Consolidated Financial Statements

SILVER SPRUCE RESOURCES INC.

For the years ended October 31, 2016 and 2015

(Expressed in Canadian dollars)

SILVER SPRUCE RESOURCES INC.
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UHY McGovern Hurley LLP
Chartered Professional Accountants

251 Consumers Road, Suite 800
Toronto, Ontario
M2J 4R3
Canada

Tel 416-496-1234
Fax 416-496-0125
Email info@uhymh.com
Web www.uhymh.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Silver Spruce Resources Inc.

We have audited the accompanying consolidated financial statements of Silver Spruce Resources Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at October 31, 2016 and 2015, and the consolidated statements of operations and comprehensive earnings (loss), consolidated statements of change in shareholders' equity (deficiency) and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Silver Spruce Resources Inc. and its subsidiaries as at October 31, 2016 and 2015, and their financial performance 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 2 in the consolidated financial statements which indicates that Silver Spruce Resources Inc. had a working capital deficiency and a cumulative deficit as at October 31, 2016. These conditions along with other matters set forth in Note 2 indicate the existence of a material uncertainties which cast significant doubt about Silver Spruce Resources Inc.'s ability to continue as a going concern.

UHY McGovern Hurley LLP

UHY McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

TORONTO, Canada
February 21, 2017

SILVER SPRUCE RESOURCES INC.
Consolidated Statements of Financial Position
As at October 31, 2016 and 2015
(Expressed in Canadian Dollars)

	2016	2015
	$	$
Assets		
Current		
Cash	**141,439**	11,287
HST and other receivables	**5,733**	5,208
Prepaid expenses	**15,970**	2,301
Total current assets	**163,142**	18,796
Equipment (Note 8)	**3,712**	9,491
Non-current refundable staking deposits	**-**	1,195
Investments	**-**	338
Total assets	**166,854**	29,820
Liabilities		
Current		
Trade payable and accrued liabilities (Note 13)	**223,964**	388,309
Current portion of property acquisition obligation (Note 7)	**67,015**	762,000
Subscription receipt deposit	**-**	41,500
Loan payable (Note 13)	**85,723**	88,973
Total current liabilities	**376,702**	1,280,782
Property acquisition obligation (Note 7)	**-**	1,124,000
Total liabilities	**376,702**	2,404,782
Shareholders' Equity (Deficiency)		
Share capital (Note 10)	**28,572,250**	27,639,830
Warrant reserve (Note 11)	**359,214**	73,905
Equity reserve	**8,009,637**	7,649,810
Accumulated deficit	**(37,150,949)**	(37,738,507)
Total shareholders' equity (deficiency)	**(209,848)**	(2,374,962)
Total liabilities and shareholders' equity (deficiency)	**166,854**	29,820

Basis of preparation and going concern (Note 2)
Commitments and contingencies (Notes 5, 7, 13 and 15)
Subsequent events (Note 16)

APPROVED BY THE BOARD OF DIRECTORS

Original signed by Karl Boltz, CEO, Director

Original signed by Gordon Barnhill, CFO, Director

See accompanying notes to the consolidated financial statements

SILVER SPRUCE RESOURCES INC.
Consolidated Statements of Operations and Comprehensive Earnings (Loss)
Years ended October 31, 2016 and 2015
(Expressed in Canadian Dollars)

	2016	2015
	$	$
Expenses		
Exploration and evaluation expenditures (Note 7)	**494,993**	2,075,569
Stock based compensation	**329,240**	2,069
Impairment of equipment (Note 8)	**-**	28,650
Office and general	**62,009**	25,122
Accounting and audit	**41,133**	38,900
Legal	**21,520**	-
Wages and benefits (Note 13)	**-**	24,000
Consulting fees (Note 13)	**211,526**	7,500
Corporate relations	**24,970**	33,889
Financing fees	**-**	3,000
Loan interest (Note 13)	**12,457**	7,250
Amortization	**2,408**	11,440
Accretion (Note 7b)	**67,424**	-
Flow-through share premium	**-**	(28,499)
Listing and filing fees	**39,939**	17,808
Total expenses	**1,307,619**	2,246,698
Foreign exchange loss	**35,758**	2,508
Gain on extinguishment of debt (Note 7b)	**(1,919,826)**	-
(Gain) loss on settlement of debt	**(11,109)**	14,200
Total other (gains) losses	**(1,895,177)**	16,708
Earnings (loss) before income taxes	**587,558**	(2,263,406)
Deferred tax recovery (Note 9)	**-**	-
Net earnings/(loss) and comprehensive earnings/(loss) for the year	**587,558**	(2,263,406)
Net earnings (loss) per share - basic and diluted	**0.02**	(0.14)
Weighted average number of shares outstanding - basic and diluted	**28,694,586**	16,601,507

