Metals Creek Resources

(A Development Stage Enterprise)

Financial Statements
For the years ended December 31, 2016 and 2015

(Stated in Canadian Dollars)

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

December 31, 2016 and 2015

Wasserman
Ramsay

Chartered Accountants

3601 Hwy 7 East, Suite 1008, Markham, Ontario L3R 0M3
Tel. 905-948-8637 Fax 905.948.8638
email: wram@wassermanramsay.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Metals Creek Resources Corp.:

We have audited the accompanying financial statements of Metals Creek Resources Corp. which comprise the statements of financial position as at December 31, 2016 and 2015 and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

We believe that the audit evidence we have obtained 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 Metals Creek Resources Corp. as at December 31, 2016 and 2015 and the results of its operations, changes in equity and cash flows for the years then ended in accordance with International Financial Reporting Standards.

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

Wasserman Ramsay

Markham, Ontario
April 13, 2017

Chartered Accountants
Licensed Public Accountants

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

STATEMENTS OF FINANCIAL POSITION
For the years ended December 31

	2016	2015
	$	$
ASSETS		
Current		
Cash	**61,649**	117,761
Short term investments (notes 3 and 5)	**1,247,769**	317,344
Short term investments - restricted (note 5)	**573,495**	579,611
H.S.T. and other receivables	**134,249**	33,367
Staking security deposits (note 13)	**29,507**	28,457
Prepaid expenses	**15,322**	9,652
	2,061,991	1,086,192
Property and equipment (note 4)	**42,063**	29,797
Long term investments (note 6)	**171,836**	202,482
Exploration and evaluation assets (note 7)	**4,939,940**	4,431,626
	7,215,830	5,750,097
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (note 9)	**75,705**	137,494
Deferred premium on flow-through shares (note 8(vi))	**-**	116,185
	75,705	253,679
Equity		
Share Capital (note 8)	**12,930,736**	12,235,100
Reserves (note 8)	**6,832,135**	5,261,305
Deficit	**(12,622,746)**	(11,999,987)
	7,140,125	5,496,418
	7,215,830	5,750,097

Nature and Continuance of Operations – Note 1
Subsequent Event – Note 17

These financial statements are authorized for issue by the Board of Directors on April 13, 2017. They are signed on the Corporation's behalf by:

"Alexander Stares" Director

"Nick Tsimidis" Director

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

STATEMENTS OF COMPREHENSIVE LOSS
For the years ended December 31

	2016 $	**2015** $
EXPENSES		
Business development	111,956	104,855
Depreciation	12,364	14,335
Office and general	110,272	107,399
Professional fees (note 9)	62,781	66,986
Salaries and benefits	311,414	347,476
Share-based payments (note 8(iii))	282,407	25,544
Write-down of exploration and evaluation assets	27,691	610,520
Pre-acquisition exploration and evaluation expenses	53,212	60,835
Adjustment to fair value for fair value through profit and loss investments	(112,566)	86,737
Part XII.6 tax	6,526	-
	(866,057)	(1,421,687)
Loss before the following:	(866,057)	(1,421,687)
Gain on sale of exploration and evaluation assets, net	68,031	-
Grant and other revenue	-	8,460
Gain on sale of investments	44,298	1,165
Gain on sale of property and equipment	577	-
Interest and investment income	14,207	17,026
Loss before deferred tax recovery	(738,944)	(1,395,036)
Deferred tax recovery – flow-through (note 8(vi))	116,185	30,115
Loss and comprehensive loss for the year	(622,759)	(1,364,921)
Loss per share – basic and diluted	(0.02)	(0.09)
Weighted Average Shares Outstanding – basic and diluted	34,162,068	15,819,507

The accompanying notes form an integral part of these financial statements

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2016 and 2015

	Share Capital		Reserves			
	Number of Shares #	Share Capital $	Warrants $	Equity Settled Benefits $	Deficit $	Total
Balance at December 31, 2014	**98,571,214**	**11,728,403**	**-**	**5,051,615**	**(10,635,066)**	**6,144,952**
Share consolidation: 1 for 7	(84,489,611)	-	-	-	-	-
Issued for cash:						
Private placement	10,605,000	760,954	187,146	-	-	948,100
Share issue costs	-	(107,957)	-	-	-	(107,957)
Flow-through share premium (note 8(vi))	-	(146,300)	-	-	-	(146,300)
Share-based payments	-	-	-	22,544	-	22,544
Loss and comprehensive loss for the year	-	-	-	-	(1,364,921)	(1.364,921)
Balance at December 31, 2015	**24,686,603**	**12,235,100**	**187,146**	**5,074,159**	**(11,999,987)**	**5,496,418**
Balance at December 31, 2015	**24,686,603**	**12,235,100**	**187,146**	**5,074,159**	**(11,999,987)**	**5,496,418**
Issued for cash:						
Private placement	20,259,666	895,287	1,288,423			2,183,710
Share issue costs	-	(199,651)	-			(199,651)
Share-based payments	-	-	-	282,407	-	282,407
Loss and comprehensive loss for the year	-	-	-	-	(622,759)	(622,759)
Balance at December 31, 2016	**44,946,269**	**12,930,736**	**1,475,569**	**5,356,566**	**(12,622,746)**	**7,140,125**

The accompanying notes form an integral part of these financial statements

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

STATEMENTS CASH FLOWS
For the years ended December 31

	2016 $	2015 $
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Loss and comprehensive loss for the year	(622,759)	(1,364,921)
Deferred tax recovery – flow-through	(116,185)	(30,115)
Depreciation	12,364	14,335
Share-based payments	282,407	22,544
Adjustment to fair value for fair value through profit and loss investments	(112,566)	86,737
Write-down of exploration and evaluation assets	27,691	610,520
Gain on sale of long term investments	(44,298)	(1,165)
Increase in H.S.T. and other receivables	(100,882)	(13,475)
Decrease (increase) in prepaid expenses	(5,670)	2,601
Increase (decrease) in accounts payable and accrued liabilities	(61,789)	65,662
Cash flows used in operating activities	(741,687)	(607,277)
FINANCING ACTIVITIES		
Redemption (purchase)of short term investments	(920,810)	102,793
Issuance of capital stock for cash	2,183,710	948,100
Share issue costs – cash commission and expenses	(199,651)	(107,957)
Cash flows from financing activities	1,063,249	942,936
INVESTING ACTIVITIES		
Decrease (increase) in staking security deposits	(1,050)	12,800
Net proceeds on sale of long term investments	210,385	7,780
Expenditures on exploration and evaluation assets	(644,348)	(297,115)
Gain on sale of exploration and evaluation assets	(68,031)	-
Grant received on exploration and evaluation assets	100,000	-
Proceeds on sale of exploration and evaluation assets	50,000	-
Gain on sale of property and equipment	(577)	-
Proceeds on disposition of property and equipment	4,500	-
Acquisition of property and equipment	(28,553)	-
Cash flows from (used in) investing activities	(377,674)	(276,535)
Increase (decrease) in cash	(56,112)	59,124
Cash – beginning of year	117,761	58,637
Cash – end of year	61,649	117,761

Supplemental cash flow information (note 14)

The accompanying notes form an integral part of these financial statements

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Metals Creek Resources Corp. (the "Company") was incorporated on June 21, 2004 under the Business Corporations Act (Ontario). The Company's head office is located at 945 Cobalt Crescent, Thunder Bay, Ontario, Canada, P7B 5Z4.

