399)**

GREEN ARROW RESOURCES INC.
Statements of Cash Flows
For the years ended December 31
(Expressed in Canadian Dollars)

	2016	2015
Operating Activities		
Net loss	$ (188,070)	$ (231,960)
Items not involving cash		
Interest	3,663	-
Impairment loss on exploration and evaluation assets	-	10,000
Changes in non-cash operating working capital		
Other receivables	(670)	(7)
Accounts payable and accrued liabilities	184,721	141,981
Cash Used in Operating Activities	(356)	(79,986)
Financing Activities		
Exercise of warrants	-	10,000
Cash Provided by Financing Activities	-	10,000
Decrease in Cash	(356)	(69,986)
Cash, Beginning of Year	391	70,377
Cash, End of Year	$ 35	$ 391

1. NATURE OF BUSINESS

Green Arrow Resources Inc. (the "Company" or "Green Arrow") was incorporated on December 21, 2007 under the provisions of the *Business Corporations Act* of the Province of Alberta, Canada. Effective February 14, 2013, the Company has continued into the Province of British Columbia from the Jurisdiction of Alberta, under the *Business Corporations Act* (British Columbia). The Company's office is located at 300 – 570 Granville Street, Vancouver, British Columbia, Canada, V6C 3P1 and its registered office is located at 1055 West Georgia Street, Suite 1500, PO Box 11117, Vancouver, British Columbia V6E 4N7.

The Company is in the business of acquiring, exploring and, if warranted, developing mineral prospects.

2. GOING CONCERN

These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several conditions cast significant doubt on the validity of this assumption. The Company has incurred significant net losses over the past two fiscal periods (2016 – $188,070; 2015 - $231,960). At December 31, 2016, the Company has a deficit of $1,699,255 (2015 - $1,526,706), has a working capital deficit of $447,399 (2015 - $259,329), no sources of operating cash flow and no assurances that sufficient funding will be available to continue operations for an extended period of time. The Company is in the exploration stage, and accordingly, has not yet commenced revenue-producing operations.

The application of the going concern assumption is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development ("E&E") of its mineral property interests, the attainment of profitable mining operations or the receipt of proceeds from the disposition of its mineral property interests. Management is actively engaged in the review and due diligence on opportunities of merit in the mining sector and is seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management's plan will be successful.

If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

3. BASIS OF PRESENTATION

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. The Board of Directors approved the financial statements on May 1, 2017.

3. BASIS OF PRESENTATION (Continued)

b) Basis of presentation

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss (“FVTPL”), which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Functional and presentation currency

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

d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key area of judgment applied in the preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities is as follows:

- The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short- and long-term operating budget, expected profitability, investing and financing activities, and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

The key estimates applied in the preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- The provision for income taxes and recognition of deferred income tax assets and liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES

a) Loss per share

Basic loss per share is calculated by dividing net loss attributable to common shares of the Company by the weighted average number of shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

b) Share-based payments

The Company grants share options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period using the graded method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as either an expense or as E&E assets with a corresponding increase in option reserve. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

c) Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the statements of comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Income taxes (Continued)

Deferred income tax assets and liabilities are recognized for temporary differences between the carrying amounts for financial statement purposes and the tax basis for certain assets and liabilities. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

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, the deferred tax asset will be reduced.

d) Flow-through shares

The Company will from time to time issue flow-through shares to finance portions of its capital expenditure program. Pursuant to terms of the flow-through share agreement, the tax deductions associated with the expenditures are renounced to the subscribers. Accordingly, the proceeds of the issuance of flow-through shares are allocated between the offering of the shares and the sale of the tax benefits. The allocation is based on the difference between the quoted price of the existing shares and the amount the subscriber pays for the flow-through shares. A liability is recognized for this difference and is subsequently reversed as the Company incurs qualifying Canadian exploration expenditures.

e) Exploration and evaluation assets

Costs directly related to the acquisition, exploration and evaluation of resource properties are capitalized once the legal rights to explore the resource properties are acquired or obtained. When the technical and commercial viability of a mineral resource has been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined impairment in value, the property is written down to its recoverable amount.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee, and accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. After costs are recovered, the balance of the payments received is recorded as a gain on option or disposition of mineral property.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Exploration and evaluation assets (Continued)

Once the technical feasibility and commercial viability of the extraction of mineral resources are demonstrable, E&E assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property and equipment. To date, none of the Company's E&E assets has demonstrated technical feasibility and commercial viability. The recoverability of the carrying amount of any E&E assets is dependent on successful development and commercial exploitation or, alternatively, sale of the respective areas of interest.

f) Impairment of non-current assets

At the end of each reporting period, the Company's assets, including E&E 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 CGU to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) 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 CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

g) Decommissioning obligations

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production.

