BLACKROCK GOLD CORP.
(Formerly Almo Capital Corp.)

Financial Statements

For The Years Ended October 31, 2016 and 2015

(Expressed in Canadian Dollars)

DeVISSERGRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Blackrock Gold Corp. (formerly Almo Capital Corp.),

We have audited the accompanying financial statements of Blackrock Gold Corp. (formerly Almo Capital Corp.) which comprise the statements of financial position as at October 31, 2016 and 2015, and the statements of comprehensive loss, cash flows and changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 Blackrock Gold Corp. (formerly Almo Capital Corp.) as at October 31, 2016 and 2015 and its financial performance and its 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 modifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has limited working capital, limited sources of revenue, and is dependent upon its ability to secure new sources of financing. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
February 28, 2017

BLACKROCK GOLD CORP.
(Formerly Almo Capital Corp.)

Statements of Financial Position
(Expressed in Canadian Dollars)

		October 31, 2016		October 31, 2015
Assets				
Current assets				
Cash	**$**	**47,880**	$	3,341
Amounts receivable		**11,495**		1,294
Prepaid expenses (Note 11)		**267,171**		-
		326,546		4,635
Non-current assets				
Equipment (Note 6)		**-**		984
Exploration and evaluation assets (Note 3)		**992,041**		991,041
	$	**1,318,587**	$	996,660
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**53,173**	$	10,500
Due to related parties (Note 5)		**13,709**		2,155
Loans payable (Note 7)		**881,672**		-
		948,554		12,655
Non-current liability				
Loans payable (Note 7)		**-**		881,672
		948,554		894,327
Shareholders' Equity				
Share capital (Note 4)		**2,198,008**		1,389,307
Reserve – Equity-settled employee benefits (Note 4)		**230,989**		171,133
Deficit		**(2,058,964)**		(1,458,107)
		370,033		102,333
	$	**1,318,587**	$	996,660

Nature of Operations and Going Concern (Note 1)
Events Subsequent to the Year End (Note 12)

Approved by the Directors:

"Alan Carter"
Alan Carter, Director

"Deepak Malhotra"
Deepak Malhotra, Director

The accompanying notes are an integral part of these financial statements

BLACKROCK GOLD CORP.
(Formerly Almo Capital Corp.)

Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended October 31, 2016	2015
Operating expenses		
Accounting and audit	**$ 15,400**	$ 8,882
Administrative services (Note 5)	**13,950**	-
Bank charges and interest	**1,635**	358
Consulting fees (Note 5)	**15,000**	-
Depreciation (Note 6)	**171**	317
Foreign exchange gain	**(10,601)**	-
Management fees (Note 5)	**45,000**	-
Marketing and communications	**68,426**	-
Legal fees	**57,870**	9,991
Office expense	**12,454**	3,362
Regulatory and filing fees	**34,360**	13,168
Share-based compensation	**59,856**	-
Travel	**28,998**	1,199
Wages	**24,241**	17,059
Loss from operations	**366,760**	54,336
Other items		
Write-off of exploration and evaluation assets (Note 3)	**233,284**	301,571
Write-off of equipment (Note 6)	**813**	-
Net and Comprehensive Loss for the year	**$ 600,857**	$ 355,907
Basic and Diluted Loss per share	**$ (0.08)**	$ (0.07)
Weighted average number of shares outstanding Basic and Diluted	**7,651,984**	5,356,410

The accompanying notes are an integral part of these financial statements

BLACKROCK GOLD CORP.
(Formerly Almo Capital Corp.)
Statements of Cash Flows
(Expressed in Canadian dollars)

		Year Ended October 31,		
		2016		2015
Cash provided by (used for):				
Operating activities				
Net loss for the year	**$**	**(600,857)**	$	(355,907)
Adjustment for items not involving cash:				
Depreciation		**171**		317
Share-based compensation		**59,856**		-
Write-off of exploration and evaluation assets		**233,284**		301,571
Write-off of equipment		**813**		-
		(306,733)		(54,019)
Changes in non-cash operating capital:				
Amounts receivable		**(10,201)**		1,190
Prepaid expenses		**(267,171)**		-
Accounts payable and accrued liabilities		**42,673**		(7,862)
Due to related parties		**11,554**		225
		(529,878)		(60,466)
Investing activity				
Exploration and evaluation assets		**(214,284)**		(5,978)
		(214,284)		(5,978)
Financing activities				
Issuance of common shares, net of share issue costs		**788,701**		-
Increase in loans payable		**-**		60,000
		788,701		60,000
Increase (decrease) in cash		**44,539**		(6,444)
Cash, beginning of the year		**3,341**		9,785
Cash, end of the year	**$**	**47,880**	$	3,341
Supplementary disclosure:				
Shares issued for exploration and evaluation assets	**$**	**20,000**	$	-