The Company is an exploration stage company, and is in the process of exploring its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

The accompanying financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations, and the ability of the Company to raise additional capital. Specifically, the recovery of the Company's investment in exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop its properties and establish future profitable production from the properties, or from the proceeds of their disposition. The Company has working capital in the amount of $1,986,286 (December 31, 2015 - $832,513) and has a deficit in the amount of $12,622,746 (December 31, 2015 - $11,997,987). The Company has not earned any significant revenues to date and is considered to be in the exploration stage.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and statement of compliance with IFRS

These financial statements, including comparatives, have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the IASB ("International Accounting Standards Board"). These financial statements were authorized for issue by the Board of Directors on April 13, 2017.

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These financial statements including comparatives have been prepared on the basis of IFRS standards that were in effect on December 31, 2016.

The standards that are effective in the annual financial statements for the year ending December 31, 2016 are subject to change and may be affected by additional interpretation(s).
The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are presented in Canadian dollars (CDN), which is also the functional currency of the Company.

Investments in Joint Ventures

Entities whose economic activities are controlled jointly by the Company and other ventures independent of the Company (joint ventures) are accounted for using the proportionate consolidation method, whereby the Company's share of the assets, liabilities, income and expenses is included line by line in the financial statements.

Unrealized gains and losses on transactions between the Company and its joint ventures are eliminated to the extent of the Company's interest in those entities. Where unrealized losses are eliminated, the underlying asset is also tested for impairment.

Amounts reported in the financial statements of jointly controlled entities have been adjusted where necessary to ensure consistency with the accounting policies of the Company.

Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in joint ventures is not provided if the reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against the excess.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority

Changes in deferred tax assets or liabilities are recognized as a component of taxable income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Flow-Through Financing

The Company raises equity through the issuance of flow-through shares. Under this arrangement, shares are issued which transfer the tax deductibility of mineral property exploration expenditures to investors. The Corporation allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the shares. A deferred flow through premium liability is recognized for the difference. The liability is reversed pro-rata as expenditures are made and are recorded in the statement of loss and comprehensive loss. The spending also gives rise to a deferred tax timing difference between the carrying value and tax value of the qualifying expenditure.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a maximum period.

Property and Equipment

Purchased property and equipment are carried at acquisition cost less subsequent depreciation and impairment losses.

Depreciation is recognized on a declining balance basis to write down the cost or valuation less estimated residual value of property and equipment. The periods generally applicable are:

Furniture and fixtures and general equipment	20%
Computer equipment	55%
Computer software	100%
Automobile	30%
Leasehold improvements	20%

Material residual value estimates and estimates of useful life are updated as required, but at least annually, whether or not the asset is revalued.

Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss within “other income” or “other expenses.”

Environmental Rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest and can be the result of a legal or constructive obligation. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. 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 needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

Impairment

At each financial position reporting date 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 values 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 to their present value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less that 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 the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units to which the exploration activity relates. 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.

When 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 so 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.

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 is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

Segment reporting

An operating segment is a component of an entity (i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (ii) whose operating results are regularly reviewed by the entity's management, and (iii) for which discrete financial information is available. The Company has only one single reportable operating segment.

Share capital

Share capital represents the fair value of consideration received.

Operating Expenses

Operating expenses are recognized in profit and loss upon utilization of the services or at the date of their origin.

Share-based payment transactions

The Company operates equity-settled share-based remuneration plans for its employees, directors and consultants. None of the Company's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognized as an expense in profit or loss with a corresponding credit to 'reserves'.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Interest

Interest income and expenses are reported on an accrual basis using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term investments, highly liquid investments that are readily convertible into known amounts or cash and which are subject to an insignificant risk of changes in value.

Exploration and Evaluation Assets

Exploration and evaluation assets include the costs associated with exploration and evaluation activity (e.g. geological, geophysical studies, exploratory drilling and sampling), and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. The Company follows the practice of capitalizing all costs related to the acquisition of, exploration for and evaluation of mineral claims and crediting all revenue received against the cost of related claims. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the income statement.

Capitalized costs, including general and administrative costs, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Exploration and evaluation assets are assessed for impairment 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. The aggregate costs related to abandoned mineral climes are charged to operations at the time or any abandonment or when it has been determined that there is evidence of a permanent impairment.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to the that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is depended on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value adjusted by transactions costs and subsequently accounted for at amortized cost, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets
For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss

• held-to-maturity investments
• available for sale ("AFS") financial assets

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within 'office and general', or 'finance income', except for impairment of trade receivables which is presented within 'other expenses'.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, short-term investments, deposits, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets that are either classified as held-for-trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity. The Company currently does not hold any investments designated into this category.

Held-to-maturity investments are measured subsequently at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale investments
Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Corporation does not hold any available-for-sale financial assets.

All other available-for-sale financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognized in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognized in profit or loss within 'finance income'.

Reversals of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

Financial liabilities
The Company's financial liabilities include trade and other payables.

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognized in profit or loss.

All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at fair value through profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'office and general expenses' or 'finance income'.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each financial position reporting date. Financial assets are impaired where 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 flow of the investment have been impacted. For unlisted shares classified as AFS, 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 of 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 amounts receivable, deposits and prepayments, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. 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 uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decreases can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of AFS equity securities, impairment loses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

The Company does not have any derivative instruments.

Significant accounting judgments and estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the balance sheet date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i. the recoverability of amounts receivable and prepayments which are included in the statements of financial position;

ii. the estimated useful lives of property and equipment which are included in the statements of financial position and the related depreciation included in the statement of comprehensive loss for the year ended December 31, 2016;

iii. the inputs used in accounting for share purchase option expense in the statement of comprehensive loss; and

iv. the provision for income taxes which is included in the statements of comprehensive loss and composition of deferred income tax assets and liabilities included in the statement of financial position at December 31, 2016.

Future accounting pronouncements

IFRS 9, Financial Instruments effective for annual periods beginning after January 31, 2018. The standard is the first part of a multi-phase project to replace IAS 39, Financial Instruments: Recognition and Measurement. The Company is currently assessing the impact, if any, adoption of this standard will have on the financial statements.

3. SHORT TERM INVESTMENTS:

	December 31, 2016 $	December 31, 2015 $
Money Market Mutual Funds	1,821,264	821,655
Investment Trust	-	75,300
Subtotal	1,821,264	896,955
Less: Portion restricted for flow-through purposes (note 5)	(573,495)	(579,611)
Short term investments, net	1,247,769	317,344

These funds are available for exploration and operations upon the request of the Company.

The money market mutual funds consist of fully liquid, managed money market fund units that yield regular monthly dividends at market rates.