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged against operations through depreciation of the asset and unwinding of the discount on the provision.

Depreciation is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Decommissioning obligations (Continued)

The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operations as extraction progresses.

Changes in the measurement of a liability, which arises during production, are charged against operating profit. The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. To date the Company does not have any significant decommissioning liabilities.

h) Financial instruments

(i) Financial assets

The Company classifies its financial assets in the following categories: financial assets at FVTPL, loans and receivables, held-to-maturity and available-for-sale (“AFS”). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

Fair value through profit or loss

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future; it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. The Company classifies its cash as FVTPL.

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 on receivables is based on a review of all outstanding amounts at period-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate method. The Company classifies other receivables, excluding GST receivables, as loans and receivables.

Held-to-maturity

Held-to-maturity financial assets are recognized on a trade-date basis and are initially measured at fair value using the effective interest rate method.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Financial instruments (Continued)

(i) Financial assets (Continued)

Available-for-sale

AFS financial assets are non-derivatives that are either designated as AFS or not classified in any of the other financial assets categories. Changes in the fair value of AFS financial assets, other than impairment losses, are recognized as other comprehensive income (loss) and classified as a component of equity.

(ii) Financial liabilities

The Company classifies its financial liabilities as FVTPL or other financial liabilities.

Fair value through profit or loss

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

Other financial liabilities

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost using the effective interest rate method. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method. Other financial liabilities are classified as current or non-current based on their maturity date. The Company classifies accounts payable and accrued liabilities as other financial liabilities.

(iii) Impairment

The Company assesses at each statement of financial position date whether there is objective evidence that financial assets, other than those designated as FVTPL, are impaired. When impairment has occurred, the cumulative loss is recognized in the statements of comprehensive loss. For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income (loss) are reclassified to the statements of comprehensive loss in the period.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Share capital

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Share capital issued for non-monetary consideration is valued at the pre-determined private placement price. The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in share capital and the related residual value is transferred from warrant reserve to share capital. For unexercised warrants that expire, the recorded value is transferred to deficit.

j) Account standards issued but not yet applied by the Company.

At the date of the approval of the financial statements, a number of standards and interpretations were in issue but not yet effective. The Company considers that these new standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT AND CAPITAL MANGEMENT

a) Risk management overview

The Company's financial instruments expose it to a variety of financial risks including credit risk, liquidity risk and market risk. This note presents information about the Company's exposure to each of the risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Company employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Company's business objectives and risk tolerance levels. While the Board of Directors has overall responsibility for the Company's risk management framework, the Company's management has the responsibility to administer and monitor these risks.

b) Fair value of financial instruments

The fair values of cash, other receivables (excluding GST) and accounts payable approximate their carrying values due to the short-term maturity of these instruments.

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy. The levels of the fair value hierarchy are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3: Inputs for assets or liabilities that are not based on observable market data.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT AND CAPITAL MAGEMENT (Continued)

c) Credit risk

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

The financial instruments that potentially subject the Company to a significant concentration of credit risk consist of cash and other receivables (excluding GST). The Company mitigates its exposure to credit loss associated with cash by placing its cash with a major financial institution. To reduce credit risk, the Company regularly reviews the collectability of other receivables (excluding GST).

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meets its financial obligations as they are due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due. The Company is exposed to liquidity risk as there is a working capital deficiency of $447,399. Liquidity risk is assessed as high.

At December 31, 2016, the Company had cash of $35 (2015 - $391) available to apply against short-term business requirements and current liabilities of $477,948 (2015 - $289,564). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of year-end. Amounts due to related parties included in accounts payable and accrued liabilities are due on demand.

e) Market risk

Market risk is the risk that changes in market prices, such as interest rates, and foreign exchange rates will affect the Company's net earnings or the value of financial instruments. As at December 31, 2016, the Company is not exposed to any significant interest rate risk, currency risk or other price risk on its financial assets and liabilities.

f) Capital management

The Company considers its capital under management to be comprised of share capital. The Company's policy for managing capital is to maintain a strong capital base for the objectives of maintaining financial flexibility and to sustain the future development of the business. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources available. To secure the additional capital necessary to pursue these plans, the Company may adjust spending, raise additional funds through the issuance of equity or by securing strategic partners. The Company's officers are responsible for managing the Company's capital and the Company's Board of Directors is responsible for overseeing this process.