The accompanying notes are an integral part of these financial statements

BLACKROCK GOLD CORP.
(Formerly Almo Capital Corp.)
Statements of Changes in Equity
(Expressed in Canadian dollars)

	Number of shares		Share capital		Reserve – Equity-settled employee benefits		Deficit		Total Equity
Balance at October 31, 2014	5,356,410	$	1,389,307	$	171,133	$	(1,102,200)	$	458,240
Net loss for the year	-		-		-		(355,907)		(355,907)
Balance at October 31, 2015	5,356,410	$	1,389,307	$	171,133	$	(1,458,107)	$	102,333
Balance at October 31, 2015	5,356,410		1,389,307		171,133		(1,458,107)		102,333
Shares issued for private placements	10,911,998		825,900		-		-		825,900
Share issue costs	-		(37,199)		-		-		(37,199)
Shares issued for exploration and evaluation assets	200,000		20,000		-		-		20,000
Share-based compensation	-		-		59,856		-		59,856
Net loss for the year	-		-		-		(600,857)		(600,857)
Balance at October 31, 2016	16,468,408	$	2,198,008	$	230,989	$	(2,058,964)	$	370,033

The accompanying notes are an integral part of these financial statements

1) NATURE OF OPERATIONS AND GOING CONCERN

Blackrock Gold Corp. (Formerly Almo Capital Corp.) ("our" or the "Company") was incorporated on April 16, 1999 under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition, exploration and development of mineral properties located in Canada. Effective July 27, 2016, the Company changed its name from Almo Capital Corp. to Blackrock Gold Corp. The Company's shares began trading on the TSX Venture Exchange ("TSX-V") under the symbol "BRC.V" on July 27, 2016.

The head office, registered address, principal address and records office of the Company are located at 7120 144th street, Surrey, BC, V3W 5S2.

These financial statements have been prepared assuming the Company will continue on a going-concern basis, or that it will continue to realize its assets and meet its obligations in the normal course of business. The Company has incurred losses since inception and has an accumulated operating deficit of $2,058,964 at October 31, 2016 (October 31, 2015 - $1,458,107). The ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate equity and/or debt financing to fund its exploration and administrative expenses.

There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in the statement of financial position. These conditions indicate the existence of material uncertainties that cast significant doubt that the Company will be able to continue on a going concern basis. Failure to maintain the support of creditors and obtain additional external equity financing will cause the Company to curtail operations and the Company's ability to continue as a going concern will be impaired. The outcome of these matters cannot be predicted at this time. These financial statements contain no adjustments which would likely become necessary should the Company become unable to continue as a going concern.

Management plans to continue to pursue equity and debt financing to support operations. Management believes this plan will be sufficient to meet the Company's liabilities and commitments as they become payable over the next twelve months. There can be no assurance that management's plan will be successful.

2) SIGNIFICANT ACCOUNTING POLICIES

These financial statements were authorized for issue on February 28, 2017 by the directors of the Company.

Statement of compliance with International Financial Reporting Standards

These financial statements of the Company, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee.

Basis of presentation

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as available-for-sale or fair value through profit or loss that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting.

These financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective or available for adoption on October 31, 2016, the Company's annual reporting date.

2) SIGNIFICANT ACCOUNTING POLICIES – Continued

Accounting estimates and judgments

The preparation of these financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in these financial statements. 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amounts of assets and liabilities within the next financial year.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments include the expected economic lives of and the estimated future operating results and net cash flows from exploration and evaluation assets as well as the Company's ability to continue as a going concern for the next year.

Cash and cash equivalents

Cash and cash equivalents consist of balances on deposit and investments in highly liquid short-term deposits which are readily convertible into known amounts of cash and which are subject to insignificant risks of changes in fair value. The Company had no cash equivalents at October 31, 2016 and October 2015.

Financial instruments

Financial assets

The Company recognizes financial assets at fair value, plus transaction costs in the case of financial assets not subsequently measured at fair value through profit or loss, when it becomes party to a contract. The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive income (loss). Cash is designated within this category.