4. PROPERTY AND EQUIPMENT

	Cost	Acc. Depr.	Dec. 31, 2016 Net
Computer equipment	$ 25,470	$ 24,090	$ 1,380
Furniture and fixtures	13,467	11,433	2,034
Computer software	63,020	63,020	-
General equipment	33,028	24,968	8,060
Automobile	66,047	35,458	30,589
Leasehold improvements	4,812	4,812	-
	$ 205,844	$ 163,781	$ 42,063

	Cost	Acc. Depr.	Dec. 31, 2015 Net
Computer equipment	$ 24,163	$ 23,201	$ 962
Furniture and fixtures	13,467	10,925	2,542
Computer software	63,020	63,020	-
General equipment	33,028	22,953	10,075
Automobile	54,882	38,664	16,218
Leasehold improvements	4,812	4,812	-
	$ 193,372	$ 163,575	$ 29,797

5. RESTRICTION ON THE USE OF CASH AND CASH EQUIVALENTS

During the year ended December 31, 2016 and the year ended December 31, 2015 the Company issued common shares that were designated as being flow-through shares. One of the conditions of issuing flow-through shares is that the Company is required to retain the gross proceeds for the exclusive purpose of paying for qualified Canadian exploration expenditures associated with its exploration and evaluation assets.

	December 31, 2016	December 31, 2015
Restricted short term investments, beginning of period	$ 579,611	$ -
Gross proceeds received upon issuance of flow-through shares	663,750	729,300
Qualified exploration expenditures paid from these funds	(669,866)	(149,689)
Restricted short term investments, end of period	$ 573,495	$ 579,611

6. LONG TERM INVESTMENTS

	December 31, 2016		December 31, 2015	
	Market $	Cost $	Market $	Cost $
Canadian Equities				
Spruce Ridge Resources Ltd. (i)	5,000	56,250	3,750	56,250
Americas Silver Corporation (i)	3,336	21,249	1,144	21,249
Noble Mineral Exploration Inc. (ii)	7,500	58,125	7,500	58,125
Sokoman Iron Corp. (iii)	104,500	585,000	9,500	585,000
GTA Resources and Mining Inc. (iv)	-	-	6,000	28,000
Sandstorm Gold Ltd. (v)	-	-	150,088	453,985
Xmet Inc. (vi)	-	83,500	11,500	83,500
White Metal Resources Corp. (vii)	14,000	14,125	5,000	5,500
Benton Resources Inc. (viii)	31,500	18,250	8,000	7,000
Anaconda Mining Inc. (ix)	6,000	6,500	-	-
	171,836	842,999	202,482	1,298,609

(i) The Spruce Ridge shares are valued at the December 31, 2016 closing price of $0.02 per common share (December 31, 2015 - $0.015). The shares of Americas Silver Corporation (TSX:USA) were received from Spruce Ridge originally as shares of RX Gold & Silver (which later merged with U.S. Gold & Silver Inc.) as a dividend-in-kind based on the Company's pro-rata ownership of Spruce Ridge and are valued at the December 31, 2016 closing price of $3.50 per common share (December 31, 2015 - $0.10 – pre-one for twelve share consolidation).

(ii) The shares of Noble are traded on the TSX-V exchange under the symbol "NOB" and are valued at the December 31, 2016 closing price of $0.01 per common share (December 31, 2015 - $0.01).

(iii) The shares of Sokoman Iron Corp. (TSX-V: SIC) are valued at the December 31, 2016 closing price of $0.055 (December 31, 2015 - $0.005).

(iv) The 200,000 GTA shares were received pursuant to an option agreement on the Company's Squid East property in the Yukon. During the 2016 fiscal year the Company disposed of the entire share position for gross proceeds of $37,500 and recorded a gain on disposition of $21,500 based on the carrying value of the position prior to disposal.

(v) During the year ended December 31, 2016, the Company disposed of all of its shares of Sandstorm Gold Ltd. for net proceeds of $169,183.

(vi) The aggregate of 2.3 million shares held by the Company are valued at nil at December 31, 2016 (December 31, 2015 - $0.005) as the shares of Xmet were downgraded to the NEX Exchange during the current period. The common shares of Xmet formerly traded on the TSX Venture Exchange under the symbol "XME".

(vii) During 2014, the Company sold two claim blocks totaling 210 claim units in southwest Labrador known as the Senecal Lake Property ("SL") to White Metal Resources Corp., ("WHM") (formerly Trillium North Minerals Ltd.) a company associated by common directorship. Pursuant to the sale, WHM issued 500,000 common shares for a 100% ownership interest. In addition, WHM has granted a 1% N.S.R. on the SL property as well as a 1% N.S.R. on adjacent claims already owned by WHM. WHM may buy-back up to 0.5% of each respective N.S.R. for $500,000 each (or $1 million for both claim groups). Pursuant to a share escrow agreement, the Company has received a total of 350,000 shares of WHM valued at the December 31, 2016 closing price of $0.04 per share (December 31, 2015 - $0.025). Receipt of the shares was recorded as a reduction in the carrying cost of the property with any surplus amounts recorded in income in the current period.

(viii) During 2014, the Company executed an Option/Joint Venture agreement with Benton Resources Inc. ("Benton") (a company related to Metals Creek by common directorships) (see note 7(e) for details of the agreement). The 350,000 shares of Benton currently held by the Company are valued at the December 31, 2016 closing price of $0.09 per share (December 31, 2015 - $0.04). The shares of Benton trade on the TSX Venture Exchange under the symbol "BEX".

(ix) During the 2016 year, the Company optioned both the Jackson's Arm and Tilt Cove properties to Anaconda Mining Inc. ("Anaconda") in separate agreements. Both option agreements provide Anaconda the right to earn an undivided 100% interest in the properties located in Newfoundland (See Notes 7(d) and 7(f)). Pursuant to these agreements, the Company received 100,000 shares of Anaconda on signing the agreements and the shares are valued at the December 31, 2016 closing price of $0.06 per share. The shares of Anaconda trade on the TSX Exchange under the symbol "ANX".

7. EXPLORATION AND EVALUATION ASSETS

Mineral property acquisition, exploration and development expenditures are deferred until the properties are placed into production, sold, impaired or abandoned. These deferred costs will be amortized over the estimated useful life of the properties following commencement of production, or written-down if the properties are allowed to lapse, are impaired, or are abandoned. The deferred costs associated with each property for the year ended December 31, 2016 and the year ended December 31, 2015 is summarized in the tables below:

