AsiaBaseMetals Inc.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

SEPTEMBER 30, 2016 AND 2015

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
AsiaBaseMetals Inc.

We have audited the accompanying financial statements of AsiaBaseMetals Inc. which comprise the statements of financial position as at September 30, 2016 and 2015, and the statements of comprehensive loss, changes in deficiency and cash flows for the years then ended, and the related notes comprising 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 as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of AsiaBaseMetals Inc. as at September 30, 2016 and 2015, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Notes 1 and 2(c) in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of AsiaBaseMetals Inc. to continue as a going concern.

/S/ Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
December 20, 2016

ASIABASEMETALS INC.

STATEMENTS OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2016 AND 2015

(Expressed in Canadian Dollars)

		2016		2015
ASSETS				
Current				
Cash	$	4,891	$	56,888
Amounts receivable		146		7,446
Prepaid expenses		1,411		500
		6,448		64,834
Exploration and evaluation assets (Note 6)		41,068		40,792
	$	47,516	$	105,626
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 9)	$	116,963	$	114,172
Director loan (Note 9)		11,000		22,000
		127,963		136,172
SHAREHOLDERS' DEFICIENCY				
Share capital (Note 7)		1,945,539		1,689,690
Share-based payment reserves		441,684		298,580
Accumulated deficit		(2,467,670)		(2,018,816)
		(80,447)		(30,546)
	$	47,516	$	105,626

CORPORATE INFORMATION AND NATURE OF CONTINUANCE OF OPERATIONS (Note 1)
SUBSEQUENT EVENTS (Note 13)

Approved by the Board on December 20, 2016:

"Raj Chowdhry"
Director

"Bryce Clark"
Director

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

ASIABASEMETALS INC.

STATEMENTS OF COMPREHENSIVE LOSS

FOR YEARS ENDED SEPTEMBER 30, 2016 AND 2015

(Expressed in Canadian Dollars)

		2016		2015
EXPENSES				
Management fees (Note 9)	$	169,334		81,306
Share-based payments (Note 9)		143,104		
Exploration, net		56,814		15,012
Professional fees		34,128		52,588
Regulatory and transfer agent fees		22,946		25,540
Office, administration, and miscellaneous		21,5[illegible]		42,836
Interest and bank charges				212
Foreign exchange gain				(122)
NET LOSS AND COMPREHENSIVE LOSS	$	(448,854)		(217,372)
BASIC AND DILUTED LOSS PER SHARE	$	(0.04)	$	(0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		12,527,028		9,658,744

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

ASIABASEMETALS INC.

STATEMENTS OF CHANGES IN DEFICIENCY

FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

(Expressed in Canadian Dollars)

	Common Shares (Note 7)				
	Number of Common Shares	Amount	Share-based Payment Reserves	Accumulated Deficit	Total
Balances at October 1, 2014	9,643,865	$ 1,637,092	$ 298,580	$ (1,801,444)	$ 134,228
Shares issued on acquisition of Jean Property (Note 6)	31,250	8,750	-	-	8,750
Private Placement, net of issuance costs	500,000	43,848	-	-	43,848
Net loss and comprehensive loss	-	-	-	(217,372)	(217,372)
Balances at September 30, 2015	10,175,115	$ 1,689,690	$ 298,580	$ (2,018,816)	$ (30,546)
Private Placement, net of issuance costs	5,000,000	231,349	-	-	231,349
Shares issued for debt settlement	100,000	24,500	-	-	24,500
Share-based payments	-	-	143,104	-	143,104
Net loss and comprehensive loss	-	-	-	(448,854)	(448,854)
Balances at September 30, 2016	15,275,115	$ 1,945,539	$ 441,684	$ (2,467,670)	$ (80,447)

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

ASIABASEMETALS INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

(Expressed in Canadian Dollars)

		2016		2015
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net loss for the year	$	(448,854)	$	(217,372)
Items not involving cash				
Share-based payments		143,104		-
Change in non-cash working capital items				
Amounts receivable		7,300		(7,032)
Prepaid expenses		(911)		13,000
Accounts payable and accrued liabilities		27,291		81,933
Cash used in operating activities		(272,070)		(129,471)
INVESTING ACTIVITY				
Exploration and evaluation costs		(276)		(2,766)
Cash used in investing activity		(276)		(2,766)
FINANCING ACTIVITY				
Loans from director, net		(11,000)		22,000
Proceeds from private placement, net		231,349		43,848
Cash provided by financing activities		220,349		65,848
DECREASE IN CASH DURING THE YEAR		(51,997)		(66,389)
CASH, BEGINNING OF YEAR		56,888		123,277
CASH, END OF YEAR	$	4,891	$	56,888