Loans and receivables – These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. 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. This category includes trade accounts receivable.

2) SIGNIFICANT ACCOUNTING POLICIES – Continued

Financial instruments – Continued

Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, 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 the statement of comprehensive income (loss).

Available-for-sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of comprehensive income (loss).

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.

Financial liabilities

The Company classifies its financial liabilities into one of two categories. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive income (loss). The Company has no liabilities classified within this category.

Other financial liabilities – This category includes amounts due to related parties, accounts payable and accrued liabilities and loans payable all of which are recognized at amortized cost. At October 31, 2016, all amounts approximated their value due to their short-term nature.

Exploration and Evaluation Assets

Once a license to explore an area has been secured, expenditures on exploration and evaluation assets are capitalized and classified as a non-current asset. Exploration expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress within property, plant and equipment.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any impairment provisions are written off.

2) SIGNIFICANT ACCOUNTING POLICIES – Continued

Equipment

Capital assets are recorded at cost and depreciated over their estimated useful lives. The Company records depreciation on a declining balance basis for equipment, at the following annual rates.

Automobile	30%
Equipment	20%

The depreciation rates are reduced by one-half in the years of acquisition and disposal. Equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, is regularly identified and written off.

Impairment of non-current assets

The Company's exploration and evaluation assets and equipment are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in the statement of comprehensive income (loss). Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the impairment charge for the period.

The Company provides for the costs of future reclamation activities at the time it conducts exploration and evaluation activities and records the present value of the estimated reclamation expenditures required to restore the exploration sites in the year in which the obligation is incurred. When the obligation is recognized, the estimated expenditures are recorded in operations. Changes in estimated reclamation expenditures will be recognized as changes to the corresponding assets and reclamation liability in the year in which they occur.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the agreement to issue shares was concluded.

2) SIGNIFICANT ACCOUNTING POLICIES – Continued

Share-based payments

The Company grants share purchase options to directors, officers, employees and consultants to purchase common shares. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in the Equity-Settled Employee Benefits reserve. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

Earnings or loss per share

The Company presents the basic and diluted earnings or loss per share data for its common shares, calculated by dividing the earnings or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings or loss per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

Income taxes

The Company accounts for income taxes using the asset and liability method on temporary differences between the carrying amounts of assets and liabilities on the statement of financial position and their corresponding tax values, using enacted or substantially enacted income tax rates at each statement of financial position date. Deferred assets also result from unused losses and other deductions carried forward. The valuation of deferred tax assets is reviewed on a regular basis and adjusted to the extent that it is not probable that sufficient taxable profit will be available to allow all or a part of the deferred income tax asset to be utilized by use of a valuation allowance to reflect the estimated realizable amount.

Recent Accounting Pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not yet early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements. Those that may be applicable to the Company are as follows:

IFRS 9 Financial Instruments

IFRS 9 reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted.

(Expressed in Canadian dollars)

2) SIGNIFICANT ACCOUNTING POLICIES – Continued

Recent Accounting Pronouncements – Continued

IFRS 16 Leases

IFRS 16 The new standard will replace IAS 17 Leases and eliminates the classification of leases as either operating or finance leases by the lessee. The treatment of leases by the lessee will require capitalization of all leases resulting in an accounting treatment similar to finance leases under IAS 17 Leases. Exemptions for leases of very low value or short- term leases will be applicable. The new standard will result in an increase in lease assets and liabilities for the lessee.

Under the new standard the treatment of all lease expense is aligned in the statement of earnings with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under 17 Leases. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019.

3) EXPLORATION AND EVALUATION ASSETS

Title Disclaimer

As at October 31, 2016, all of the Company's exploration and evaluation assets are located in British Columbia, Canada and Nevada, United States. Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated title to all of its minerals properties and, to the best of its knowledge; both of its properties are in good standing.