For the year ended December 31, 2016

		Dog Paw (a)	Ogden (b)	Yukon (c)	Jackson's Arm (d)	Staghorn (e)	Other (f)	Total
Dec. 31, 2015 - Acquisition Costs	$	-	446,609	-	-	-	-	446,609
Additions		-	17,070	480	-	-	4,195	21,745
Writedowns/Recoveries		-	-	(250)	-	-	(2,332)	(2,582)
Subtotal	$	-	17,070	230	-	-	1,758	19,163
Dec. 31, 2016- Acquisition Costs	$	**-**	**463,679**	**230**	**-**	**-**	**1,863**	**465,772**
Dec. 31, 2015 - Exploration and Evaluation Expenditures	$	-	3,985,017	-	-	-	-	3,985,017
Assaying		4,687	14,822	-	-	-	1,327	20,836
Prospecting		30,409	1,461	-	3,274	-	10,498	45,642
Geological		14,376	54,038	5,152	1,200	-	2,310	77,076
Trenching		28,739	-	-	-	-	-	28,739
Diamond Drilling		-	435,381	540	-	2,100	-	438,021
Miscellaneous		-	-	-	-	675	3,544	4,219
Aboriginal Consultation		8,071	-	-	-	-	-	8,071
Writedowns/Recoveries		(18,110)	(100,000)	(4,347)	(4,474)	(2,775)	(3,747)	(133,453)
Subtotal	$	68,172	405,702	1,345	-	-	13,932	489,151
Dec. 31, 2016 - Exploration and Evaluation Expenditures	$	**68,172**	**4,390,719**	**1,345**	**-**	**-**	**13,932**	**4,474,168**
Dec 31, 2016 - Total	$	**68,172**	**4,854,398**	**1,575**	**-**	**-**	**15,795**	**4,939,940**

For the year ended December 31, 2015

		Dog Paw (a)	Ogden (b)	Yukon (c)	Jackson's Arm (d)	Staghorn (e)	Other (f)	Total
Dec. 31, 2014 - Acquisition Costs	$	176,891	431,167	57,237	2,054	-	237,757	905,106
Additions		-	15,442	-	-	98	1,249	16,789
Writedowns/Recoveries		(176,891)	-	(57,237)	(2,054)	(98)	(239,006)	(475,286)
Subtotal	$	(176,891)	15,442	(57,237)	(2,054)	-	(237,757)	(458,497)
Dec. 31, 2015- Acquisition Costs	$	**-**	**446,609**	**-**	**-**	**-**	**-**	**446,609**
Dec. 31, 2014 - Exploration and Evaluation Expenditures	$	-	3,791,945	151,234	-	-	(96,754)	3,846,425
Assaying		2,442	5,457	-	-	-	266	8,165
Prospecting		25,863	-	-	-	4,305	1,334	31,502
Geological		27,905	56,521	1,540	-	5,086	17,134	108,186
Geophysical		-	-	-	-	-	1,614	1,614
Trenching		-	-	-	-	6,120	-	6,120
Diamond Drilling		-	131,094	720	-	7,050	306	139,170
Miscellaneous		-	-	-	-	450	-	450
Writedowns/Recoveries		(56,210)	-	(153,494)	-	(23,011)	76,100	(156,615)
Subtotal	$	-	193,072	(151,234)	-	-	96,754	138,592
Dec. 31, 2015 - Exploration and Evaluation Expenditures	$	**-**	**3,985,017**	**-**	**-**	**-**	**-**	**3,985,017**
Dec. 31, 2015 - Total	$	**-**	**4,431,626**	**-**	**-**	**-**	**-**	**4,431,626**

a. Dog Paw Gold Property

In 2007, the Company acquired an option on the Dog Paw Gold project which is located approximately 40 km east of Kenora, Ontario and consists of 14 claims totaling 160 units. The Company entered into an option agreement with Endurance Gold Corp. whereby under the initial option the Company could earn a 70% interest in the property by making share payments totaling 400,000 shares (completed in 2008) and completing work commitments of $200,000 on the property (completed). The Company exercised a second option to earn a further 5% in the property by issuing a further 50,000 common shares (completed in 2008) and spent an additional $250,000 on the property (completed). The Company has now earned a 78% interest and a joint venture has been formed on a 78% (the Company) and 22% (Endurance Gold Corp.) basis. The Company presently has limited planned exploration activity on the project and has written off exploration and evaluation expenditures totaling $18,110 (December 31, 2015 - $228,218) during the year.

b. Ogden

During 2008, the Company entered into an agreement with Goldcorp Canada Ltd. ("Goldcorp") to jointly explore Goldcorp's mining claims located in Ogden and Deloro Townships, located six kilometres south of Timmins, Ontario. The property consists of 84 patented and unpatented claims totaling approximately 1,184 hectares (the "Property"). The agreement allows for the Company to earn 50% of Goldcorp's interest in the Property by funding total expenditures on the Property of $3,100,000 over four years as follows: (i) $400,000 in year one, (ii) $700,000 in year two and (iii) $1,000,000 in each of years three and four. The Company was also required to make cash and share payments to Goldcorp as follows: (i) $40,000 cash and $25,000 worth of common shares on signing (completed in 2008), (ii) $35,000 cash and $25,000 worth of common shares on the first anniversary (completed in 2009), (iii) $35,000 cash and $50,000 worth of common shares on the second anniversary (completed in 2010), (iv) $100,000 worth of common shares on the third anniversary (completed in 2011), and (v) $150,000 worth of common shares on the fourth anniversary (completed). Within six months of the Company's vesting its 50% interest in the Property, Goldcorp had the option to buy back a 20% interest from the Company for a cash payment of up to $310,000, expending $4,100,000 on the Property within two years, and completing a feasibility study within three years.

The Company was the operator of the Property during the earn-in period and afterwards, provided it holds a 50% or greater interest in the Property. During 2012, the Company received notice that Goldcorp did not intend to pursue its back-in right on the Ogden property and as a result, the Company and Goldcorp executed a 50/50 joint venture agreement. If either party becomes diluted to a 10% interest, that interest will be converted into a 2% Net Smelter Return Royalty.

During 2016 the Company applied for a grant through the Northern Ontario Heritage Fund's Junior Exploration Assistance Program administered through the Ontario Prospector's Association. The amount of this grant was for the maximum eligible amount for a single project of $100,000. Subsequent to December 31, 2016, the Company received the $100,000 grant. The grant was fully accrued in the 2016 fiscal year and reflected as a reduction of the deferred exploration and evaluation costs associated with the Ogden project.

c. Yukon

The Yukon property consists of 148 staked claims in two separate claim blocks in the Dawson Range gold district. The claim blocks are located in the Matson Creek area (Squid East and West properties) . The Company owns a 100% interest in all claim blocks. The Company previously had no current exploration plans for the project as a result had written off exploration and evaluation expenditures totaling $4,597 (December 31, 2015 - $210,731) during the current year pertaining to all claim blocks.

During the 2016 year, the Company entered into an option and joint venture agreement with Trifecta Gold Ltd. ("Trifecta") whereby Trifecta can earn up to a 75% interest in the Squid East and Squid West claim blocks. For the initial 60%, Trifecta must make cash payments of $45,000 ($10,000 received subsequently) and issue 6,500,000 Trifecta shares both over a threeyear period (1 million shares are currently receivable pending Trifecta obtaining public company listing status) and incur $2,250,000 in work expenditures ($500,000 by first anniversary) over the three year period. Trifecta may then form a 60/40 joint venture or elect to earn an additional 15% by paying the Company $50,000 and 3,500,000 Trifecta shares within 60 days of the third anniversary date as well as incur an additional $1 million in work expenditures by the fourth anniversary.

d. Jackson's Arm

The Jackson's Arm property consists of 53 staked claim units totaling 1,325 hectares and is located in north-central Newfoundland. The Company owns a 100% interest in the project.