Supplemental Cash Flow Information				
Income taxes paid	$		$	-
Interest paid	$		$	-
Non-cash Transactions				
Shares issued for mineral properties	$		$	8,750
Shares issued for debt settlement	$	24,500	$	-

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

1. CORPORATE INFORMATION AND NATURE OF CONTINUANCE OF OPERATIONS

AsiaBaseMetals Inc. (the "Company") was incorporated on August 11, 2009 under the laws of British Columbia. The Company is a growth company focused on the exploration and development of zinc and base metals. The address of the Company's corporate office and principal place of business is 6153 Glendalough Pl., Vancouver, British Columbia, V6N 1S5, Canada.

At September 30, 2016, the Company had not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from the disposition of the resource property. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

b) Basis of presentation

The financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

On April 16, 2015, the Company's Board approved a consolidation of the Company's issued and outstanding share capital on a 2 old for 1 new basis. The stock consolidation was completed on May 13, 2015. On August 12, 2015 the Company's Board approved a further consolidation on a 2 old for 1 new basis. The stock consolidation was completed on August 31, 2015.

On February 17, 2016 the Board approved a further consolidation of the issued and outstanding shares on a 2 old for 1 new basis. The stock consolidation was completed on March 4, 2016. All share capital and per share amounts in these financial statements have been adjusted to give retroactive effect to the share consolidation.

c) Going Concern

These financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. The Company has incurred losses since its inception and had an accumulated deficit of $2,467,670 at September 30, 2016. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Cash and cash equivalents

Cash in the statements of financial position is comprised of cash in banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

e) Exploration and evaluation assets

Exploration expenditures are expensed as incurred and direct costs of exploration and evaluation assets, such as property acquisition costs and leases are capitalized. Exploration and evaluation assets are assessed for impairment at the end of each reporting period and if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. B.C. mining exploration tax credits for certain exploration expenditures incurred in B.C. are treated as a reduction of the exploration and development expenditure and costs of the respective mineral property.

Development costs incurred on a mineral property are deferred once management has determined, based on a feasibility study, that, a property is capable of economical commercial production as a result of having established proven and probable reserves. Development costs are carried at cost less accumulated depletion and accumulated impairment charges. Exploration expenditures incurred prior to determining that a property has economically recoverable resources are expensed as incurred.

The Company reviews the carrying values of mineral properties and development costs regularly with a view to assessing whether there has been any impairment in value, or whenever events or changes in circumstances that indicate the carrying value may not be recoverable. In the event the estimated discounted cash flows expected from its use or eventual disposition is determined to be insufficient to recover the carrying value of the property, the carrying value is written down to the estimated recoverable amount.

Once a mine has achieved commercial production, mineral properties and development costs are depleted on a units-of-production basis over the life of the mine.

f) Share-based payment transactions

Employees receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is recognized, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in statement of loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in share-based payments expense.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions, for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Share-based payment transactions (continued)

When the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

g) Share Capital

The Company records proceeds from the issuance of its common shares as equity. Proceeds received on the issuance of units, consisting of common shares and warrants are allocated between the common share and warrant component. The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placement was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted price on the issuance date. The remaining proceeds, if any, are allocated to the attached warrants. Any fair value attributed to the warrants is recorded as warrant reserve. Management does not expect to record a value to the warrant in most equity issuances as unit private placements are commonly priced at market or at a permitted discount to market. If the warrants are issued as share issuance costs, the fair value of agent's warrants are measured using the Black-Scholes option pricing model and recognized in equity as a deduction from the proceeds.

h) Flow-through shares

The Company finances some exploration expenditures through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. At the time flow-through shares are issued, there may be a potential premium paid on the flow-through shares calculated based on the share issuance price and the market price at the time of closing. A liability is recognized for the premium on the flow-through shares and is subsequently reversed and recorded as other income as the Company incurs qualifying Canadian exploration expenses.