	October 31, 2014	Net Additions /(Recoveries)	October 31, 2015	Net Additions	October 31, 2016
	$	$	$	$	$
NEVADA Medicine Springs Property					
Acquisition	-	-	-	117,269	117,269
Geological	-	-	-	25,604	25,604
Legal costs	-	-	-	5,948	5,948
Advance for exploration work	-	-	-	30,180	30,180
Property costs written off	-	-	-	(179,001)	(179,001)
	-	-	-	-	-

(Expressed in Canadian dollars)

3) EXPLORATION AND EVALUATION ASSETS – Continued

	October 31, 2014	Net Additions /(Recoveries)	October 31, 2015	Net Additions	October 31, 2016
	$	$	$	$	$
BRITISH COLUMBIA					
DD Property					
Acquisition	8,870	-	8,870	1,000	9,870
Assays and IP survey	41,683	-	41,683	-	41,683
Consulting	64,135	-	64,135	-	64,135
Geologist	191,706	1,773	193,479	-	193,479
Field expenses	57,504	-	57,504	-	57,504
Property costs written off	(121,000)	(130,801)	(251,801)	-	(251,801)
	242,898	(129,028)	113,870	1,000	114,870
Moore Property					
Acquisition	5,985	-	5,985	-	5,985
Assays and IP survey	34,680	-	34,680	-	34,680
Consulting	21,505	-	21,505	-	21,505
Geologist	198,326	1,773	200,099	-	200,099
Field expenses	2,062	-	2,062	-	2,062
Drilling	612,840	-	612,840	-	612,840
	875,398	1,773	877,171	-	877,171
Nickel Cobalt Property					
Acquisition	3,573	-	3,573	-	-
Consulting	4,429	-	4,429	-	-
Geologist	157,506	1,772	159,277	-	-
Field expenses	2,627	662	3,289	-	-
Drilling	203	-	203	-	-
Property costs written off	-	(170,771)	(170,771)	-	-
	168,338	(168,338)	-	-	-
Total exploration and evaluation assets	1,286,634	(295,593)	991,041	1,000	992,041

Portrero Gold-Silver Project

On October 24, 2016, the Company signed a letter of intent to earn up to 80% interest in the Portrero Gold-Silver Project 235 kilometres north-west of Durango, Mexico. The terms of the earn-in agreement involved Blackrock paying the owner of the Portrero project, Grupo Jomargo ("Jomargo"), a total of US$875,000 and investing a minimum of US$2M over 2 years to earn an initial 55% interest. The payment schedule is as follows; US$25,000 (paid) upon signing of the Letter of Intent, US$100,000 upon completion of the due diligence and signing of a definitive agreement, $US100,000 after 12 months, and US$650,000 after 24 months; 50% of the future payments may paid in shares of Blackrock, at the option of the Company.

3) EXPLORATION AND EVALUATION ASSETS – Continued

Subsequent to year-end, the Company decided to withdraw from the agreement due to lower than expected gold and silver values in the rock samples. See Note 12(iii). As such, the Company has written off all costs ($54,283) related to this project as of October 31, 2016.

Medicine Springs Property

On June 16, 2016, the Company entered into an option and joint venture agreement (the "Agreement") with privately-held Golden Tiger Minerals Inc. ("Golden Tiger"). The Company has been granted an option to acquire up to an 80% undivided interest in Golden Tiger's leasehold rights to the Medicine Springs property in Elko County, Nevada.

The Company has the option to acquire a minimum 50% undivided interest and a maximum 80% undivided interest in the Leasehold Rights subject to a 3% net smelter royalty in favour of Messrs. Duerr and Sutherland and a 0.5% net smelter royalty in favour of Nevada Eagle Resources, LLC, a subsidiary of Newmont Mining Corporation

To acquire the minimum interest the Company has to (a) pay US$150,000 to Golden Tiger, US$50,000 of which was paid upon execution of the Agreement and US$50,000 which is due on or before the first and second anniversaries of the Agreement; (b) issue 600,000 shares to Golden Tiger, 200,000 shares to be issued within 5 days of the date of Exchange approval (Refer to Note 4 (v)) and a further 200,000 shares on or before the first and second anniversary of the Agreement; and (c) make expenditures of US$600,000 on the Medicine Springs Property, US$100,000 of which is to be incurred on or before the first anniversary of the Agreement and US$500,000 on or before the second anniversary of the Agreement.

To acquire the maximum interest, the Company has to have earned the minimum interest and the Company has to (a) pay an additional US$150,000 to Golden Tiger, US$50,000 of which is due on or before the third, fourth and fifth anniversaries of the Agreement; (b) issue an additional 400,000 shares to Golden Tiger, 200,000 shares to be issued on or before the third and fourth anniversary of the Agreement; and (c) make expenditures of an additional US$1,650,000 on the Medicine Springs Property, US$500,000 of which is to be incurred on or before the third and fourth anniversary of the Agreement and US$650,000 on or before the fifth anniversary of the Agreement.