See accompanying notes to the consolidated financial statements

SILVER SPRUCE RESOURCES INC.
Consolidated Statements of Change in Shareholders' Equity (Deficiency)
Years ended October 31, 2016 and 2015
(Expressed in Canadian Dollars)

	Number of shares	Share capital $	Warrant reserve $	Equity reserve $	Accumulated deficit $	Total equity (deficiency) $
Balance October 31, 2014	**14,025,781**	**27,468,592**	**59,183**	**7,617,601**	**(35,475,101)**	**(329,725)**
Net loss for the year	-	-	-	-	(2,263,406)	(2,263,406)
Private placement common shares issued	5,810,000	145,250	-	-	-	145,250
Share issuance costs	-	(8,350)	-	-	-	(8,350)
Value of warrants issued under private placement	-	(44,862)	44,862	-	-	-
Warrants exercised	100,000	5,000	(1,544)	1,544	-	5,000
Stock based compensation	-	-	-	2,069	-	2,069
Warrants expired	-	-	(28,596)	28,596	-	-
Shares issued on settlement of debt	1,200,000	74,200	-	-	-	74,200
Balance October 31, 2015	**21,135,781**	**27,639,830**	**73,905**	**7,649,810**	**(37,738,507)**	**(2,374,962)**
Net earnings for the year	-	-	-	-	587,558	587,558
Private placement common shares issued	13,935,035	960,550	-	-	-	960,550
Share issuance costs	-	(39,734)	-	-	-	(39,734)
Value of warrants issued under private placement	-	(315,896)	315,896	-	-	-
Shares issued on settlement of debt	1,800,000	135,000	-	-	-	135,000
Shares issued on settlement of property purchase obligation	2,500,000	175,000	-	-	-	175,000
Shares issued on settlement of finder fees	250,000	17,500	-	-	-	17,500
Stock based compensation	-	-	-	329,240	-	329,240
Warrants expired	-	-	(30,587)	30,587	-	-
Balance October 31, 2016	**39,620,816**	**28,572,250**	**359,214**	**8,009,637**	**(37,150,949)**	**(209,848)**

See accompanying notes to the consolidated financial statements

SILVER SPRUCE RESOURCES INC.
Consolidated Statements of Cash Flows
Years ended October 31, 2016 and 2015
(Expressed in Canadian Dollars)

	2016	2015
	$	$
Operating activities		
Net earnings/(loss) for the year	**587,558**	(2,263,406)
Items not involving cash:		
Loss on foreign echange	**33,755**	-
Amortization	**2,408**	11,440
Impairment of equipment	**-**	28,650
Gain on extinguishment of debt	**(1,919,826)**	-
Accrued interest	**1,750**	7,250
Accretion	**67,424**	-
Flow-through share premium	**-**	(28,499)
Non-cash exploration and evaluation expenditures	**-**	1,886,000
Gain on settlement of debt	**(11,109)**	14,200
Gain on sale of vehicle	**(629)**	-
Shares issued for services	**17,500**	-
Shares issued for settlement of property purchase obligation	**175,000**	-
Stock based compensation	**329,240**	2,069
	(716,929)	(342,296)
Changes in non-cash working capital		
(Increase)/decrease in prepaid expenses	**(12,474)**	23,050
(Increase)/decrease in HST and other receivables	**(525)**	4,639
(Increase)/decrease in trade payables and accrued liabilities	**(18,236)**	25,556
Change in non-cash operating working capital	**(31,235)**	53,245
Net cash flows from operating activities	**(748,164)**	(289,051)
Financing activities		
Proceeds from issuance of shares and warrants	**899,050**	150,250
Share issue costs	**(39,734)**	(8,350)
Receipts of share subscription deposit	**-**	41,500
Repayment of loan payable	**(5,000)**	-
Proceeds from loan payable	**20,000**	-
Net cash flows from financing activities	**874,316**	183,400
Investing activities		
Proceeds from sale of vehicle	**4,000**	-
Net cash flows from investing activities	**4,000**	-
Increase/(decrease) in cash	**130,152**	(105,651)
Cash, beginning of year	**11,287**	116,938
Cash, end of year	**141,439**	11,287

Supplemental cash flow information (See Note 14)

See accompanying notes to the consolidated financial statements

1. DESCRIPTION OF BUSINESS

Silver Spruce Resources Inc. (the "Company") is a public company domiciled in Canada and was incorporated in Alberta on May 8, 1996 under the name First Labrador Acquisitions Inc. The Company changed its name to Silver Spruce Resources Inc. on October 22, 2004. The Company's operations consist of the exploration for precious and base minerals. The registered office of the Company is Suite 312, 197 Dufferin Street, Bridgewater, Nova Scotia, B4V 2G9.