The Company presently has no planned exploration activity on the project due to current market conditions and has written off exploration and evaluation expenditures totaling nil (December 31, 2015 - $2,054) during the current year.

During the 2016 year, the Company entered into an option agreement, (the "Jackson's Arm Agreement") with Anaconda Mining Inc. ("Anaconda"), whereas Anaconda has the right to acquire a 100% undivided interest in the Company's Jackson's Arm property. To earn a 100% interest in the Jackson's Arm property, Anaconda is required to make aggregate payments to the Company of $200,000 in cash ($20,000 received), and 500,000 common shares of Anaconda (50,000 shares received) over a three-year period. The Jackson's Arm Agreement provides for a two percent (2%) net smelter returns royalty ("NSR") to the Company on the sale of gold bearing mineral products from the Jackson's Arm property. The NSR is capped at $1,500,000, after which, the NSR will be reduced to one percent (1%). Anaconda is required to spend a total of $750,000 in qualified exploration expenditures on the Jackson's Arm property during the option period.

e. Staghorn

During 2008, the Company entered into an agreement with a group of prospectors to earn a 100% interest in a group of 76 claim units spread over 1,216 hectares in the Wood Lake area in west central Newfoundland subject to a 2% Net Smelter Royalty, 50% of which can be purchased for $1,000,000.

The Company determined that it would not be conducting any further work on the property and wrote off $2,775 (December 31, 2015 - $9,609) in deferred exploration and evaluation expenditures during the period as the project is being funded under option as discussed below.

During 2014, the Company executed an Option/Joint Venture agreement on the Staghorn project with Benton Resources Inc. ("Benton") (a company related to the Company by common directorships) whereby Benton can earn up to a 70% interest in Staghorn. Pursuant to the agreement, Benton can earn an initial 60% interest by making cash payments totaling $50,000 ($30,000 received to date), issuing a total of 500,000 shares of Benton (350,000 received to date) and incurring work expenditures totaling $500,000 (completed), all over a threeyear period. Benton will be the operator during the earn-in period. Once a 60% interest is earned by Benton, either a 60/40 joint venture will be formed, or Benton may elect to earn an additional 10% interest to bring its total property interest to 70% by paying $50,000 cash and issuing an additional 500,000 Benton shares within 60 days of the 3rd anniversary date and incurring an additional $500,000 in exploration expenditures by the 5th anniversary date.

f. Other Properties

Included in Other Properties (located in Ontario and Newfoundland) are the Tilt Cove; Tally Pond; Feagan Lake; Mealy Intrusion; Victoria Lake and Clark's Brook and Rogerson Lake properties. During the year ended December 31, 2016 the Company incurred $53,212 (December 31, 2015: $60,835) in pre-acquisition exploration and evaluation costs which were included in expenses for the year. In addition, due to no current work plans, the Company wrote off exploration and evaluation expenditures totaling $6,079 (December 31, 2015 - $151,906) during the year related to other properties.

Feagan Lake Graphite Property

The Feagan Lake claim block consists of 14 claims totaling 179 contiguous claim units and is located northwest of Hearst, Ontario.

During 2014, the Company executed an option agreement with Xmet pursuant to which Xmet has the option to earn a 60% interest in the Feagan Lake Graphite project. In order to earn a fifty percent (50%) interest in the claims, Xmet has agreed (a) to make a cash payment of $5,000 (received) and issue 1,000,000 common shares (received) to Metals Creek, forthwith after receiving the approval of the Exchange (received); (b) carry out

$60,000 in work obligations (completed), make a cash payment of $15,000 (received) and issue a further 1,000,000 shares (received) to Metals Creek within five months of Exchange approval; (c) carry out a further $150,000 in work obligations and perform a minimum 500m of drilling within one year of Exchange approval; (d) carry out a further $250,000 in work obligations and issue 500,000 shares to Metals Creek within two years of Exchange approval; and (e) carry out a further $425,000 in work obligations and issue 500,000 shares to Metals Creek within three years of Exchange approval. Xmet may then increase its interest from fifty percent to sixty percent within 90 days after earning its fifty percent interest by making a cash payment of $100,000, issuing 1,500,000 shares to the Optionor and conducting $1,000,000 in work obligations over the next year. Xmet may at any time accelerate its obligations to earn its interest earlier. Once Xmet's interest is earned, the project will continue as a joint venture with Metals Creek.

Mealy Intrusion/Senecal Lake Property

During 2014, the Company sold two claim blocks totaling 210 claim units in southwest Labrador known as the Senecal Lake Property ("SL") to White Metal Resources Corp., ("WHM") (formerly Trillium North Minerals Ltd.) a company associated by common directorship. Pursuant to the sale, WHM issued 500,000 common shares for a 100% ownership interest. In addition, WHM has granted a 1% N.S.R. on the SL property as well as a 1% N.S.R. on adjacent claims already owned by WHM. WHM may buy-back up to 0.5% of each respective N.S.R. for $500,000 each (or $1 million for both claim groups). The Company has received 350,000 shares of WMH pursuant to this agreement.

Iron Horse

The Company retains a 0.9% royalty from the Iron Horse Project located approximately 120 km Northeast of Labrador City, Labrador and held by Sokoman Iron Corp.

Tilt Cove

During the 2016 year, the Company entered into an option agreement, (the "Agreement") with Anaconda Mining Inc. ("Anaconda"), whereas Anaconda has the right to acquire a 100% undivided interest in the Company's property. To earn a 100% interest in the Tilt Cove property, Anaconda is required to make aggregate payments to Metals Creek of $200,000 in cash ($20,000 received), and 500,000 common shares of Anaconda (50,000 shares received) over a three-year period. The Tilt Cove Agreement provides for a one percent (1%) NSR to the Company on the sale of gold-bearing mineral products from the Tilt Cove property. Anaconda is also assuming an existing two percent (2%) NSR (the "Existing NSR") on one of the two licenses that comprises the Tilt Cove property. One percent (1%) of the Existing NSR is purchasable for $1,250,000. Anaconda is required to spend a total of $750,000 in qualified exploration expenditures on the Tilt Cove property during the option period.

8. CAPITAL AND RESERVES

i. Share Capital

At December 31, 2016, the authorized share capital comprised an unlimited number of common shares and an unlimited number of preferred shares.

To date, no preferred shares have been issued.

During the year ended December 31, 2015, the Company completed a consolidation of its share capital on the basis of 1 for 7. Prior to the consolidation, the Company had 98,571,214 shares issued and outstanding. The effect of the share consolidation on the outstanding common shares and both the number of stock options and warrants and their respective exercise prices have been reflected in these financial statements.

ii. Share Purchase Warrants

Details of share purchase warrant transactions for the years ended December 31, 2016 and 2015 are as follows:

	# of Warrants	Amount $	Wtd. Avg. Ex. Price
Balance, December 31, 2014	-	-	-
Pursuant to private placements (note 8(vi))	2,025,000	139,356	$0.15
Finders warrants pursuant to above	762,400	47,790	$0.11
Balance, December 31, 2015	2,787,400	187,146	$0.14
Pursuant to private placements (note 8(vi))	17,604,666	1,124,419	$0.16
Finders warrants pursuant to above	1,540,400	164,004	$0.12
Balance, December 31, 2016	21,932,466	1,475,569	$0.16

For purposes of the warrants granted, the fair value of each warrant was estimated on the date of grant using an option pricing model, using the assumptions noted in note 8(vi).

Pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

The following table summarizes information about the warrants outstanding at December 31, 2016 and December 31, 2015:

Expiry Dates	Exercise Price	December 31, 2016 # of Warrants	December 31, 2015 # of Warrants
September 14, 2017	$0.15	1,535,000	1,535,000
October 2, 2017	$0.15	650,000	650,000
November 20, 2017	$0.10	602,400	602,400
April 22, 2018	$0.18	2,466,666	-
May 12, 2018	$0.18	1,917,200	-
August 19, 2019	$0.10	1,061,200	-
August 19, 2019	$0.16	13,700,000	-
		21,932,466	2,787,400

iii. Stock Options

Details of stock option transactions for the years ended December 31, 2016 and 2015:

	# of Options	Wtd. Avg. Ex. Price
Balance, December 31, 2014	1,342,859	$0.98
Granted during the year	57,143	$0.70
Expired during the year	(279,284)	$1.11
Balance, December 31, 2015	1,120,718	$0.91
Granted during the period	3,735,000	$0.11
Expired during the period	(676,429)	$1.15
Balance, September 30, 2016	4,179,289	$0.17

The following table summarizes information about the options outstanding at December 31, 2016 and December 31, 2015:

Expiry Dates	Exercise Price	December 31, 2016 # of Options	December 31, 2015 # of Options
March 2016	$1.645	-	189,286
August 2016	$0.91	-	397,857
July 2017	$0.91	42,858	42,858
August 2018	$0.70	237,145	258,574
October 2019	$0.49	164,286	175,000
May 2020	$0.70	-	57,143
March 2021	$0.11	1,285,000	-
July 2021	$0.12	875,000	-
August 2021	$0.16	400,000	-
September 2021	$0.10	1,175,000	-
		4,179,289	1,120,718

The Company applies the fair value method of accounting for share-based payments using an option pricing model.

Stock options granted to directors, officers, employees and consultants vested during the year ended December 31, 2016 are as follows:

Grant Date	# of Options	Exercise Price	Expiry Date
May 3, 2015	44,809	$0.70	May 3, 2020
March 11, 2016	1,204,027	$0.11	March 11, 2021
July 29, 2016	661,223	$0.12	July 29, 2021
August 19, 2016	279,384	$0.16	August 19, 2021
Sept. 20, 2016	721,837	$0.10	Sept. 20, 2021
	2,911,280		

The Company has calculated $282,407 as share-based payments expense and under capital stock as reserves for the 2,911,280 options vesting to directors, officers and employees and consultants during the period:

- For the 44,809 options vesting from the May 3, 2015 grant, the fair value of each vested option is $0.0213 and was estimated on the grant date with the following assumptions: dividend yield of 0%, expected volatility of 156%, a risk-free interest rate of 1.13% and an expected life of approximately 5 years.

- For the 1,204,027 options vesting from the March 11, 2016 grant, the fair value of each vested option is $0.1066 and was estimated on the grant date with the following assumptions: dividend yield of 0%, expected volatility of 193%, a risk-free interest rate of 0.80% and an expected life of approximately 5 years.

- For the 661,223 options vesting from the July 29, 2016 grant, the fair value of each vested option is $0.1075 and was estimated on the grant date with the following assumptions: dividend yield of 0%, expected volatility of 204%, a risk-free interest rate of 0.60% and an expected life of approximately 5 years.

- For the 279,384 options vesting from the August 19, 2016 grant, the fair value of each vested option is $0.1042and was estimated on the grant date with the following assumptions: dividend yield of 0%, expected volatility of 180%, a risk-free interest rate of 0.68% and an expected life of approximately 5 years.

- For the 721,837 options vesting from the September 20, 2016 grant, the fair value of each vested option is $0.0733 and was estimated on the grant date with the following assumptions: dividend yield of 0%, expected volatility of 207%, a risk-free interest rate of 0.71% and an expected life of approximately 5 years.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

iv. Stock Option Plan

The Company has a Stock Option Plan (the "Plan") for directors, officers, employees and consultants. The Plan authorizes the granting of options to purchase up to a maximum of 4,494,627 common shares of which 4,179,289 are outstanding at December 31, 2016. The Plan provides that:

- any options granted pursuant to the Plan shall expire no later than five years after the date of grant;
- any options granted pursuant to the Plan shall be non-assignable and non-transferable;
- the number of common shares issuable pursuant to the Plan to any one person in any 12 month period shall not exceed 5% of the outstanding common shares;
- the number of common shares issuable pursuant to the Plan to any one consultant in any 12 month period may not exceed 2% of the outstanding common shares;
- the number of common shares issuable pursuant to the Plan to persons employed in technical consulting activities may not exceed 2% of the outstanding common shares in any 12 month period.
- the Plan provides that options shall expire and terminate 90 days following the date the optionee ceases to be an employee, director or officer of, or consultant to, the Company, provided that if such termination is as a result of death of the optionee, the optionee's personal representative shall have one year to exercise such options.
- the maximum number of common shares which may be reserved and set aside for issue under Plan is equal to up to 10% of the issued and outstanding common shares, provided that the Board may, subject to Shareholder and regulatory approvals, increase such number.
- the Plan provides that options granted under the plan shall vest in the optionee, and may be exercisable by the optionee as follows: (1) 1/3 on the date of granting; (2) 1/3 six months from the date of granting; and (3) 1/3 twelve months from the date of granting.

v. Shareholder Rights Plan

The Company has adopted a shareholder rights plan (the "Rights Plan") to ensure the fair treatment of all Company shareholders in connection with any take-over bid for the outstanding common shares of the Company. The Rights Plan will provide the Company's shareholders with adequate time to properly evaluate and assess a take-over bid without facing undue pressure or coercion. The Rights Plan also provides the board of directors of the Company with additional time to consider any take-over bid and, if applicable, to explore alternative transactions in order to maximize shareholder value.

Pursuant to the Rights Plan, any bid that meets certain criteria intended to protect the interests of all shareholders are deemed to be "Permitted Bids". A Permitted Bid must be made by way of a take-over bid circular prepared in compliance with applicable securities laws and, in addition to certain other conditions, must remain open for 60 days. In the event a take-over bid does not meet the Permitted Bid requirements of the Rights Plan, the rights issued under the plan will entitle shareholders, other than any shareholder or shareholders involved in the take-over bid, to purchase additional common shares of the Company at a significant discount to the market price of the common shares at that time.

vi. Private Placements

During the year ended December 31, 2016, the Company completed the following private placements:

- The Company completed a private placement in two tranches by issuing a total of 5,310,000 flow-through units at $0.125 per unit, each unit consisting of one flow-through common share and one half of one common share purchase warrant, each whole warrant entitling the holder thereof to acquire one common share of the Company at a price of $0.18 for a period of 24 months following the closing. In addition, the Company issued 1,249,666 units at $0.12 per unit, each unit consisting of one common share and one share purchase warrant, each warrant entitling the holder thereof to acquire one common share of the Company at a price of $0.18 for a period of 24 months following the closing. Total gross proceeds received in the private placement was $813,710.