The cash payments, issuance of shares and payment of expenditures is at the Company's sole discretion.

Pursuant to the Agreement, the Company is also required to pay US$25,000 to the Bureau of Land Management on or before August 16th of each commencing August 16, 2016 to August 16, 2020. As operator of all work programs on the property, the Company is entitled to charge a management fee equal to 15% of expenditures administered by it.

A joint venture will be deemed to be formed between Golden Tiger and the Company upon the earliest of receipt by Golden Tiger of the minimum interest notice, the date the Company acquires the maximum interest and the fifth anniversary of the Agreement.

Subsequent to the year end, the owners of the Medicine Springs property terminated the lease agreement with Golden Tiger. See Note 12(vi). As such, the Company has written off all costs ($179,001) related to this project as of October 31, 2016.

3) EXPLORATION AND EVALUATION ASSETS – Continued

DD Property

By an agreement dated July 29, 2015, the Company acquired the remaining 49.99% interest in the DD property claims. Pursuant to this agreement, the pre-existing 3% NSR royalty has been terminated.

By an agreement dated April 30, 2003 (amended August 25, 2003 and September 5, 2003) the Company acquired a 50.01% interest (subject to a 3% Net Smelter Returns ("NSR") royalty) in 17 mineral claims located in the Cariboo Mining Division, for consideration of:

- $1.01 cash on approval of the agreement by the TSX Venture Exchange (paid); and
- Incurring exploration expenditures totaling $200,000 on or before April 30, 2006 (incurred)

For the year ended October 31, 2013, four claims were allowed to lapse, resulting in the write-off of $121,000 in exploration and evaluation expenditure costs. During 2015, two claims were allowed to lapse and subsequent to October 31, 2015, five claims were allowed to lapse resulting in the write-off of $130,800 in exploration and evaluation expenditure costs at October 31, 2015.

Moore Property

By an agreement dated September 10, 2004, the Company had an option to acquire a 100% interest in 34 mineral claims located in the Kamloops Mining Division. In order to earn its 100% interest in this property, the Company was required to pay $5,000 and incur $50,000 in exploration expenditures over four years from the agreement date (incurred). In 2007, the Company satisfied all conditions of the option agreement and currently has a 100% interest in this property.

Nickel Cobalt Property

By an agreement dated July 29, 2015, the Company acquired the remaining 48% interest in the Nickel Cobalt Property. Pursuant to this agreement, the pre-existing 3% NSR royalty has been terminated.

During 2015, management made a decision to focus on the Company's core properties resulting in the write-off of $170,771 in exploration and evaluation expenditure costs.

4) SHARE CAPITAL

a) Authorized:

The authorized share capital of the Company consists of unlimited common shares without par value.

b) Issued:

During the year ended October 31, 2016, the Company issued the following common shares:

(i) On May 4, 2016, the Company closed a non-brokered private placement for 1,000,000 units at a price of $0.075 per unit for gross proceeds of $75,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable for a period of two years at a price of $0.15. The transaction is considered a related party transaction as the units were issued to 1062954 B.C. Ltd., an insider of the Company. The Company incurred legal fees totaling $9,500.

4) SHARE CAPITAL – Continued

(ii) On May 13, 2016, the Company closed a non-brokered private placement for 200,000 units at a price of $0.075 per unit for gross proceeds of $15,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable for a period of two years at a price of $0.15.

(iii) On June 10, 2016, the Company closed a brokered private placement for 1,976,000 units at a price of $0.075 per unit for gross proceeds of $148,200. Each unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable for a period of two years at a price of $0.15. The Company paid finders fees totaling $6,830.

(iv) On July 6, 2016, the Company closed a brokered private placement for 1,236,000 units at a price of $0.075 per unit for gross proceeds of $92,700. Each unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable for a period of two years at a price of $0.15. The Company paid finders' fees to Cannacord Genuity Corp. and PI Financial Corp. totaling $5,040 and $1,499 respectively.

(v) On August 5, 2016, the Company issued 200,000 common shares as part of its option agreement for the Medicine Springs property. The common shares were valued at $0.10 per common share for a total fair value of $20,000.