2. BASIS OF PREPARATION AND GOING CONCERN

Statement of compliance

The consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations Committee. The Company's board of directors approved these financial statements on February 21, 2017.

Basis of presentation

The financial statements of the Company have been prepared in accordance with IFRS on a going concern basis, under the historical cost convention except for investments which are reflected at fair value, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. Several adverse conditions, however, cast significant doubt on the validity of this assumption. The Company does not have any proven economically recoverable reserves on the Company's interest in mineral properties held for exploration and to date; the Company has earned no direct mining related revenues. The Company's assets are subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

The Company's continued existence is dependent upon the discovery of economically recoverable reserves, the ability of the Company to raise additional financing, or future profitable production. It is not possible to predict whether financing efforts will be successful.

Although the Company has taken steps to verify title to mineral exploration properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers, First Nations claims, non-compliance with regulatory, social and environmental requirements and may be affected by undetected defects.

While the financial statements have been prepared on the basis of accounting principles applicable to a going concern, adverse conditions such as ongoing operational losses and a need for working capital cast significant doubt on the validity of this assumption.

2. BASIS OF PREPARATION AND GOING CONCERN (continued)

Basis of presentation (continued)

These financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material. The Company had continuing losses during the year ended October 31, 2016, a working capital deficiency and a cumulative deficit as at October 31, 2016. These conditions indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, First Labrador Resources Ltd., Silver Spruce Resources (Nova Scotia) Inc. and Silver Spruce Resources Mexico S.A. de C.V. and a joint venture with Jet Metal Corporation (formerly Crosshair Energy Corporation). Both First Labrador Resources Ltd. and Silver Spruce Resources (Nova Scotia) Inc. are inactive and have no assets or liabilities. All inter-company transactions have been eliminated upon consolidation. Subsidiaries are entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity.

Refundable staking deposits

The Company makes staking deposits on its various exploration claims which are refundable when and if the Company incurs sufficient exploration expenditures within a specified time frame and files a related exploration report with the appropriate government authorities. Should the Company not incur the applicable exploration expenditures or post a bond in lieu thereof or fail to submit the related exploration report within the applicable timeframe, the staking fee becomes non-refundable and is expensed in the statement of operations.

Exploration and evaluation costs

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity net of government assistance received. Exploration and evaluation expenditures are expensed as incurred.

Equipment

Equipment is recorded at cost. Amortization is calculated on a declining balance basis at rates which will reduce original cost to estimated residual value over the estimated useful lives of the assets. Equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. If an asset's recoverable amount is less than the asset's carrying amount, an impairment loss is recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment (continued)

The rates applicable to each category of equipment is as follows:

Class of equipment	Depreciation rate
Equipment	20%
Computers	55%
Vehicles	30%

Flow-through shares

The Company has financed a portion of its exploration activities through the issuance of flow-through shares. Under the terms of the flow-through share agreements, the tax attributes of the related expenditures are renounced to holders of the flow-through shares. To recognize the forgone tax benefits to the Company, any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("flow-through share premium").

Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through tax liability will be reversed through the statement of operations and comprehensive earnings (loss). To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery. The spending also gives rise to a deferred tax timing difference between the carrying value of the qualifying expenditure.

Share-based payments

The Company uses the fair value method to measure compensation expense at the date of grant of stock options to employees and each tranche is recognized on a graded vesting basis over the period in which the options vest. The fair value of options is determined using pricing models and is charged to earnings over the vesting period with an offset to equity reserve, on a straight-line basis over the vesting period. When options are exercised, the corresponding share based payment reserves and the proceeds received by the Company are credited to share capital. Forfeitures are estimated at the time of the grant. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate with a corresponding adjustment to equity reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

The value associated with expired warrants is transferred upon expiry, to equity reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Income tax expense comprises current and deferred income tax. Current tax and deferred tax are recognized in earnings or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax expenses comprise the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on either the same taxable entity, or on different taxable entities, which intend to settle current tax liabilities and assets on a net basis or realize their tax assets and liabilities simultaneously. A deferred tax asset is recognized for unused tax losses, unused tax credits and temporary differences that can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that all or part of the related tax benefit will be realized.

Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share (LPS) data for its common shares. Basic LPS is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted LPS is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares. The diluted loss per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Decommissioning and restoration provision

The Company recognizes the fair value of the liability for asset decommissioning and restoration in the period in which it is incurred and records a corresponding increase in the carrying value of the related long-lived asset. Fair value is estimated using the present value of the estimated future cash outflows associated with legal obligations or constructive obligations relating to the reclamation and closure of its mineral exploration properties at a pre-tax rate that reflects the time value of money. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows to settle the obligation. The liability is subsequently adjusted for the passage of time, and is recognized as an accretion expense in the consolidated statement of operations and comprehensive earnings (loss). The liability is also adjusted due to revisions in either the timing or the amount of the original estimated cash flows associated with the liability. The increase in the carrying value of the asset is amortized on the same basis as mineral properties. In management's estimation, there is no material restoration, rehabilitation, and environmental obligation as at October 31, 2016 and 2015.

Financial instruments

All financial instruments are classified into one of the following five categories: fair value through profit or loss ("FVTPL"), held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. FVTPL financial instruments are measured at fair value and all changes in those fair values recognized in net earnings (loss). Available-for-sale financial instruments are measured at fair value, with changes in those fair values recognized in Other Comprehensive Income ("OCI"). Loans and receivables, investments held-to-maturity and other financial liabilities are measured at amortized cost using the effective interest method.

The Company has made the following classifications:

Cash	Loans and receivables
Other receivables	Loans and receivables
Investments	FVTPL
Trade payable and accrued liabilities	Other financial liabilities
Loans payable	Other financial liabilities
Property acquisition obligation	Other financial liabilities

Transaction costs are expensed as incurred for financial instruments classified as FVTPL. For other financial instruments, transaction costs are netted against the carrying value and are then recognized over the expected life using the effective interest method.

The Company has determined that it does not have derivatives or embedded derivatives.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each financial position reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

For unlisted shares classified as FVTPL, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets objective evidence of impairment could include:

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

For certain categories of financial assets, such as other receivables and other financial assets, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of estimated, discounted future cash flows. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account and changes in the carrying amount of the allowance account are recognized in profit or loss.

Impairment of non-financial assets

At each statement of financial position reporting date, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. Where such an 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 the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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 only to the extent that the increased carrying amount 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 (continued)

Foreign currency translation

The presentation and functional currency of the Company and its subsidiaries is the Canadian dollar. Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect at the statement of financial position date for monetary items and at exchange rates prevailing at the transaction date for non-monetary items. Revenue and expenses are translated at the transaction date except for amortization, which is translated at historical exchange rates. Gains and losses on translation are included in the determination of net earnings (loss) for the year.

Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of the assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Judgments, estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, third party advice and financial reporting requirements. However, actual outcomes can differ from these estimates.

The Company has identified the following areas under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, the Company looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

The Company reviews the estimated useful lives of equipment at the end of each reporting period to ensure assumptions are still valid.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgments, estimates and assumptions (continued)

Share-based payments

The Company makes certain estimates and assumptions when calculating fair values of stock options and warrants granted. The significant assumptions used include estimates of expected volatility, expected life and expected risk-free rate of return. Changes in these assumptions may result in a material change to the expense recorded for the issuance of stock options and warrants.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes, including taxes related to flow-through expenditure renunciations, in various jurisdictions. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Government grants

The Company received government assistance under the Junior Exploration Assistance Program designed by the Department of Natural Resources to assist companies in conducting advanced mineral exploration in Newfoundland and Labrador. These grants are recognized in profit or loss.

No government assistance has been deducted from exploration and evaluation expenditures on the statement of operations during the year ended October 31, 2016 (2015 - $97,264). There are no unfulfilled conditions or contingencies attached to the government assistance that has been recognized.

4. FUTURE ACCOUNTING CHANGES

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning on or after November 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2015 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality considerations apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016.

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 – Revenue from Contracts with Customers has also been applied.

5. CAPITAL MANAGEMENT

The capital structure of the Company currently consists of share capital, warrant reserve and equity reserve. The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition, exploration and development of mineral properties. The Company manages its capital structure in a manner that provides sufficient funding for operational activities.

The properties in which the Company currently has an interest are in the exploration and evaluation stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurances that the Company will be able to continue raising equity capital in this manner. The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term guaranteed deposits, all held with major Canadian financial institutions.

The Company reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's capital management objectives, policies and processes have remained unchanged during the years ended October 31, 2016 and 2015.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

As of October 31, 2016, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

6. FINANCIAL RISK FACTORS

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

a) Credit risk

The Company's credit risk is primarily attributable to cash and other receivables. The Company's cash is held with highly rated financial institutions.

The Company has concluded that credit risk with regards to other receivables is minimal.

b) Liquidity risk

The Company's approach to managing liquidity risk is to endeavour to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2016, the Company had a cash balance of $141,439 (2015 - $11,287) to settle current liabilities of $376,702 (2015 - $1,280,782). Of the Company's current financial liabilities, $376,702 (2015 - $518,782) have contractual maturities of less than 30 days and are subject to normal trade terms. The loans payable are past due as at October 31, 2016 and 2015.