i) Foreign Currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates ("the functional currency"), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the statement of comprehensive loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Provisions

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

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

At each financial position reporting date presented, the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

k) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

l) Income taxes

i) Current income tax

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the statement of financial position date, and includes any adjustments to tax payable or receivable in respect of previous years.

ii) Deferred tax

Deferred income taxes are recorded using the liability method whereby 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 be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of goodwill, or assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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 the related tax benefit will be realized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Income taxes (continued)

ii) Deferred tax (continued)

In instances where the Company has sufficient deductible temporary differences available to offset the deferred income tax liability created from renouncing qualifying expenditures, the realization of the deductible temporary differences will be shown as a deferred income tax recovery in operations in the period of renunciation.

Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

m) Financial assets

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

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company’s cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. At September 30, 2016 and 2015, the Company has not classified any financial assets as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At September 30, 2016 and 2015, the Company has not classified any financial assets as available for sale.

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

n) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Financial liabilities (continued)

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. At September 30, 2016 and 2015, the Company has not classified any financial liabilities as FVTPL.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Significant accounts that require estimates as the basis for determining the stated amounts include deferred income taxes, share-based payments, assessment of decommissioning provision and assessment of impairment of exploration and evaluation assets.

(i) Impairment

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any 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 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 inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective or assessments with a significant risk of material adjustment in the next year.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(ii) Going Concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Management monitors future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 2(c).

4. ADOPTION OF NEW OR AMENDED ACCOUNTING STANDARDS

There were no new or amended accounting standards scheduled for mandatory adoption on October 1, 2016 and thus no new accounting standards were adopted in 2016.

5. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

New and amended standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these new and amended standards when they become effective.

New accounting standards effective for annual periods on or after October 1, 2016:

IAS 1 – *Presentation of Financial Statements*

In December 2014, amendments to IAS 1 were issued to address perceived impediments to preparers exercising their judgement in presenting their financial statements. The amendments clarify the definition of materiality, the presentation of items on the statement of financial position and statement of profit or loss and other comprehensive income, and ordering of notes in the financial statements.

New accounting standards effective for annual periods on or after October 1, 2017:

IAS 7 – *Statement of Cash Flows*

The objective of the amendments to IAS 7 is to enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The amendments to IAS 7 respond to investors' requests for information that helps them better understand changes in an entity's debt, which is important to their analysis of financial statements.

(Expressed in Canadian Dollars)

5. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

New accounting standards effective for annual periods on or after October 1, 2018:

IFRS 9 – *Financial Instruments*

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013, new general hedging requirements were added to the standard. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

IFRS 15 – *Revenue from Contracts with Customers*

In May 2014, IFRS 15 was issued and replaces IAS 11 – *Construction Contracts*, IAS 18 – *Revenue*, IFRIC 13 – *Customer Loyalty Programmes*, IFRIC 15 – *Agreements for the Construction of Real Estate*, IFRIC 18 – *Transfers of Assets from Customers* and SIC-31 – *Revenue – Barter Transactions Involving Advertising Services.* IFRS 15 establishes a single five–step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

New accounting standards effective for annual periods on or after October 1, 2019:

IFRS 2 – *Shared-Based Payments*

In June 2016 the Board issued the final amendments to IFRS 2 which amended (a) the effects that vesting conditions have on the measurement of a cash-settled share-based payment; (b) the accounting for modification to the terms of a share-based payment that changes the classification of the transaction from cash-settled to equity settled; and (c) classification of share-based payment transactions with net settlement features.

IFRS 16 – *Leases*

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

6. EXPLORATION AND EVALUATION ASSETS

		September 30, 2016 **$**		**September 30, 2015** **$**
Gnome Zinc	$	29,552	$	29,276
Jean Iron Ore	$	11,516	$	11,516
Total	$	41,068	$	40,792

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

Gnome Zinc, BC

On September 30, 2009, Tintina Resources Inc. ("Tintina") transferred its interest in the Gnome Zinc project and $500,000 in cash to the Company as part of its reorganization. Tintina also transferred its right, title and interest in the Gnome Zinc project to purchase a 1% NSR royalty for $2,000,000 up to the period ending on March 11, 2020. The transaction was recorded as a shareholder transfer at Tintina's carrying value of the Gnome Zinc project of $146,748 and an increase in cash of $500,000.