(vi) On September 16, 2016, the Company issued 3,133,332 units at a price of $0.075 per unit for gross proceeds of approximately $235,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional share in the capital of the Company at a price of $0.15 until September 16, 2018. If during the exercise period of the warrants, but after the resale restrictions on the shares have expired, the Company's shares trade at or above a weighted average trading price of $0.30 per share for 15 consecutive trading days, the Company may accelerate the expiry time of the warrants by giving written notice to warrant holders that the warrants will expire 30 days from the date of providing such notice. Finder's fees of 7% payable in cash were paid to Canaccord Genuity Corp. and Richardson GMP with respect to a portion of the private placement.

(vii) On October 19, 2016, the Company issued 2,866,666 units at a price of $0.075 per unit and 500,000 units at a price of $0.09 per unit for gross proceeds of $260,000. Each Unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional share in the capital of the Company at a price of $0.15 until October 19, 2018. If during the exercise period of the warrants, but after the resale restrictions on the shares have expired, the Company's shares trade at or above a weighted average trading price of $0.30 per share for 15 consecutive trading days, the Company may accelerate the expiry time of the warrants by giving written notice to warrant holders that the warrants will expire 30 days from the date of providing such notice. Finder's fees of 7% were paid to Canaccord Genuity Corp.

(Expressed in Canadian dollars)

4) SHARE CAPITAL – Continued

c) Share purchase options

The Company adopted an incentive stock option plan ("the Plan") which provides that the number of shares issuable under the plan may not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Plan may have a maximum term of 10 years. The exercise price of options granted under the Plan may not be less than the discounted market price of the shares on grant date, or such other price as may be agreed to by the Company and accepted by the TSX Venture Exchange.

The continuity of share purchase options for the year ended October 31, 2016 and year ended October 31, 2015 is as follows:

	Year Ended October 31, 2016		Year Ended October 31, 2015	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
		$		$
Balance, beginning of the year	-	-	-	-
Granted	1,170,000	0.10	-	-
Forfeited	(100,000)	0.10		
Outstanding and Exercisable, end of the year	1,070,000	0.10	-	-

The options have a weighted average life of 4.85 years.

Expiry Date	Number of Options	Exercise Price
		$
August 25, 2021	870,000	0.09
October 19, 2021	200,000	0.12

The fair value of the share-based payments expense was estimated using the following assumptions:

Risk-free interest rate	0.69% - 0.71%
Expected annual volatility	103.00% - 105.66%
Expected life (years)	5
Dividend yield	0%

The weighted average grant date fair value per option was $0.0546.

(Expressed in Canadian dollars)

4) SHARE CAPITAL – Continued

d) Warrants

The continuity of warrants for the year ended October 31, 2016 and year ended October 31, 2015 is as follows:

	Year Ended October 31, 2016		Year Ended October 31, 2015	
	Number of Warrants	Exercise Price	Number of Warrants	Exercise Price
		$		$
Balance, beginning of the year	-	-	-	-
Granted	10,911,998	0.15	-	-
Outstanding, end of the year	10,911,998	0.15	-	-

The warrants have a weighted average life of 1.80 years.

Expiry Date	Number of Warrants	Exercise Price
		$
May 4, 2018	1,000,000	0.15
May 13, 2018	200,000	0.15
June 10, 2018	1,976,000	0.15
July 6, 2018	1,236,000	0.15
September 16, 2018	3,133,332	0.15
October 19, 2018	3,366,666	0.15

5) RELATED PARTY TRANSACTIONS

All transactions with related parties have occurred in the normal course of operations and management represents that they have occurred on a basis consistent with those involving unrelated parties, and accordingly that they are measured at fair value.

As at October 31, 2016, the Company owed $13,709 (October 31, 2015, $2,155) to related parties. Of this amount, $6,709 (2015 - $2,155) is payable to the former President and CEO of the Company, who resigned in April 2016, for cash advances and miscellaneous expenditures paid on behalf of the Company; $5,250 ($2015 - $Nil) is payable to a Company controlled by the President and CEO of the Company for management services; and $1,750 (2015 - $Nil) is payable to a director of the Company for administrative services. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

During the year ended October 31, 2016, the Company incurred administrative fees totalling $13,950 (2015 - $Nil) to a director of the Company and consulting fees totalling $15,000 (2015 - $Nil) to a company controlled by an insider and control person of the Company. This individual was an insider and control person from March 2, 2016 to September 30, 2016. The administrative fees are incurred on a month-by-month basis. Pursuant to a consulting agreement dated August 1, 2016, the Company will pay consulting fees of $5,000 per month for a period of one year for services supporting the CEO of the Company in relation to business development, seeking new projects and financing.

