GOLDEN PEAK MINERALS INC.

FINANCIAL STATEMENTS

AUGUST 31, 2016 AND 2015

(EXPRESSED IN CANADIAN DOLLARS)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Golden Peak Minerals Inc.

We have audited the accompanying financial statements of Golden Peak Minerals Inc. which comprise the statements of financial position as at August 31, 2016 and 2015, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Golden Peak Minerals Inc. as at August 31, 2016 and 2015, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 2 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Golden Peak Minerals Inc. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
December 21, 2016

GOLDEN PEAK MINERALS INC.
Statements of Financial Position
As at August 31, 2016 and 2015
(Expressed in Canadian Dollars)

	2016	2015
ASSETS		
Current		
Cash	$ 170	$ 190
GST receivable	6,859	585
	7,029	775
Exploration and evaluation assets (Note 6)	393,959	434,398
	$ 400,988	**$ 435,173**
LIABILITIES & SHAREHOLDERS' EQUITY		
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 7)	$ 279,002	$ 103,501
Directors loans (Note 7)	-	12,900
	279,002	116,401
Shareholders' Equity		
Share capital (Note 8)	1,487,628	1,116,381
Contributed surplus	219,332	212,129
Deficit	(1,584,974)	(1,009,738)
	121,986	318,772
	$ 400,988	**$ 435,173**

Going Concern (Note 2)
Commitments (Notes 6 and 11)
Subsequent Events (Note 13)

Authorized for issuance on behalf of the Board on December 21, 2016:

"R. Todd Hanas" Director

"Dominic Verdejo" Director

GOLDEN PEAK MINERALS INC.
Statements of Comprehensive Loss
For the Years Ended August 31, 2016 and 2015
(Expressed in Canadian Dollars)

	2016	2015
Expenses		
Pre-exploration costs	$ 87,980	$ -
Management fees (Note 7)	63,750	60,000
Professional fees (Note 7)	53,657	48,825
Office and general	22,290	11,882
Consulting fees	22,285	16,500
Rent (Note 7)	20,792	29,045
Transfer agent and filing fees	18,815	18,452
Shareholder communications and investor relations	6,269	14,920
Loss before other item	295,838	199,624
Other Item		
Impairment of exploration and evaluation assets (Note 6)	279,398	-
Net loss and comprehensive loss for year	$ 575,236	$ 199,624
Loss per share - basic and diluted	$ (0.37)	$ (0.18)
Weighted average number of common shares outstanding	1,577,264	1,090,223

GOLDEN PEAK MINERALS INC.
Statement of Changes in Equity
For the Years Ended August 31, 2016 and 2015
(Expressed in Canadian Dollars)

	Share Capital					
	Number of Shares	Share Capital	Share Subscriptions	Contributed Surplus	Deficit	Total
Balance, August 31, 2014	**895,000**	**$ 741,967**	**$ 100,000**	**$ 212,129**	**$ (810,114)**	**$ 243,982**
Shares issued for exploration and evaluation asset	240,000	144,000	-	-	-	144,000
Shares issued for cash	166,860	250,292	(100,000)	-	-	150,292
Share issuance costs	-	(19,878)	-	-	-	(19,878)
Net and comprehensive loss for year	-	-	-	-	(199,624)	(199,624)
Balance, August 31, 2015	**1,301,860**	**1,116,381**	**-**	**212,129**	**(1,009,738)**	**318,772**
Shares issued for exploration and evaluation asset	307,500	212,750	-	-	-	212,750
Shares issued for cash	307,141	185,000	-	-	-	185,000
Share issuance costs	-	(19,300)	-	-	-	(19,300)
Finders' warrants	-	(7,203)	-	7,203	-	-
Net and comprehensive loss for year	-	-	-	-	(575,236)	(575,236)
Balance, August 31, 2016	**1,916,501**	**$ 1,487,628**	**$ -**	**$ 219,332**	**$ (1,584,974)**	**$ 121,986**

GOLDEN PEAK MINERALS INC.
Statements of Cash Flows
For the Years Ended August 31, 2016 and 2015
(Expressed in Canadian Dollars)