Expenditures for the years ended September 30, 2016 and 2015 are as follows:

		October 1, 2015		Acquisition Costs		September 30, 2016
Gnome Zinc	$	29,276	$	276	$	29,552

		October 1, 2014		Acquisition Costs		September 30, 2015
Gnome Zinc	$	29,276	$	-	$	29,276

Jean Property

On April 24, 2015, the Company entered into a purchase agreement (the "Agreement") with Great Lakes Resources Ltd. ("Great Lakes") to acquire an undivided 100% right, title and interest in the Jean Iron Ore Project ("Jean Property") from Great Lakes for 25,000 common shares. The Jean Property is an iron ore exploration property consisting of 17 claims totalling 1,824 hectares located in the Thunder Bay Mining District of Ontario. The Agreement was approved by the TSX Venture Exchange ("TSX.V") on May 12, 2015 and 25,000 common shares were issued to Great Lakes to complete the purchase.

As part of the Agreement the Company and Great Lakes terminated the previous option agreement entered into on August 25, 2014 and approved by the TSX.V on November 12, 2014 under which Great Lakes had granted the Company an option to acquire the Jean Property. Consideration under the terminated option agreement was 6,250 common shares (issued on November 13, 2014) and a total exploration work permit of $160,000 on or before September 30, 2016.

During the year ended September 30, 2016, as part of the exploration results on the Jean Property the Company canceled 4 of the 17 claims and staked 1 additional claim, resulting in a total of 14 claims held as of September 30, 2016.

Expenditures for the year ended September 30, 2016 are as follows:

		October 1, 2015		Acquisition Costs		September 30, 2016
Jean Iron Ore	$	11,516	$	-	$	11,516

		October 1, 2014		Acquisition Costs		September 30, 2015
Jean Iron Ore	$	-	$	11,516	$	11,516

7. SHARE CAPITAL

a) Authorized: The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and outstanding as at September 30, 2016: 15,275,115 (2015 – 10,175,115) common shares.

i. On November 13, 2014, the Company issued 6,250 common shares with a fair value of $1,750 to Great Lakes, pursuant to the terms of the option agreement for the Jean Property as described in Note 6.

ii. On June 5, 2015, the Company issued 25,000 common shares with a fair value of $7,000 to Great Lakes, pursuant to the terms of the purchase agreement for the Jean Property as described in Note 6.

iii. On September 29, 2015, the Company completed a non-brokered private placement of 500,000 flow-through units at a price of $0.10 per unit, raising gross proceeds of $50,000. The Company incurred share issuance costs of $6,152 which consists solely of legal fees. Each flow-through unit consists of one flow-through common share and one transferable share purchase warrant. Each warrant entitles the holder to purchase one non-flow-through common share of the Company until September 29, 2017, at an exercise price of $0.10 per warrant in the first year, and $0.20 per warrant in the second year. The shares were subject to a four month hold period that expired on January 30, 2016.

For the purposes of calculating the tax effect of any premium related to the issuance of flow-through shares, management reviewed the quoted market price per non-flow-through share on the issuance date and compared it to the price used in this issuance and determined that there was no premium on the flow-through shares.

iv. On April 13, 2016, the Company completed a non-brokered private placement of 5,000,000 units at a price of $0.05 per unit, raising gross proceeds of $250,000. The Company incurred share issuance costs of $18,651 which consists of legal fees and transfer agent costs. Each unit consists of one common share and one transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.05 until April 13, 2021. The shares were subject to a four month hold period that expired on August 14, 2016.

v. On June 14, 2016, the Company issued 100,000 common shares with a fair value of $24,500 at the time of issuance in satisfaction of $24,500 of outstanding debt owing to an arm's length party. All shares are subject to a four month hold which expires on October 14, 2016.

8. STOCK OPTION PLAN, SHARE-BASED PAYMENTS AND WARRANTS

The Company adopted a rolling stock option plan (the "Plan") to grant options to directors, senior officers, employees, independent contractors and consultants of the Company. The Plan reserves for issuance up to 10% of the issued and outstanding share capital of the Company from time to time, and provides that it is solely within the discretion of the Board or, if the Board so elects, by a committee consisting of not less than two of its members appointed by the Board, to determine who should receive options and in what amounts.