  The fair value of the 4,383,866 common share purchase warrants received by investors and finders have been estimated at $538,770 using the Black-Scholes option pricing model for the following assumptions: dividend yield of 0%, expected volatility of 218%, a risk-free interest rate of 0.56%-0.63%, and an expected life of 2 years.

  In connection with the private placement, the Company issued 479,200 finders warrants (included above) having the same terms as the warrants issued in the private placement and described above and in addition, paid finders' fees and other commissions equal to $62,530. All securities issued are subject to a four month hold period from the date of issuance.

- The Company completed a private placement ("Private Placement") for aggregate gross proceeds of $1,370,000. The Private Placement consisted of the issuance of 13,700,000 units at a price of $0.10 per unit. Each unit consists of one common share and one common share purchase warrant, each whole warrant entitles the holder thereof to purchase one additional common share of the Company at an exercise price of $0.16 per common share for a period of 36 months from the date of issue. An aggregate of 13,700,000 warrants were issued under the Private Placement. In connection with the Private Placement, the Company issued 1,061,200 finder's warrant entitling the holders to purchase one additional common share of the Company at an exercise price of $0.10 per share during the 36 months from the closing date. The Company also paid finder's fees and other commission equal to $106,120. All securities pursuant to the Private Placement are subject to a four month hold period from the date of issuance.

  The fair value of the 14,761,200 common share purchase warrants received by investors and finders have been estimated at $749,653 using the Black-Scholes option pricing model for the following assumptions: dividend yield of 0%, expected volatility of 192%, a risk-free interest rate of 0.58%, and an expected life of 3 years.

During the year ended December 31, 2015, the Company completed the following private placements:

- The Company completed a private placement in two tranches by issuing a total of 2,100,000 flow-through units at $0.10 per unit, each unit consisting of one flow-through common share and one half of one common share purchase warrant, each whole warrant entitling the holder thereof to acquire one common share of the Company at a price of $0.15 for a period of 24 months following the closing. In addition, the Company issued 975,000 non flow-through units at $0.08 per unit, each unit consisting of one common share and one share purchase warrant, each warrant entitling the holder thereof to acquire one common share of the Company at a price of $0.15 for a period of 24 months following the closing. Total gross proceeds received in the private placement was $288,000.

  The fair value of the 2,185,000 common share purchase warrants received by investors and finders have been estimated at $139,536 using the Black-Scholes option pricing model for the following assumptions: dividend yield of 0%, expected volatility of 212%, a risk-free interest rate of 0.45%, and an expected life of 2 years.

  In connection with the private placement, the Company issued 160,000 finders warrants (included above) having the same terms as the warrants issued in the private placement and described above and in addition, paid finders fees and other commissions equal to $22,700. All securities issued are subject to a four month hold period from the date of issuance.

- The Company completed an additional private placement by issuing a total of 5,770,000 flow-through common shares at $0.09 per share and 1,760,000 common shares at $0.08 per share for gross proceeds of $660,100.

  In connection with the private placement, the Company issued 602,400 finders warrants, each warrant entitling the holder thereof to acquire one common share of the Company at a price of $0.10 per share for a period of 24 months following the closing. The fair value of the warrants have been estimated at $47,790 using the Black-Scholes option pricing model for the following assumptions: dividend yield of 0%, expected volatility of 216%, a risk-free interest rate of 0.45% and an expected life of 2 years. In addition, the Company paid cash commissions equal to $52,808. All securities issued are subject to a four month hold period from the date of issuance

The deferred premium on flow-through shares in the amount of $nil (December 31, 2015 – $116,185) consists of the premium portion of 7,870,000 flow-through shares issued at between $0.09 and $0.10 per unit during the 2015 year. The difference between the closing prices and the issued prices, net of the value of the one-half warrant issued with each share, is treated as a liability in accordance with IFRS. This liability is reversed into earnings as the Company incurs flow-through eligible exploration and evaluation expenditures. This reversal amounted to $116,185 for the year ended December 31, 2016 (December 31, 2015 – $30,115). There was no deferred premium associated with the flow-through shares issued during the year ended December 31, 2016.

9. RELATED PARTY TRANSACTIONS

The Company paid or accrued the following amounts to related parties during the year ended December 31, 2016 and 2015:

Payee	Description of Relationship	Nature of Transaction	December 31, 2016 Amount ($)	December 31, 2015 Amount ($)
Stares Prospecting Ltd.	Company controlled by Alexander Stares, Director and Officer	Payments for field services and equipment rentals capitalized in deferred development expenditures	850	-
Eastrock Exploration/ Wayne Reid	Company controlled by Wayne Reid, Director and Officer	Payments for geological consulting services and reimbursement of expenses	28,800	28,800
Nick Tsimidis	Director and Officer	Payments for consulting fees and reimbursement of expenses	19,568	22,500

The purchases from/fees charged by related parties are in the normal course of operation and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the year ended December 31, 2016, the Company received from Benton Resources Inc. $10,000 (December 31, 2015 - $10,000) and 150,000 common shares of Benton (December 31, 2015 – 100,000 shares) pursuant to an option and joint venture agreement entered into by the Company and Benton on the Company's Staghorn property. Benton is related to the Company by common directorships.

Included in accounts payable and accrued liabilities at December 31, 2016 is:

- $2,760 payable to Eastrock Exploration Inc., (December 31, 2015: $2,712)

During the year ended December 31, 2016 the Company recovered $4,568 in wages from a company related by common directorships for the use of the Company's field geological personnel (December 31, 2015 - $18,705)

Key management personnel remuneration during the year ended December 31, 2016 included $363,334 (December 31, 2015 - $366,578) in salaries and benefits and $199,096 (December 31, 2015 - $10,785) in share-based payments. There were no post-retirement or other long-term benefits paid to key management personnel during the year.

10. CAPITAL DISCLOSURES

The Company's objectives when managing capital are as follows:

- To safeguard the Company's ability to continue as a going concern;
- To raise sufficient capital to finance its exploration and evaluation activities on its mineral exploration properties; and
- To raise sufficient capital to meet its general and administrative expenditures.

The Company manages its capital structure and makes adjustment to it, based on the general economic conditions, its short term working capital requirements, and its planned exploration and evaluation program expenditure requirement. The capital structure of the Company is composed of working capital and shareholders' equity. The Company may manage its capital by issuing flow-through or common shares, or by obtaining additional financing.

The Company utilizes annual capital and operating expenditure budgets to facilitate the management of its capital requirement. These budgets are approved by management and updated for changes in the budgets underlying assumptions as necessary.

There were no changes in the Company's approach to managing capital during the year.