	2016	2015
Operating Activities		
Net loss for the year	$ (575,236)	$ (199,624)
Item not involving cash:		
Impairment of exploration and evaluation assets	279,398	-
Changes in non-cash working capital balances:		
GST receivable	(6,274)	1,649
Accounts payable and accrued liabilities	150,501	(40,997)
Cash Used in Operating Activities	(151,611)	(238,972)
Investing Activities		
Mineral exploration tax credit	-	27,349
Exploration and evaluation asset expenditures, net	(1,209)	(11,000)
Cash Provided by (Used in) Investing Activities	(1,209)	16,349
Financing Activities		
Shares issued for cash	185,000	150,292
Share issuance costs	(19,300)	(19,878)
Loans from directors	-	12,900
Loan repayments to directors	(12,900)	(14,000)
Cash Provided by Financing Activities	152,800	129,314
Change in Cash	(20)	(93,309)
Cash, Beginning of Year	190	93,499
Cash, End of Year	$ 170	$ 190

Non-Cash Transactions and Supplemental Disclosures

	2016	2015
Shares issued for exploration and evaluation asset (Notes 6 and 8)	$ 212,750	$ 144,000
Fair value of finders warrants issued	$ 7,203	$ –
Interest paid	$ -	$ –
Income taxes paid	$ -	$ –

1. NATURE AND CONTINUANCE OF OPERATIONS

Golden Peak Minerals Inc. (the "Company") is an exploration stage company incorporated pursuant to the British Columbia Business Corporations Act on March 31, 2011. The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired. The Company's shares are listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "GP". The address of the Company's corporate office and its principal place of business is 510-744 West Hasting Street, Vancouver, British Columbia, Canada, V6C 1A1.

On August 11, 2016, the Company consolidated its common shares on a one new share for ten old shares basis. All share and per share amounts have been revised to reflect the consolidation.

2. GOING CONCERN

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

The Company has incurred losses since its inception, has a working capital deficit of $271,973 (2015 - $115,626) and an accumulated deficit of $1,584,974 at August 31, 2016 (2015 - $1,009,738). These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

3. BASIS OF PREPARATION

a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue by the Board of Directors on December 21, 2016.

b) Measurement basis

These financial statements have been prepared under the historical cost basis, except for financial instruments classified as available-for-sale, and fair value through profit or loss. These financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

4. SIGNIFICANT ACCOUNTING POLICIES

a) Deferred financing costs

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be more likely than not. Share issue costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to profit or loss.

b) Exploration and evaluation assets

All expenditures related to the cost of exploration and evaluation of mineral resources including acquisition costs for interests in mineral claims are capitalized as exploration and evaluation assets and are classified as intangible assets. General exploration costs not related to specific mineral properties are expensed as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, capitalized costs of the related property are reclassified as mining assets and upon commencement of commercial production, are amortized using the units of production method over estimated recoverable reserves. Impairment is assessed at the level of cash-generating units. Management regularly assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if one of the following factors are present; the rights to explore have expired or are near to expiry with no expectation of renewal, no further substantive expenditures are planned or budgeted, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, indications that in an area with development likely to proceed the carrying amount is unlikely to be recovered in full by development or sale.

The recoverability of mineral properties and capitalized exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not its mineral property contains economically recoverable reserves. Amounts capitalized to exploration and evaluation costs do not necessarily reflect present or future values.

Exploration costs renounced due to flow-through share subscription agreements remain capitalized, however, for corporate income tax purposes, the Company has no right to claim these costs as tax deductible expenses.

Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of resource properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that changes in future conditions could require a material change in the recognized amount.

Payments on mineral property option agreements are made at the discretion of the Company and, accordingly, are recorded on a cash basis.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Impairment

(i) Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against the assets impaired. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

Exploration and evaluation assets are reviewed at each reporting date for impairment or whenever events or changes in circumstances indicate that the carrying amount of the properties exceeds its recoverable amount. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of a value in use and fair value less costs to sell. 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 discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the carrying amount of an asset exceeds the recoverable amount an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the recoverable amount of the asset.