Also see Note 4(i).

(Expressed in Canadian dollars)

5) RELATED PARTY TRANSACTIONS – Continued

Key Management Compensation

During the year ended October 31, 2016, the Company incurred management fees totalling $45,000 (2015 - $Nil). Of this amount, $35,000 was charged by a company controlled by the President and CEO of the Company and $10,000 was charged by two companies controlled by the CFO of the Company. These amounts are incurred on a month-by-month basis.

During the year ended October 31, 2016, $51,600 (2015- $NIL) in share-based compensation was in respect of officers and directors of the Company.

6) EQUIPMENT

	Automobile	Equipment	Total
	$	$	$
Cost			
Balance, October 31, 2014	13,427	2,685	16,112
Additions	-	-	-
Balance, October 31, 2016 and October 31, 2015	13,427	2,685	16,112
Accumulated depreciation			
Balance, October, 2014	12,839	1,972	14,811
Depreciation	169	148	317
Balance, October 31, 2015	13,008	2,120	15,128
Depreciation	89	82	171
Write-off	330	483	813
Balance, October 31, 2016	13,427	2,685	16,112
Net book value			
Balance, October 31, 2014	588	713	1,301
Balance, October 31, 2015	419	565	984
Balance, October 31, 2016	-	-	-

7) LOANS PAYABLE

The loans are payable to two private companies controlled by the former President and CEO of the Company who resigned in April 2016. Pursuant to loan amendment agreements in 2013, the maturity dates were extended from August 31, 2013 to August 31, 2018 and interest on the loans was waived effective November 1, 2011. The amount payable consists of the following:

	October 31, 2016	October 31, 2015
Principal	$ 784,878	$ 784,878
Accrued interest	96,794	96,794
Total	$ 881,672	$ 881,672

In February 2017, the Company settled these loans for an aggregate payment of $30,000. See Note 12 (v).

(Expressed in Canadian dollars)

8) INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery for the years ended October 31, 2016 and 2015 is as follows:

		2016		2015
Net loss for the year	$	600,857	$	355,907
Effective statutory rate		26.00%		26.00%
Expected income tax recovery		156,223		92,536
Net effect of deductible and non-deductible amounts		(67,620)		(78,493)
Change in valuation allowance		(88,603)		(14,043)
	$	-	$	-

The significant components of the Company's deferred income tax assets at October 31, 2015 and 2014 are as follows:

		2016		2015
Deferred tax assets:				
Exploration and evaluation assets	$	583,001	$	434,180
Non-capital loss carry-forwards		1,164,000		859,000
Capital loss carry-forwards		409,611		410,000
Equipment		16,112		15,128
Share issue costs		29,759		-
Total deferred tax assets	$	2,202,483	$	1,718,308

The Company did not realize the deferred tax asset for the year ended October 31, 2016 as it was unlikely to be realized.

The Company has non-capital losses of approximately $1,164,000 expiring in stages to 2036 as follows:

Expiry date		Non-capital Losses
2026	$	213,000
2027		99,000
2028		91,000
2029		-
2030		73,000
2031		114,000
2032		56,000
2033		67,000
2034		86,000
2035		54,000
2036		311,000
	$	1,164,000

(Expressed in Canadian dollars)

8) INCOME TAXES - Continued

The Company has Canadian resource pools of approximately $1,575,000 and capital losses of approximately $819,000 at October 31, 2016

9) CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its projects. In the management of capital, the Company includes the components of shareholders' equity, as well as cash and cash equivalents. There are no external restrictions on the use of the Company's capital.

The Company manages its 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 issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets, by the status of the Company's projects in relation to these markets, and its ability to compete for investment or support of its projects.

10) FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

Financial Instruments

Financial instruments must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are as follows:

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

The carrying values, fair market values, and fair value hierarchal classification of the Company's financial instruments are as follows:

	Level 1	Level 2	Level 3	Total
October 31, 2016	$	$	$	$
Cash	47,880	-	-	47,880

	Level 1	Level 2	Level 3	Total
October 31, 2015	$	$	$	$
Cash	3,341	-	-	3,341

Cash is measured using Level 1. The Company does not have any financial instruments that are measured using Level 2 or Level 3 inputs. During the year, there were no transfers between Level 1, Level 2, and Level 3 classified assets and liabilities.

10) FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS - Continued

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

Financial Risk Factors

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with two major banks in Canada. As most of the Company's cash is held by two banks, there is a concentration of credit risk. This risk is managed by using major banks that are high credit, quality financial institutions as determined by rating agencies.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company attempts to manage liquidity risk by maintaining a sufficient cash balance. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at October 31, 2016, the Company had cash of $47,880 to settle current liabilities of $948,554.

11) COMMITMENTS

On September 9, 2016 the Company entered into the following agreements:

(i) a digital marketing agreement for online marketing services for a period of 90 days commencing November 28, 2016. A digital marketing fee of US$125,000 (CDN$167,500) was paid to the advertiser as compensation for these services.

(ii) a digital marketing agreement for online marketing services for a period of 90 days commencing November 28, 2016. A digital marketing fee of $37,500 was paid to the advertiser as compensation for these services.

On September 20, 2016, the Company entered into the following agreements:

(iii) a consulting services agreement for advisory services for a period of six months at $5,000 per month commencing October 1, 2016. In consideration for the consultant providing the services, the Company paid the consultant $37,500.

(iv) a consulting agreement for marketing, networking, financial, capital raising and corporate development services for a period of four months at $5,000 per month commencing September 20, 2016. In consideration for the consultant providing the services, the Company paid the consultant $20,020.

Of these amounts, $247,513 (2015 - $Nil) is included in prepaid expenses as of October 31, 2016.

12) EVENTS SUBSEQUENT TO THE YEAR END

The following transaction occurred subsequent to the year-end:

(i) On November 18, 2016, the Company appointed Mr. Tom Bruington to the Board of Directors. As part of the appointment, Mr. Bruington was granted 100,000 share purchase options exercisable at $0.10 per common share for a period of five years. The share purchase options are fully vested on the date of grant.

(ii) On November 30, 2016, the Company entered into a $25,000 loan agreement with one of its directors. The loan bears an interest rate of 10% per annum and the loan together with interest is repayable upon demand or before November 30, 2017. The loan is secured by a promissory note.

(iii) On December 14, 2016, the Company withdrew from the earn-in agreement on El Portrero Gold-Silver Project. The Company had entered into a letter of intent to earn up to an 80% interest in the project.

(iv) On January 11, 2017, the Company appointed Mr. Micheal O'Connor as the new CEO of the Company and Mr. Catalin Chiloflischi as a director of the Company. As part of the appointment Mr. O'Connor was granted 200,000 share purchase options and Mr. Chilolflichi was granted 100,000 share purchase options excisable at $0.075 per common share for a period of five years. The share purchase options are fully vested on the date of grant.

(v) On February 2, 2017, the Company settled the outstanding debt of approximately $882,000 owed to Silcum Resources Limited and Precious Metals Corporation. The creditors have forgiven the outstanding debt in consideration of an aggregate payment of $30,000 from the Company. Silcum Resources Limited forgave outstanding debt in the amount of approximately $285,000 upon receipt of $10,000. Precious Metals Corporation forgave debt in the amount of approximately $597,000 upon receipt of $20,000.

(vi) On February 5, 2017, the owners of the Medicine Springs property sent a termination notice to Golden Tiger terminating the lease agreement pursuant to which Golden Tiger held the leasehold rights to explore and operate on certain mineral property claims because certain default events had not been resolved. As a result of this termination, the Agreement between the Company and Golden Tiger is no longer valid.

(vii) On February 17, 2017, the Company closed a financing totalling $408,875 by issuing 5,451,666 units (the "Units") at a price of $0.075 per Unit. Each Unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional share in the capital of the Company at a price of $0.15 until February 17, 2019. If during the exercise period of the warrants, but after the resale restrictions on the shares have expired, the Company's shares trade at or above a weighted average trading price of $0.30 per share for 15 consecutive trading days, the Company may accelerate the expiry time of the warrants by giving written notice to warrant holders that the warrants will expire 30 days from the date of providing such notice. Finder's fees of 7% ($6,475) on certain of the proceeds were paid to Canaccord Genuity Corp.

(viii) On February 20, 2017, the Company entered into a debt settlement agreement with certain creditors to issue up to 626,933 shares of the Company at a deemed price of $0.075 to settle liabilities of approximately $47,000. This settlement is subject to Exchange approval.