6. FINANCIAL RISK FACTORS (continued)

c) Market risk

Interest rate risk

The Company's loans payable bear a fixed interest rate and therefore are not subject to interest rate risk. The Company invests any cash surplus to its operational needs in investment-grade short-term deposit certificates issued by highly rated Canadian banks. The Company periodically assesses the quality of its investments and is satisfied with the credit rating of the bank.

Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company's property acquisition obligation (Note 7) is denominated in United States Dollars ("US$") and is subject to fluctuations in that currency's value relative to the Canadian dollar.

Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

There were no significant changes to credit risk, liquidity risk and market risk during the years ended October 31, 2016 and 2015.

d) Fair value

The carrying amounts for cash, other receivables, trade payable and accrued liabilities, loans payable, and property acquisition obligation on the statements of financial position approximate fair value due to their short-term maturity. The fair value of investments in entities listed on the TSX Venture Exchange are based on quoted market prices in active markets and are classified as a Level 1 in the fair value hierarchy.

A three tier hierarchy is used as a framework for disclosing the fair value of financial instruments based on inputs used to value the Company's financial instruments. The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 - Inputs that are not based on observable market data.

6. FINANCIAL RISK FACTORS (continued)

e) Sensitivity analysis

The Company is exposed to foreign exchange fluctuations as a result of transactions with its subsidiary, Silver Spruce Resources Mexico S.A. de C.V. The Company does not use derivatives to mitigate its foreign currency risk.

The statement of financial position includes the following amounts expressed in Canadian dollars with respect to financial assets and liabilities for which cash flows are denominated in Mexican pesos and United States dollars.

	2016	2015
	$	$
Mexican Pesos:		
Cash	**-**	-
Trade payable	**-**	-

	2016	2015
	$	$
United States dollars:		
Property acquisition obligation	**67,015**	1,886,000

A plus or minus 10% change in the value of the Canadian dollar with respect to Mexican Pesos would not materially affect the Company.

A plus or minus 10% change in the value of the Canadian dollar with respect to United States dollar would impact the Company's net earnings (loss) by approximately $6,702 (2015 - $188,600) based on balances denominated in United States dollars on October 31, 2016.

7. MINERAL EXPLORATION PROPERTIES

a) Big Easy

On April 28, 2010, the Company entered into an option on the Big Easy Property located in the Thorburn Lake area of Eastern Newfoundland, in the Province of Newfoundland and Labrador. The agreement provided the Company an option to earn a 100% interest in the property and all associated mineral license rights subject to a 3% NSR with a 1.5% buy back by the Company for $1,500,000. The Company exercised this option on April 26, 2013. The consideration for the 100% interest in the property by the Company was $117,510 and 1,600,000 common shares of the Company payable over four years as follows and a further payment starting on the fourth anniversary date of the agreement of $20,000 per year until production is obtained as an advance against the NSR payable:

(Expressed in Canadian dollars)

7. MINERAL EXPLORATION PROPERTIES (continued)

a) Big Easy (continued)

Year 1 (paid on signing - April 28, 2010;	$27,510
issued on regulatory approval - May 7, 2010)	350,000 common shares
Year 2 (paid April 12, 2011 - issued on April 12, 2011)	$30,000 and 400,000 common shares
Year 3 (paid April 13, 2012 - issued on April 16, 2012)	$30,000 and 500,000 common shares
Year 4 (paid April 26, 2013 - issued on April 15, 2013)	$30,000 and 350,000 common shares

During the year ended October 31, 2015, the Company received a government grant of $97,264 related to expenditures on this property under the Junior Exploration Assistance Program which is administered by the Department of Natural Resources for Newfoundland and Labrador.

During the year ended October 31, 2015, the Company relinquished its interest in the Big Easy property.

b) Pino de Plata

On October 29, 2015, the Company entered into a purchase agreement to acquire a 100% interest in the mineral rights for the Pino de Plata property located in Chihuahua state, Mexico. Under the terms of the agreement, the Company was to pay the vendor US$125,000 within 30 days of signing the agreement and then US$125,000 every three months beginning on March 1, 2016 until September 1, 2017, for a total amount of US$1,000,000. The vendor retains a 3% gross production royalty ("GPR") which is capped at US$4,000,000. The Company had the right to buy back the GPR for US$1,333,333 per percentage point. The Company was required to make advanced royalty payments to the vendors of US$10,000 per month beginning 30 days after the agreement has been registered by the requisite authorities. These advance royalty payments will be deducted from the total GPR amount and will also reduce the GPR buy back amount accordingly. The present value of these payments has been estimated using an effective interest rate of 20% and recorded as property acquisition obligation on the statement of financial position in the amount of $1,886,000 at October 31, 2015.