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

d) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

As at August 31, 2016, the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Government assistance

British Columbia Mineral Exploration Tax Credits ("BC METC") for certain exploration expenditures incurred in British Columbia are treated as a reduction of the exploration and evaluation costs of the respective mineral property.

f) Flow-through shares

Exploration expenditures for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance the Government of Canada flow-through regulations. At the time flow-through shares are issued, there may be a potential premium paid on the flow-through shares calculated based on the difference between the share issuance price and the market price at the time of closing. A liability is recognized for the premium on the flow-through shares and is subsequently reversed and recorded as other income or deferred tax expense as the Company incurs qualifying Canadian exploration expenses. In instances where the Company has sufficient deductible temporary differences available to offset the deferred income tax liability created from renouncing qualifying expenditures, the realization of the deductible temporary differences will be shown as a deferred income tax recovery in operations in the period of renunciation.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with the Government of Canada flow-through regulations. When applicable, this tax is accrued as an expense until paid.

g) Share-based payments

The Company has an equity-settled share-based compensation plan. Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus.

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

h) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share do not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. The weighted average number of common shares outstanding is adjusted retrospectively for changes in capitalization such as share splits, reverse splits, or cancellations of common shares.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Income taxes

Income tax on profit or loss comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

j) Financial instruments

Financial assets

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

- Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized in earnings. The Company has classified its cash as FVTPL.

- Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost.

- Financial assets classified as AFS are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Financial instruments (continued)

Financial liabilities

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

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

- Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. The Company has no financial liabilities classified as FVTPL.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

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

k) New accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods noted below. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

Accounting standards effective September 1, 2016

IAS 1 Presentation of Financial Statements – In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements. The amendments are effective for accounting periods beginning on or after January 1, 2016.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – In May 2014, the IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) New accounting standards issued but not yet effective (continued)

generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. The amendments are effective for accounting periods beginning on or after January 1, 2016.

The Company does not expect the adoption of these amendments to have a significant impact on the financial statements.

Accounting standards effective September 1, 2018

IFRS 15 Revenue from Contracts with Customers – In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 9 *Financial Instruments* - In November 2009, as part of the IASB project to replace IAS 39 *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9 that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013, new general hedge requirements were added to the standard. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics. The Standard is effective for accounting periods beginning on or after January 1, 2018.

The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income/loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

a) Impairment of exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation expenditure and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the year the new information becomes available.

b) Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

c) Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

d) Going concern risk assessment

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These financial statements do not give effect to any adjustments required to realize it assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the financial statements.

a) Decommissioning liabilities

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market condition at the time the rehabilitation costs are actually incurred.

The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for. As at August 31, 2016, the Company has no known rehabilitation requirements and accordingly, no provision has been made.

b) Valuation of flow-through premium

The determination of the valuation of flow-through premium and warrants in equity units is subject to significant judgment and estimates. The flow-through premium is valued as the estimated premium that investors pay for the flow-through feature, being the portion in excess of the market value of shares without the flow-through feature issued in concurrent private placement financing. In the case that the Company did not issue non-flow-through shares together with the flow-through shares, the market value of shares without the flow-through feature will be determined using their closing quoted bid price.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

Total costs incurred on exploration and evaluation asset are summarized as follows:

	Columbia Shear Property	Foubert Lake Property	Oyster Property	Atikwa Lake Property	Lac Lapointe Property	Total
Acquisition Costs						
Balance, August 31, 2014	$ 39,250	$ -	$ -	$ -	$ -	$ 39,250
Acquisition and option payments (cash)	-	11,000	-	-	-	11,000
Acquisition and option payments (shares)	-	144,000	-	-	-	144,000
Balance, August 31, 2015	39,250	155,000	-	-	-	194,250
Claim costs	-	-	-	1,209	-	1,209
Acquisition and option payments (shares)	-	-	60,000	60,000	92,750	212,750
Impairment	(39,250)	-	-	-	-	(39,250)
Balance, August 31, 2016	$ -	$ 155,000	$ 60,000	$ 61,209	$ 92,750	$ 368,959
Deferred Exploration Expenditures						
Balance, August 31, 2014	$ 267,497	$ -	$ -	$ -	$ -	$ 267,497
METC received	(27,349)	-	-	-	-	(27,349)
Balance, August 31, 2015	240,148	-	-	-	-	240,148
Geological	-	-	-	-	25,000	25,000
Impairment	(240,148)	-	-	-	-	(240,148)
Balance, August 31, 2016	$ -	$ -	$ -	$ -	$ 25,000	$ 25,000
Total Exploration and Evaluation Assets						
Balance, August 31, 2015	**$ 279,398**	**$ 155,000**	**$ -**	**$ -**	**$ -**	**$ 434,398**
Balance, August 31, 2016	**$ -**	**$ 155,000**	**$ 60,000**	**$ 61,209**	**$ 117,750**	**$ 393,959**

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (Continued)

a) Columbia Shear Group Property

On May 9, 2011, and subsequently amended on September 17, 2012, the Company entered into an option agreement to acquire a 100% undivided interest in 22 mineral claims located in British Columbia. As consideration, the Company agreed to pay a total of $75,000 in cash, issue 12,500 common shares of the Company and incur $1,000,000 in exploration expenditures as follows:

	Cash Payments	Exploration Expenditures	Number of Common Shares to be Issued
Upon execution of the Agreement (paid)	$ 10,000	$ -	-
One year from the Agreement date (incurred)	-	100,000	-
Upon listing on April 10, 2013 (paid and issued)	15,000	-	7,500
Before April 10, 2014 (issued)	-	-	5,000
Before April 10, 2015	10,000	200,000	-
Before April 10, 2016	15,000	300,000	-
Before April 10, 2017	25,000	400,000	-
Total	$ 75,000	$ 1,000,000	12,500

The Company agreed to pay the optionor a 3% Net Smelter Royalty ("NSR") on the property. The Company also has the option to purchase 2% of the 3% NSR (two-thirds) at a price of $500,000 per percentage point at any time starting on the date that the property is put into commercial production. The purchase of the remaining 1% is negotiable after commercial production commences.

During the year ended August 31, 2016, the Company relinquished its option on the Columbia Sheer Group Property. Accordingly, the property was written down to $nil.

b) Foubert Lake Property

On June 26, 2015, the Company entered into an agreement to acquire a 100% undivided interest in 11 mineral claims located in Quebec. As consideration, the Company paid a total of $11,000 in cash and issued a total of 240,000 common shares of the Company at a value of $144,000. The claims are in the process of being transferred into the Company's name, and are therefore currently recorded under a third party's name.

The vendor retains a 1% NSR on the property. The Company has the option to purchase the NSR at a price of $500,000.

c) Oyster Property

On September 23, 2015, the Company entered into an agreement to acquire a 100% undivided interest in 4 mineral claims located in Manitoba. As consideration, the Company issued 100,000 common shares of the Company at a value of $60,000.

The vendor retains a 3% Gross Overriding Royalty Return ("GORR") on the property. The Company has the option to purchase 1% of the 3% GORR (one-third) at a price of $1,000,000.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (Continued)

d) Atikwa Lake Property

On February 4, 2016, the Company entered into an agreement to acquire a 100% undivided interest in 20 mineral claims located in Ontario. As consideration, the Company issued 75,000 common shares of the Company at a value of $60,000.

e) Lac Lapointe Property

On February 15, 2016, the Company entered into an option agreement to acquire a 100% undivided interest in 20 mineral claims located in Quebec. Under the terms of the option agreement, the Company can earn a 100% interest by making payments as follows:

- Issuing 132,500 common shares of the Company upon approval by the TSX-V (issued and valued at $92,750);
- Cash payment of $40,000 on or before August 15, 2017; and
- Cash payment of $100,000 on or before February 15, 2019.

The vendor retains a 2% GORR on the property. The Company has the option to purchase 1% of the 2% GORR (one-half return) at a price of $1,000,000.