(Expressed in Canadian Dollars)

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT AND CAPITAL MANAGEMENT (Continued)

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. In order to maintain or adjust the capital structure, the Company may adjust spending, issue new shares or incur debt. The Company monitors its working capital and expected capital spending and issues share capital to manage its development plans. The Company's ability to raise additional equity or debt financing is impacted by external conditions including the global economic downturn.

There were no changes in the Company's approach to capital management for the year ended December 31, 2016. The Company is not subject to externally imposed capital requirements.

6. EXPLORATION AND EVALUATION ASSETS

		Goatfell
Balance, December 31, 2014	$	10,000
Impairment loss on exploration and evaluation asset		(10,000)
Balance, December 31, 2016 and 2015	$	-

a) Goatfell Property, British Columbia

The Company entered into an agreement whereby the Company had the right to acquire from Eagle Plains a 60% interest in the Goatfell Property located near Creston, British Columbia.

During the year ended December 31, 2015, the Company has applied an impairment loss to the Goatfell Property in the amount of $10,000, as the agreement was terminated on June 16, 2015.

b) Moura-Ficalho Exploration Concession, Portugal

On July 22, 2016, the Company was formally granted by the Portuguese Government Mining Agency the Moura – Ficalho exploration concession in Portugal.

Subsequent to December 31, 2016, the Company has assigned the Moura-Ficalho exploration concession to an arm's length party whereby the arm's length party has assumed all of the responsibilities and obligations of the Company in respect to the Moura-Ficalho exploration concession.

7. ACCOUNTS PAYABLE

		2016		2015
Accounts payable	$	468,348	$	281,564
Accrued liabilities		9,600		8,000
	$	477,948	$	289,564

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS

The amounts due from (to) related parties included other receivables, accounts payable and accrued liabilities are unsecured and are due on demand.

		2016		2015
37 Capital Inc. ("37 Capital")	$	27,227	$	27,160
Jackpot Digital Inc. ("Jackpot") (note 12)		(153,147)		(66,973)
Entity controlled by key management personnel		(141,622)		(71,125)
Key management personnel		(8,713)		(2,202)
	$	(276,255)	$	(113,140)

The Company shares office space and certain expenses with Jackpot Digital Inc. ("Jackpot") and 37 Capital Inc. ("37 Capital"), entities with common management. As of August 1, 2014, Jackpot commenced to charge the Company for its proportionate share of office rent. As of December 1, 2016, Jackpot ceased charging the Company for its proportionate share of office rent.

Related party transactions during the year ended December 31, 2016:

a) Management fees of $60,000 (Note 12) (2015 - $90,000) were paid to four entities controlled by key management personnel.

b) Charged to the Company:

- Jackpot charged the Company for office support services of $55,000 (2015 - $60,000);
- Jackpot charged the Company for office rent of $25,941 (2015- $29,403);
- Jackpot charged the Company for other expenses paid on behalf of the Company of $1,186 (2015 - $829); and
- 37 Capital charged the Company for other expenses paid on behalf of the Company of $2,643 (2015 - $2,643).

c) During the year, the Company terminated consulting and management fee agreements with two related parties (Note 12).

9. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 26% (2015 - 26%) to income before income taxes.

Rate Reconciliation		2016		2015
Loss before deferred tax recovery	$	(188,070)	$	(231,960)
Statutory income tax rate		26%		26%
Income tax recovery computed at statutory tax rate		(48,898)		(60,310)
Adjustment to prior year provisions versus statutory tax returns		89,857		-
Unrecognized benefit of deferred income tax assets		(40,959)		60,310
Deferred income tax recovery	$	-	$	-

(Expressed in Canadian Dollars)

10. INCOME TAXES (Continued)

Significant unrecognized tax benefits and unused tax losses for which no deferred tax asset is recognized as of December 31, 2016 and 2015 are as follows:

		2016		2015
Share issuance costs and other	$	80	$	32,099
Exploration and evaluation assets		55,717		354,282
Non-capital losses carry-forward		1,623,971		1,450,921
	$	1,679,768	$	1,837,302

As at December 31, 2016 the Company has accumulated non-capital losses in Canada for tax purposes of approximately $1,649,500 that may be carried forward to apply against future years' income for income tax purposes. The losses expire as follows:

2028	$	9,400
2029		11,200
2030		37,400
2031		101,900
2032		452,500
2033		296,000
2034		290,000
2035		252,500
2036		198,600
	$	1,649,500

11. SHARE CAPITAL, OPTION RESERVE AND WARRANT RESERVE

a) Share capital

Authorized

Unlimited number of common shares and preferred shares without nominal or par value.