In order to maintain or adjust the capital structure, the Company considers the following;

i) incremental investment and acquisition opportunities;
ii) equity and debt capital available from capital markets;
iii) equity and debt credit that may be obtainable from the marketplace as a result of growth in mineral reserves;
iv) availability of other sources of debt with different characteristics than the existing bank debt;
v) the sale of assets;
vi) limiting the size of the investment program; and
vii) new share issuances if available on favorable terms.

Except as otherwise disclosed, the Company is not subject to any external financial covenants at December 31, 2016.

11. RISK MANAGEMENT

The Company's financial instruments are exposed to certain risks, including credit risk, liquidity risk, interest rate risk and market risk.

(a) Credit Risk

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by those counterparties, less any amounts owed to the counterparty by the Company where a legal right of offset exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

i) Trade credit risk
The Company is in the exploration stage and has not yet commenced commercial production or sales. Therefore, the Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior period.

ii) Cash and cash equivalents
In order to manage credit and liquidity risk the Company's cash and short term investments are held through large Canadian Financial Institutions. Staking security deposits are held by the Government of Newfoundland.

iii) Derivative financial instruments
As at December 31, 2016, the Company has no derivative financial instruments.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities.

Accounts payable and accrued liabilities are due within the current operating period.

(c) Interest rate risk

The Company's interest revenue earned on cash and or short-term investments is exposed to interest rate risk. The Company does not enter into derivative contracts to manage this risk. The Company's exposure to interest rate is very low as the Company's short term investments are either fully liquid or bear short staggered maturity dates to mitigate the risk of fluctuating interest rates.

The Company limits its exposure to interest rate risk as it invests only in short-term investments at major Canadian financial institutions.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and is comprised of currency risk, interest rate risk, and other price risk. The Company currently does not have any financial instruments that would be impacted by changes in market prices.

12. INCOME TAXES

a. Income tax recovery

The provision for (recovery of) income taxes differs from the amount that would have resulted by applying Canadian federal and provincial statutory tax rates of 26.5% (December 31, 2015 – 26.5%).

	December 31, 2016	December 31, 2015
Loss before taxes	$ (738,944)	$ (1,395,036)
Expected income tax expense (recovery) calculated using statutory rates	(195,820)	(369,685)
Non-deductible expenses and other	37,681	207,326
Share issue costs	(16,303)	(36,945)
Valuation allowance on current taxes recoverable	58,257	169,189
Deferred tax recovery (flow-through)	$ (116,185)	$ (30,115)

b. **Deferred Tax Balances**

The tax effects of temporary differences that give rise to deferred income tax assets and deferred income tax liabilities at the combined Canadian federal and provincial statutory tax rates are as follows:

		December 31, 2016		December 31, 2015
Non-capital losses	$	1,380,244	$	1,215,676
Investments		202,204		279,948
Deferred exploration expenditures		(328,521)		(147,715)
Share issue costs		56,124		21,591
Property and equipment		836		1,036
Valuation allowance		(1,310,887)		(1,370,536)
	$	-	$	-

c. **Income Tax Information**

The Company has non-capital losses which will expire, if unused, as follows:

Year of Expiry		Amount
2027		312,501
2028		477,824
2029		628,389
2030		595,537
2031		525,285
2032		877,369
2034		693,711
2035		752,089
2036		658,272
Total	**$**	**5,520,976**

The Company evaluates its valuation allowance requirements based on projected future operations. When circumstances change and this causes a change in management's judgment about the recoverability of deferred tax assets, the impact of the change on the valuation allowance is reflected in current income.

In addition to the above-noted loss non-capital loss carry-forwards, the Company also has approximately $3.7 million in combined Cumulative Canadian Exploration Expenses (CEE) and Cumulative Canadian Development Expenses (CDE) available for deduction from future taxable income in future years without expiry as well as net capital loss carry-forwards amounting to $137,651.

13. STAKING SECURITY DEPOSITS

Staking security deposits of $29,507 (December 31, 2015 – $28,457) represents security amounts paid to the Government of Newfoundland and Labrador in connection with mineral property claims located in the Province of Newfoundland. These staking security deposits are refundable to the company upon submission by the company of a report covering the first year work undertaken which meets the requirements of the Government of Newfoundland and Labrador.

14. SUPPLEMENTAL CASH FLOW INFORMATION

The following transactions did not result in cash flows and have been excluded from operating, financing and investing activities:

	December 31, 2016 $	December 31, 2015 $
Non-cash financing activities		
Fair value of warrants issued	1,288,423	187,146
Deferred premium on flow-through shares	-	146,300
Non-cash investing activities		
Shares received for exploration and evaluation assets	26,375	6,500

15. LOSS PER SHARE

Basic loss per common share has been calculated using the weighted average number of common shares outstanding in each respective period. As the issue of shares upon the exercise of stock options and warrants would be anti-dilutive, diluted loss per common share is equivalent to basic loss per common share.

16. COMMITMENTS

The Company has entered into a lease agreement for its office premises in Thunder Bay, Ontario expiring September 15, 2017 for $1,219 per month.

During the year ended December 31, 2015, the Company hired Paradox Public Relations ("Paradox") to provide investor relations. The agreement is for a minimum of three months and maximum of 24 months, at a monthly fee of $5,500. In addition, Paradox received 57,143 stock options to acquire the same number of common shares of the Company at $0.70 per share. These options are subject to the vesting previsions under the Company's stock option plan. During the year ended December 31, 2016 the Company terminated its agreement with Paradox and the options expired during the current period.

During the current period, the Company retained Star Finance GmbH ("Star Finance") to provide investor relations services. The contract is for a period of 12 months commencing on September 1, 2016. Under the terms of the contract, the Company will pay Star Finance $9,000 on a quarterly basis, reimburse Star Finance for certain pre-approved expenses, and is granting Star Finance options to purchase 400,000 common shares of the Company at an exercise price of $0.16 per share vesting in stages over a period of twelve months from the date of grant.

The Company has an obligation to expend $573,495 on qualified Canadian exploration expenditures related to a private placement from which flow-through shares were issued at December 31, 2016. These funds must be fully expended on qualified Canadian exploration expenditures by December 31, 2017. The Company is in compliance with all mineral property obligations to the best of the Company's knowledge.

17. SUBSEQUENT EVENT

Subsequent to December 31, 2016, the Company and Benton Resources Inc. ("Benton") jointly executed a letter of intent with a Newfoundland prospector (the "Vendor") pursuant to which the Company and Benton have been granted an option a 100% interest (50% each) in 22 claim units located in the Victoria Lake area in central Newfoundland. Under the agreement, the Company and Benton will make staged payments to the Vendor totaling $45,000 ($5,000 on signing) and 450,000 common shares (50,000 on signing) over a three year period. All cash and share payments will be split 50% Benton and 50% Metals Creek. The Vendor will retain a 2% net smelter return ("NSR") on the property. The Company and Benton will have the right to buy back 1% of the NSR for $1,000,000. This transaction is subject to TSX Venture Exchange approval as well as a due diligence period expiring June 15, 2017.