7. RELATED PARTY BALANCES AND TRANSACTIONS

These amounts of key management compensation are included in the amounts shown on the statements of comprehensive loss:

	2016	2015
Management fees	$ 63,750	$ 60,000

Key management includes current and former directors and officers of the Company, including the Chief Executive Officers and Chief Financial Officer.

During the years ended August 31, 2016 and 2015, the following amounts were incurred or paid to officers and directors and/or their related companies:

i) The Company paid $21,800 (2015 - $22,150) for professional fees to a company controlled by a director and $16,500 (2015 - $18,000) in rent to companies controlled by directors.

As at August 31, 2016 and 2015, the following balances were due to officers and directors and/or related companies:

i) Included in accounts payable is $126,789 (2015 - $90,761) due to directors and officers of the Company and companies controlled by directors of the Company. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

ii) Loans of $nil (2015 - $12,900) were due to directors of the Company or companies controlled by directors of the Company. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

8. SHARE CAPITAL

a) Authorized

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

b) Issued and outstanding

During the year ended August 31, 2016

On December 24, 2015, the Company completed a non-brokered private placement for gross proceeds of $110,000. The Company issued 157,142 flow-through units at a price of $0.70 per unit. Each unit consisted of one flow-through common share of the Company and one-half of one share purchase warrant. Each warrant entitles the holder to acquire one non-flow-through common share of the Company at an exercise price of $1.20 for a period of one year.

The premium paid by investors on the flow-through units was calculated as $nil per share. Accordingly, no other liability was recorded.

The Company paid finders fees of $19,300 and issued 12,571 finder's warrants valued at $7,203 (Note 8(e)) and entitling the holder to acquire one non-flow-through common share of the Company at an exercise price of $0.70 for a period of three years.

On February 10, 2016, the Company issued 75,000 common shares valued at $60,000 for the acquisition of the Atikwa Lake Property (Note 6(d)).

On February 19, 2016, the Company issued 132,500 common shares valued at $92,750 for the acquisition of the Lac Lapointe Property (Note 6(e)).

On May 4, 2016, the Company issued 100,000 common shares valued at $60,000 for the acquisition of the Oyster Property (Note 6(c)).

On July 7, 2016, the Company completed a non-brokered private placement for gross proceeds of $75,000. The Company issued 150,000 common shares of the Company at a price of $0.50 per share.

During the year ended August 31, 2015

On September 12, 2014 and September 26, 2014, the Company completed a non-brokered private placement in two tranches for gross proceeds of $250,292. The Company issued 166,860 units at a price of $1.50 per unit. Each unit consisted of one common share of the Company and one non-transferable share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $2.00 per share for a period of two years.

On July 8, 2015, the Company issued 240,000 common shares valued at $144,000 for the acquisition of the Foubert Lake Property (Note 6(b)).

c) Escrow

Pursuant to the escrow agreement dated August 30, 2012, 190,000 common shares issued and outstanding were escrowed and scheduled for release at 10% on the listing date and at 15% every six months from date of listing on the TSX-V. As at August 31, 2016, no common shares remained in escrow (2015 - 57,000 common shares).

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (Continued)

d) Stock options

The Company adopted a Stock Option Plan (the "Plan") to grant incentive stock options to directors, officers, employees and consultants. Under the plan, the aggregate number of common shares which may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date including options granted prior to the adoption of the Plan. Options granted may not exceed a term of 10 years, and the term will be reduced to one year following the date of death of the optionee. All options vest when granted unless they are otherwise specified by the Board of Directors or if they are granted for investor relations activities. Options granted for investor relations activities vest over a 12-month period with no more than 25% of the options vesting in any three-month period.