As of December 31, 2016, there are no preferred shares issued.

Issued and outstanding

As of December 31, 2016, there are 7,440,000 (2015 - 7,440,000) common shares issued and outstanding.

There were no share transactions during the year ended December 31, 2016.

During the year ended December 31, 2015, a total of 200,000 common shares were issued in connection with the exercise of 200,000 share purchase warrants at $0.05 per share for total proceeds to the Company of $10,000.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL, OPTION RESERVE AND WARRANT RESERVE (Continued)

b) Stock option

The Company has an incentive stock option plan (the "Plan") that allows it to grant options to its employees, directors, consultants and officers. Under the terms of the Plan, the exercise price of each option will not be lower than the lowest exercise price permitted by the TSX Venture Exchange ("Exchange"). The Plan allows for a maximum of 10% of outstanding shares to be issued.

Options have a maximum term of five years and terminate up to 90 days following the date on which an optionee ceases to be an employee, director, consultant or officer, and up to 30 days following the date on which an optionee who is engaged to provide investor relations activities ceases to be engaged to provide such services. In the case of death, the option terminates at the earlier of twelve months after the date of death and the expiration of the option period.

Options activity for the years ended December 31, 2016 and 2015 are as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable, December 31, 2014 and 2015	211,250	$ 0.05
Expired	(56,250)	0.05
Outstanding and exercisable, December 31, 2016	155,000	$ 0.05

The remaining weighted average life of the options as at December 31, 2016 is 0.31 years.

b) Warrant reserve

Warrants activity for the years ended December 31, 2016 and 2015 are as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding and exercisable, December 31, 2014	4,060,000	$ 0.05
Exercised	(200,000)	$ 0.05
Outstanding and exercisable, December 31, 2015 and December 31, 2016	3,860,000	$ 0.05

As at December 31, 2016 and 2015, the following warrants were outstanding:

	Number of Warrants	
Expiry Date	**2016**	**2015**
October 17, 2018	360,000	360,000
October 31, 2019	1,250,000	1,250,000
December 4, 2019	1,200,000	1,200,000
December 11, 2019	650,000	650,000
December 24, 2019	400,000	400,000

(Expressed in Canadian Dollars)

11. **SHARE CAPITAL, OPTION RESERVE AND WARRANT RESERVE** (Continued)

c) Warrant reserve

	3,860,000	3,860,000

The remaining weighted average life of the warrants as at December 31, 2016 is 2.81 years.

12. COMMITMENTS

a) The Company entered into management services agreements with 30 Rock Management Inc. ("30 Rock") and JAMCO Capital Partners Inc. ("JAMCO) for management services at a monthly rate of $2,500 plus applicable taxes payable to each company. 30 Rock is owned by a director and officer of the Company, and the agreement with 30 Rock expires April 30, 2017 and is renewable on an annual basis. This agreement can be terminated by either party upon giving three months' written notice. JAMCO is owned by a former director and officer of the Company, and the agreement with JAMCO was terminated on June 30, 2016.

b) On August 1, 2015, the Company entered into a consulting services agreement with Kalpakian Bros. of B.C. Ltd., a company owned by certain directors of the Company, for consulting services at a monthly rate of $2,500 plus applicable taxes. The consulting services agreement was terminated as of June 30, 2016.

13. SUBSEQUENT EVENTS

a) A total of 155,000 stock options exercisable at $0.05 per share expired unexercised on April 24, 2017.

b) On April 25, 2017, the Company received a payment from 37 Capital in the amount of $27,277 which was included in Accounts Payable as of December 31, 2016 (Note 8).

c) On April 18, 2017, the Company received a notice letter from the Exchange whereby the Company was formally informed that it has 90 days to submit documentation to the Exchange that it meets the Continued Listing Requirements (CLR) of the Exchange. Failure to file satisfactory documents by July 18, 2017 will result in the Exchange issuing a bulletin advising of the transfer of the Company to NEX.