(Expressed in Canadian Dollars)

8. STOCK OPTION PLAN, SHARE-BASED PAYMENTS AND WARRANTS (continued)

Options granted under the Plan for a term not to exceed 10 years from the date of their grant and are exercisable at a price not less than the discounted market price (which is the market price less a discount of 25% for a closing price of up to $0.50, a discount of 20% for a closing price of $0.51 to $2.00, and a discount of 15% for a closing price above $2.00, subject to a minimum of $0.10).

On June 20, 2016, the Company granted to directors and advisory board consultants a total of 750,000 stock options under the Company's Stock Option Plan. The options are exercisable at a price of $0.30 per share for a period of 2 years, and all options vest on grant date.

The Company uses the Black-Scholes option pricing model to estimate the fair value of stock options. For purposes of the calculations, the following weighted average assumptions were used under the Black-Scholes model:

	2016
Exercise price	$ 0.30
Share price at grant date	0.27
Risk free interest rate	0.57%
Expected dividend yield	0%
Expected forfeiture rate	0%
Expected stock price volatility	153%
Expected life of options	2 years

The fair value of the options granted on June 20, 2016 grant date was $0.19.

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Balance at September 30, 2014	193,125	$ 1.60
Expired	(193,125)	$ 1.60
Balance at September 30, 2015	-	-
Issued	750,000	$ 0.30
Balance at September 30, 2016	750,000	$ 0.30

The following table summarizes stock options outstanding and exercisable at September 30, 2016:

	Options Outstanding			Options Exercisable	
Exercise Price $	Number of Options	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price $	Number Exercisable	Weighted Average Exercise Price $
0.30	750,000	1.72	0.30	750,000	0.30

The stock options outstanding at September 30, 2016 will expire on June 20, 2018.

(Expressed in Canadian Dollars)

8. STOCK OPTION PLAN, SHARE-BASED PAYMENTS AND WARRANTS (continued)

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance at September 30, 2014	-	$ -
Issued	500,000	$ 0.10
Balance at September 30, 2015	500,000	$ 0.10
Issued	5,000,000	$ 0.05
Balance at September 30, 2016	5,500,000	$ 0.06

The warrants issued during the year ended September 30, 2015 expire on September 29, 2017 and have an exercise price of $0.10 until September 29, 2016 and $0.20 until September 29, 2017. The warrants issued during the year ended September 30, 2016 expire on April 13, 2021 and have an exercise price of $0.05.

9. RELATED PARTY BALANCES AND TRANSACTIONS

During the years ended September 30, 2016 and 2015, the following amounts were incurred or paid to officers and directors and/or their related companies:

i) The Company incurred $19,834 (2015 - $6,300) for CFO fees to a company controlled by common directors.

ii) The Company incurred $150,000 (2015 - $75,006) for management fees to a company controlled by an officer.

As at September 30, 2016 and 2015, the following balances were due to officers and directors and/or related companies:

i) Included in accounts payable is $22,955 (2015 - $12,250) due to a company controlled by common directors, $62,500 (2015 - $58,250) due to a company controlled by the CEO and $16,292 (2015 – $nil) due to the CEO of the Company. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

ii) During the year ended September 30, 2016 the Company received loans of $250,000 (2015 - $22,000) from directors of the Company or a company controlled by a director of the Company. During the year ended September 30, 2016 $261,000 (2015 - $nil) of the loans were repaid and as at September 30, 2016 a loan balance of $11,000 (2015 - $22,000) was due to directors or a company controlled by a director of the Company. These loans are unsecured, bear interest at rates of 1% - 3% per annum and are due on demand.

On April 1, 2015 the Company entered into an agreement with a company controlled by a director to provide Chief Executive Officer services at a rate of $12,500 per month ($150,000 per year) for an indefinite term. The agreement can be terminated without cause by the Company with a fourteen (14) month cash payment in the amount of $175,000.