On February 29, 2016, the Company signed an amended agreement which supersedes the original purchase agreement and enables the Company to purchase a 100% interest in the Pino de Plata property. The new revised financial terms are as follows:

- Total cash payments reduced from US$1,000,000 to US$500,000 over two years (US$100,000 ($135,390) paid);

- One share issuance of 2,500,000 common shares, issued on June 15, 2016 and valued at $0.07 per common share based on the quoted market value of the common shares on that date. One payment of $250,000 to be paid in common shares in lieu of cash, at a share price equal to the 20-day average closing price of the Company's shares on the TSXVSE, subject to exchange approvals;

(Expressed in Canadian dollars)

7. MINERAL EXPLORATION PROPERTIES (continued)

b) Pino de Plata (continued)

- A three percent (3%) gross production royalty capped at US$4 million, which can be purchased for US$1,333,333 per percentage point at any time and are reduced by the total amount of advanced royalty payments; and

- The Company is subject to advanced Royalty payments of US$10,000 per month to commence 30 days after the acquisition is finalized, registered and documented with the proper authorities.

The revised terms of the agreement were considered substantially different to those of the initial purchase agreement. The amended agreement was determined to be in substance an option agreement whereby if the terms of the agreement were not fulfilled by the Company, the underlying assets would revert to the vendor and the Company would only be obligated for the next scheduled payment. As a result, the property acquisition liability was extinguished and a new financial liability was recognized. A resultant gain on extinguishment of debt of $1,919,826 was recognized, which had no cash flow impact on the Company.

The present value of the Company's minimum commitment as at October 31, 2016 has been estimated using an effective interest rate of 20% and recorded as property acquisition obligation on the statement of financial position in the amount of $67,015 (2015 - $1,886,000). An accretion expense of $67,424 (2015 - $nil) has been recorded for the year ended October 31, 2016. See Note 16.

8. EQUIPMENT

	2016			
	Equipment	**Computers**	**Vehicles**	**Total**
Cost:	$	$	$	$
At October 31, 2015	**147,204**	**63,483**	**67,431**	**278,118**
Disposals	**-**	**-**	**67,431**	**67,431**
At October 31, 2016	**147,204**	**63,483**	**-**	**210,687**
Amortization:				
At October 31, 2015	**142,566**	**62,276**	**63,785**	**268,627**
Additions	**926**	**1,207**	**275**	**2,408**
Disposals	**-**	**-**	**64,060**	**64,060**
At October 31, 2016	**143,492**	**63,483**	**-**	**206,975**
Carrying Value:				
At October 31, 2015	**4,638**	**1,207**	**3,646**	**9,491**
At October 31, 2016	**3,712**	**-**	**-**	**3,712**

(Expressed in Canadian dollars)

8. EQUIPMENT (continued)

	2015			
	Equipment	**Computers**	**Vehicles**	**Total**
Cost:	$	$	$	$
At October 31, 2014	**174,204**	**63,483**	**69,081**	**306,768**
Impairment	**27,000**	**-**	**1,650**	**28,650**
At October 31, 2015	**147,204**	**63,483**	**67,431**	**278,118**
Amortization:				
At October 31, 2014	**134,656**	**61,131**	**61,400**	**257,187**
Additions	**7,910**	**1,145**	**2,385**	**11,440**
Disposals	**-**	**-**	**-**	**-**
At October 31, 2015	**142,566**	**62,276**	**63,785**	**268,627**
Carrying Value:				
At October 31, 2014	**39,548**	**2,352**	**7,681**	**49,581**
At October 31, 2015	**4,638**	**1,207**	**3,646**	**9,491**

9. INCOME TAXES

a) Reconciliation of total tax expense

The effective rate on the Company's earnings (loss) before income tax differs from the expected amount that would arise using the combined statutory income tax rates. A reconciliation of the difference is as follows:

	2016	2015
	$	$
Earnings (Loss) before income tax	**587,558**	(2,263,406)
Income tax rate	**29.23%**	29.23%
Income tax expense (recovery) at the combined statutory income tax rate	**172,000**	(662,000)
Non-deductible amounts for income tax purposes	**(442,000)**	552,000
Other	**270,000**	110,000
Income tax recovery	**-**	-

(Expressed in Canadian dollars)

9. INCOME TAXES (continued)

b) Unrecognized deductible temporary differences and unused tax losses

Deductible temporary differences and unused tax losses for which no deferred tax assets have been recognized are attributable to the following:

	2016	2015
	$	$
Deductible temporary differneces		
Equipment	**325,000**	320,000
Non-capital losses	**4,851,000**	1,904,000
Mineral exploration properties	**11,130,000**	9,620,000
Share issue costs	**42,000**	34,000
	16,348,000	11,878,000

The Company has non-capital loss amounting to $4,851,000 which are available to reduce future taxable Income. These non-capital losses expire as follows:

	$
2027	255,000
2028	278,000
2029	525,000
2030	340,000
2031	127,000
2034	157,000
2035	2,221,000
2036	948,000
	4,851,000

The potential future benefit of these losses has not been recognized in the consolidated financial statements because it is not probable that future taxable profit will be available against which the Company can use the benefits.

(Expressed in Canadian dollars)

10. SHARE CAPITAL

The share capital is as follows:

	2016	2015
	$	$
Authorized:		
An unlimited number of non-voting preference shares		
An unlimited number of common shares, no par value		
Issued and outstanding:		
39,620,816 (October 31, 2015 - 21,135,781)	**28,572,250**	27,639,830

a) In June 2015, the Company closed a non-brokered private placement to raise gross proceeds of $145,250. The offering consisted of the issuance of 5,810,000 units ("Unit") of the Company. Each Unit was offered at a price of $0.025 and consisted of one common share and one half common share purchase warrant, with each whole warrant exercisable at a price of $0.05 per common share if exercised within 24 months of the closing of the offering. Officers and directors of the Company subscribed for 2,900,000 Units for gross proceeds of $72,500.

b) In April 2016, the Company closed a non-brokered private placement to raise gross proceeds of $410,795. The offering consisted of the issuance of 5,477,266 units ("Unit") of the Company. Each Unit was offered at a price of $0.075 and consisted of one common share and one half common share purchase warrant, with each whole warrant exercisable at a price of $0.10 per common share if exercised within 24 months of the closing of the offering. Officers and directors of the Company subscribed for 2,336,466 Units for gross proceeds of $175,235.

c) In June 2016, the Company issued 2,500,000 common shares to the Pino de Plata property owner as per the terms of the property acquisition agreement, valued at $0.07 per common share based on the fair value of the common shares on that date. The Company issued 250,000 shares to settle the finder fee in accordance with the Pino de Plata agreement. See Note 7(b).

d) In August 2016, the Company closed a non-brokered private placement to raise gross proceeds of $549,755. The offering consisted of the issuance of 8,457,769 units ("Unit") of the Company. Each Unit was offered at a price of $0.065 and consisted of one common share and one share purchase warrant, with each whole warrant exercisable at a price of $0.10 per common share if exercised within 24 months of the closing of the offering. Officers and directors of the Company subscribed for 1,400,000 Units for gross proceeds of $91,000.

(Expressed in Canadian dollars)

11. WARRANTS

The following is a summary of warrants activity for the years ended October 31, 2016 and October 31, 2015:

	2016		2015	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
		$		$
Balance, beginning of year	**4,270,000**	**0.07**	1,584,625	0.24
Granted in connection with private placements	**11,196,401**	**0.10**	2,905,000	0.05
Exercised during the year	**-**	**-**	(100,000)	0.05
Expired during the year	**(1,465,000)**	**0.10**	(119,625)	2.00
Balance, end of year	**14,001,401**	**0.09**	4,270,000	0.07

a) In connection with the June 9, 2015 private placement disclosed in Note 10, the Company issued 2,905,000 warrants. The grant date fair value of $44,862 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical volatility of 240%, a risk free interest rate of 0.68%, and an expected maturity of 2 years.

b) In connection with the April 20, 2016 private placement disclosed in Note 10, the Company issued 2,738,633 warrants. The grant date fair value of $108,108 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical volatility of 165%, a risk free interest rate of 0.62%, and an expected maturity of 2 years.

c) In connection with the August 12, 2016 private placement disclosed in Note 10, the Company issued 8,457,770 warrants. The grant date fair value of $207,788 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical volatility of 159%, a risk free interest rate of 0.54%, and an expected maturity of 2 years.