The following is a summary of option transactions under the Company's stock option plan for the years ended August 31, 2016 and 2015:

	2016		**2015**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	37,000	$ 1.50	42,000	$ 1.50
Expired	(21,000)	1.50	(5,000)	1.50
Outstanding, end of year	16,000	$ 1.50	37,000	$ 1.50

The following options were outstanding and exercisable at August 31, 2016:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding	Exercisable
September 13, 2017**	1.04	$ 1.50	16,000	16,000

**The 16,000 stock options outstanding expired unexercised subsequent to August 31, 2016 due to accelerated expiry following the resignation of an officer and director.

e) Warrants

The following is a summary of warrant transactions for the years ended August 31, 2016 and 2015:

	2016		**2015**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	166,860	$ 1.50	360,000	$ 1.50
Issued	91,142	1.13	166,860	1.50
Expired	-	-	(360,000)	1.50
Outstanding, end of year	258,002	$ 1.69	166,860	$ 1.50

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (Continued)

e) Warrants (continued)

The following warrants were outstanding and exercisable at August 31, 2016:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Warrants
September 12, 2016**	0.03	$ 2.00	123,599
September 26, 2016**	0.07	$ 2.00	43,261
December 24, 2016	0.32	$ 1.20	78,571
December 24, 2018	2.32	$ 0.70	12,571
	0.24		258,002

**Expired unexercised subsequent to August 31, 2016.

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its finder's warrants granted. The fair value of each finder's warrant grant was calculated using the following weighted average assumptions:

	2016	2015
Expected life (years)	3.00	N/A
Risk-free interest rate	0.50%	N/A
Expected annualized volatility	235%	N/A
Dividend yield	N/A	N/A
Stock price at grant date	$0.60	N/A
Exercise price	$0.70	N/A
Weighted average grant date fair value	$0.57	N/A

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility to estimate the volatility of the share price.

9. FINANCIAL INSTRUMENTS

The Company’s financial instruments include cash, accounts payable and directors loans. Cash is classified as FVTPL. Accounts payable and directors loans are classified as other financial liabilities. The carrying value of these instruments approximates their fair values due to the relatively short periods to maturity of these instruments.

The following table sets forth the Company’s financial assets measured at fair value by level within the fair value hierarchy as follows:

August 31, 2016	Level 1	Level 2	Level 3	Total
Cash	$ 170	$ -	$ -	$ 170

August 31, 2015	Level 1	Level 2	Level 3	Total
Cash	$ 190	$ -	$ -	$ 190

9. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk on cash, the Company places the instrument with a major Canadian financial institution.

b) Liquidity risk

The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at August 31, 2016, the Company had cash of $170 (2015 - $190) to settle accounts payable of $279,002 (2015 - $103,501) and directors loans of $nil (2015 - $12,900) which fall due for payment within twelve months of the statement of financial position date. All of the liabilities presented as accounts payable are due within 30 days of the reporting date.

The Company intends to address its working capital deficiency through a combination of debt settlement agreements and private placement financings.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

i) Currency risk - The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal. The Company does not have any significant foreign currency denominated monetary assets or liabilities.

ii) Interest rate risk - The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations. The Company has no interest-bearing financial liabilities.

iii) Other price risk - Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company does not have significant exposure to this risk.

10. MANAGEMENT OF CAPITAL

The Company considers its capital to be comprised of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of capital stock, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the years ended August 31, 2016 or 2015. The Company is not subject to externally imposed capital requirements.

11. COMMITMENTS

a) Environmental Contingencies

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

b) Flow-through Expenditures

On December 24, 2015, pursuant to the issuance of 157,142 flow-through units, the Company renounced $110,000 of qualified exploration expenditures to flow-through shareholders which it is to expend by December 31, 2016 under the Look-back Rule. As at August 31, 2016, the Company has incurred qualified exploration expenditures totaling $25,000 relating to this commitment. The Company has agreed to indemnify the subscribers for any tax related amounts that become payable by the subscriber should the Company not be able to meet its flow-through expenditure commitments.

During the 2016 calendar year, the Company is also subject to Part XII.6 taxes, accumulated on a monthly basis, for the remaining commitment. As at August 31, 2016, the Company has included in accounts payable and accrued liabilities a provision for Part XII.6 tax of $367.