(Expressed in Canadian Dollars)

9. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Key management personnel compensation:

Key management personnel include the Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”), and directors of the Company. The remuneration of directors and officers of the Company is as follows:

		2016		**2015**
Management fees	$	150,000	$	75,006
CFO fees		19,834		6,300
Share based payments		114,000		-
Total remuneration	$	283,834	$	81,306

Key management personnel receive compensation in the form of short-term employee benefits, share-based payments, separation payment, and post-employment benefits. Short-term benefits include management fees paid to the CEO and the CFO of the Company for their services in their roles.

10. INCOME TAXES

The Company has losses carried forward of approximately $1,783,000 available to reduce income taxes in future years. The losses expire between 2029 and 2036. The Company also has certain allowances in respect of resource development and exploration costs, which, subject to certain restrictions, are available to be offset against future taxable income. The Company has not recognized any deferred income tax assets. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

		2016		**2015**
Canadian statutory income tax rate		26.00%		26.00%
Income tax recovery at statutory rate	$	116,702	$	56,517
Effect of income taxes of:				
Permanent differences		(33,851)		1,590
Other		(13,000)		-
Tax benefits not recognized		(69,851)		(58,107)
Deferred income tax recoverable	$	-	$	-

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets at September 30, 2016 and 2015 are presented below:

		2016		**2015**
Non-capital loss carry-forwards	$	426,376	$	359,839
Share issuance costs		5,557		3,558
Resource properties		76,902		75,587
Unrecognized deferred tax assets		(508,835)		(438,984)
	$	-	$	-

(Expressed in Canadian Dollars)

11. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject to.

The Company considers the aggregate of its equity as capital. As at September 30, 2016, the Company had capital resources consisting of cash. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

The Company's investment policy is to invest its cash in investment instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from operations.

The Company expects its current capital resources will be sufficient to carry its exploration plans and operations through its current operating year.

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Financial Instruments and Fair Value Measurements

IFRS 13 – *Fair Value Measurement*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assets measured at fair value on a recurring basis were presented on the Company's statement of financial position as at September 30, 2016 as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial assets				
Cash	$ 4,891	$ –	$ –	4,891

Financial Risk

(i) Credit Risk

Credit risk arises from non-performance by counterparties of contractual financial obligations. The Company's maximum credit risk is primarily attributable to its cash. The Company limits its exposure to credit loss for cash by placing such instruments with financial institutions.

As at September 30, 2016, the Company's maximum exposure to credit risk is the carrying value of cash of $4,891.

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(ii) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient financial resources to meet liabilities when due. As at September 30, 2016, the Company had a working capital deficiency of $121,515. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(iii) Interest Rate Risk

In management’s opinion, the Company’s interest rate risk is minimal as the Company does not have any bank indebtedness that bear interest at fixed or variable rates. The director’s loan bears interest at a fixed rate of 1% per annum.

(iv) Foreign Currency Risk

The Company is exposed to currency fluctuations in the acquisition of foreign currencies. The Company holds insignificant balance in cash in foreign currencies (US dollars) and is therefore not exposed to significant gains or losses on foreign exchange. A significant change in the currency exchange rate between the Canadian dollar relative to the US dollar would have an insignificant effect on the Company’s results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

As at September 30, 2016 and 2015, a change of 10% +/- in US dollar would not result in a significant impact to the statements of loss and comprehensive loss.

(v) Commodity Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company’s ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities.

13. SUBSEQUENT EVENTS

a) On November 17, 2016 the company completed a private placement of 1,850,000 units (“Units”) at a price of $0.135 per Unit for gross proceeds of $249,750. Each Unit consist of one common share of the Company and one warrant to purchase an additional common share at a price of $0.175 per share for a period of five years. All securities issued are subject to a four month hold period.

b) On December 6, 2016 the Company entered into a Debt Settlement Agreement (“the Agreement”) with SolidusGold Inc. (“Solidus”), a related party, to settle $24,547 of debt owed by the Company as at October 31, 2016 ($22,955 as at September 30, 2016).The terms of the agreement state the Company will pay $10,000 cash by December 20, 2016 and Solidus will write off the remaining balance of $14,547 owed. Payment was made to Solidus on December 13, 2016 and having fulfilled the conditions of the Agreement, the debt is paid in full.

c) On December 13, 2016 the Company issued 5,485,000 common shares on the exercise of warrants raising gross proceeds of $434,875. Included in the common shares issued were 985,000 common shares that are not eligible to be traded until March 19, 2017.