(Expressed in Canadian dollars)

11. WARRANTS (continued)

Summary of warrants outstanding as at October 31, 2016:

Warrants	Exercise price	Grant date fair value of warrants	Expiry date
#	$	$	
2,805,000	0.05	43,318	June 9, 2017
2,738,633	0.10	108,108	April 20, 2018
8,457,768	0.10	207,788	August 12, 2018
14,001,401		359,214	

12. SHARE BASED PAYMENTS

The Board of Directors of the Company has adopted a stock option plan for the Company. Pursuant to the plan, the Board of Directors of the Company may allocate common shares to its directors, officers and certain consultants. The aggregate number of stock options to be granted under the plan should not exceed 20% of the issued and outstanding capital of the Company and the aggregate number of shares reserved for issuance to anyone person shall not exceed 5% of the issued and outstanding common shares. The options are non-transferable and non-assignable and may be granted for a term not exceeding five years. The exercise price of the options is fixed by the Board of Directors of the Company at the time of grant, subject to all applicable regulatory requirements. The vesting period for options is set by the Company at the time the options are granted. The shareholders of the Company are covered by a Shareholder Rights Plan Agreement between the Company and CIBC Mellon Trust Company.

Share based payment activity for the years ended October 31, 2016 and October 31, 2015 is summarized as follows:

	2016		2015	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
		$		$
Balance, beginning of year	**525,000**	**1.67**	472,500	2.25
Granted	**2,900,000**	**0.15**	250,000	0.20
Forfeited	**(250,000)**	**0.20**	-	-
Expired	**(275,000)**	**3.00**	(197,500)	1.20
Balance, end of year	**2,900,000**	**0.15**	525,000	1.67

At October 31, 2016, outstanding options to acquire common shares of the Company were as follows:

(Expressed in Canadian dollars)

12. SHARE BASED PAYMENTS (continued)

Exercise price	Number of outstanding options	Weighted average remaining contractual life of outstanding options (years)	Grant date weighted average fair value per option	Number of exercisable options
$			$	
0.15	2,900,000	2.79	0.118	2,900,000
	2,900,000	2.79	0.118	2,900,000

The grant date fair value of options granted during the year ended October 31, 2016 was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical volatility of 180%, a risk free interest rate of 0.60%, and an expected maturity of 3 years.

The grant date fair value of options granted during the year ended October 31, 2015 was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical volatility of 192%, a risk free interest rate of 0.51%, and an expected maturity of 2 years.

13. RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities as at October 31, 2016 is $103,693 (2015 - $222,137) owing to directors and companies controlled by directors of the Company for consulting related services rendered. These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

As at October 31, 2016 the total loans payable to a former director is $79,390 (2015 - $88,973). The loans are unsecured and bear interest at rates from 0% - 5% per year. During the year ended October 31, 2016, the loans incurred interest expense of $1,750 (2015 - $1,750) which is outstanding at period end and is due on demand.

During the year ended October 31, 2016, 1,600,000 stock options were granted to directors, officers, consultants, and employees of the Company (2015 – Nil). The stock based compensation related to the options issued is $181,653 (2015 - $Nil).

During the years ended October 31, 2016 and 2015, key management personnel compensation consisted of services provided by companies owned by directors of $67,335 (2015 - $24,000) which are classified as short-term employee benefits and recorded as consulting fees (2015 – wages and benefits) on the consolidated statement of operations.

See also Notes 10 (a), (b), and (d).

14. SUPPLEMENTAL CASH FLOW INFORMATION

	2016	2015
	$	$
Non-cash investing and financing activities:		
Shares issued for services and settlement of debt	**152,500**	74,200
Expiry of warrants	**30,587**	28,596

15. COMMITMENTS AND CONTINGENCIES

The Company’s exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The Company has indemnified the subscribers of current and past flow-through share subscriptions from any tax consequences arising from the failure of the Company to meet its commitments under the flow- through subscription agreements.

16. SUBSEQUENT EVENTS

On December 1, 2016, the Company announced it has signed a binding and exclusive letter of intent to purchase and explore a submittal prospect of over 300 hectares near Chinipas, in far western Chihuahua state, Mexico. The terms of the purchase agreement are as follows:

- A deposit of 10,000 pesos (US$500) was made upon signing of the letter of intent;
- Year one -- US$5,000 payment, less the initial deposit, once the formal Mexico contract is finalized;
- Year two -- US$10,000;
- Year three -- US$15,000;
- Year four -- US$20,000;
- Total -- US$50,000 over four years.

The owner will keep a three percent (3%) gross production royalty (“GPR") on the claim and any additional claim(s) staked by the Company within the two-kilometre area of interest. The Company retains the right to purchase the GPR for US$1-million for each one percent (1%).

The Company has formalized the Mexico purchase contract and executed a modified agreement on the Pino De Plata project, whereby the owners have agreed that all property payments to the owners will be delayed until the Company can access the project to finish building the drill roads and pads in preparation for drilling.

On December 22, 2016, the Company awarded its CEO 300,000 stock options exercisable at $0.15 and expiring three years from issue date.

On December 30, 2016, the Company received a notice of exercise for 350,000 warrants at an exercise price of $0.05. Accordingly, the Company issued 350,000 shares and received proceeds of $17,500.