(Expressed in Canadian Dollars)

12. INCOME TAXES

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

	2016	2015
Combined statutory tax rate	26.00%	26.00%
Income tax recovery at combined statutory rate	$ (149,562)	$ (51,902)
Flow-through expenditures	6,500	–
Permanent difference and others	(5,018)	(5,168)
Tax benefits not recognized (recognized)	148,080	57,070
Provision for income tax expense	$ –	$ –

The tax effects of deductible and taxable temporary differences that give rise to the Company's deferred tax assets and liabilities are as follows:

	2016	2015
Non-capital loss carry forwards	$ 360,591	$ 273,482
Exploration and evaluation asset	34,820	(31,324)
Share issuance cost	15,085	20,258
Total gross deferred income tax assets	410,496	262,416
Deferred tax assets not recognized	(410,496)	(262,416)
Net deferred income tax assets	$ –	$ –

As at August 31, 2016, the Company had approximately $1,387,000 (2015 - $1,052,000) of non-capital loss carry forwards available to reduce taxable income for future years. These losses expire as follows:

August 31, 2031	$ 95,000
August 31, 2032	131,000
August 31, 2033	349,000
August 31, 2034	242,000
August 31, 2035	235,000
August 31, 2036	335,000
	$ 1,387,000

13. SUBSEQUENT EVENTS

a) On September 6, 2016, the Company granted 152,000 stock options to consultants with an exercise price of $0.20 per share and a term to expiry of one year. All the stock options vested immediately.

b) On September 26, 2016, the Company completed a non-brokered private placement for gross proceeds of $499,999. The Company issued 4,166,658 units at a price of $0.12 per unit. Each unit consisted of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of $0.20 for a period of two years. The Company incurred share issue costs of $3,483. As of December 21, 2016, $45,600 of the total gross proceeds, remains collectible.

13. SUBSEQUENT EVENTS (Continued)

c) On October 13, 2016, the Company entered into an option agreement to acquire the Grenfell Property located in Ontario.

Under the terms of the option agreement, the Company can earn a 100% interest by making payments as follows:

- Issuing 250,000 common shares of the Company and making a cash payment of $50,000 upon approval by the TSX-V;
- Issuing 250,000 common shares of the Company and making a cash payment of $50,000 by October 26, 2017;
- Issuing 250,000 common shares of the Company and making a cash payment of $50,000 by October 26, 2018; and
- Issuing 250,000 common shares of the Company and making a cash payment of $50,000 by October 26, 2019.

In the event of a minimum discovery of 1,000,000 ounces of gold or gold equivalent resource, the Company will pay a bonus of $1,000,000 to the optionor upon completion of a National Instrument 43-101 compliant report.

The original vendor retains a 2% NSR on the property. The Company has the option to purchase 1% of the 2% NSR (one-half) at a price of $1,000,000.

d) On October 26, 2016, the Company settled accounts payable and accrued liabilities of $50,300 by issuing 9,259 common shares and 177,037 units, each unit consisting of one common share and one non-transferable warrant of the Company. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of $0.36 for a period of four years.

e) On October 28, 2016, the Company entered into four option agreements to acquire the Esa, Kulta, Seija and Soturi properties, collectively the Heikki Property, located in Ontario.

Under the terms of the option agreement, the Company can earn a 100% interest by making payments as follows:

- Issuing 2,600,000 common shares of the Company and making a cash payment of $105,000 upon approval by the TSX-V;
- Issuing 3,100,000 common shares of the Company by November 17, 2017; and
- Issuing 1,750,000 common shares of the Company by November 17, 2018.

The vendors retains a 3% NSR on the property. The Company has the option to purchase 1% of the 3% NSR (one-third) at a price of $500,000.

f) On December 21, 2016, the Company completed a non-brokered private placement for gross proceeds of $2,314,949. The Company issued 2,000,000 non-flow-through common shares of the Company at a price of $0.50 per share and 2,022,998 flow-through common shares of the Company at a price of $0.65 per share. The company incurred finder's fees of $196,495 and issued 332,300 finder's warrants with an exercise price of $0.50 per share and an expiry date of December 21, 2018.