INVENTUS MINING CORP.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

(EXPRESSED IN CANADIAN DOLLARS)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Inventus Mining Corp.

We have audited the accompanying consolidated financial statements of Inventus Mining Corp. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2016 and December 31, 2015 and the consolidated statements of loss and comprehensive loss, changes in shareholders' (deficit) equity and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained 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 Inventus Mining Corp. as at December 31, 2016 and December 31, 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Professional Accountants
March 21, 2017
Toronto

Inventus Mining Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2016	As at December 31, 2015
ASSETS		
Current assets		
Cash	**$ 731,964**	$ 58,935
Amounts receivable (note 5)	**24,920**	6,620
Prepaid expenses	**37,183**	19,451
Total current assets	**794,067**	85,006
Non-current assets		
Investment in private company (note 6)	**1**	1
Equipment (note 7)	**1**	1
Total non-current assets	**2**	2
Total assets	**$ 794,069**	$ 85,008
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	**$ 114,018**	$ 28,818
Promissory note (note 9)	**-**	268,175
Total liabilities	**114,018**	296,993
Shareholders' equity (deficit)		
Share capital (note 10)	**18,442,502**	11,449,688
Warrants (note 12)	**797,821**	797,821
Contributed surplus	**3,481,435**	3,371,278
Deficit	**(22,041,707)**	(15,830,772)
Total shareholders' equity (deficit)	**680,051**	(211,985)
Total liabilities and shareholders' equity (deficit)	**$ 794,069**	$ 85,008

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Nature of Operations and Going Concern (note 1)

Approved on behalf of the Board:

"Stefan Spears" Director (Signed) "Doug Hunter" Director (Signed)

Inventus Mining Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year ended December 31, 2016	Year ended December 31, 2015
Expenses		
Amortization (note 7)	**$ -**	$ 5,421
Exploration and evaluation expenditures (note 14)	**4,949,004**	352,051
Loss on sale of equipment (note 7)	**-**	447
Office and general (note 15)	**787,764**	582,773
Professional fees (note 15)	**173,442**	82,308
Project generation and evaluation	**4,052**	8,546
Stock-based compensation (note 11)	**282,883**	55,000
Loss from operations	**(6,197,145)**	(1,086,546)
Interest expense (note 9)	**(13,790)**	(1,675)
Accretion expense (note 9)	**-**	(3,629)
Impairment loss on investments (note 6)	**-**	(2,489,754)
Loss on disposal/abandonment of equipment (note 7)	**-**	(38,064)
Loss on settlement of debt (note 7)	**-**	(13,597)
Gain on settlement of convertible promissory note (note 9)	**-**	3,629
	(13,790)	(2,543,090)
Net loss and comprehensive loss for the year	**$ (6,210,935)**	$ (3,629,636)
Net loss and comprehensive loss per share - basic and diluted (note 13)	**$ (0.10)**	$ (0.09)
Weighted average number of shares outstanding - basic and diluted (note 13)	**65,141,595**	42,591,903

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Inventus Mining Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended December 31, 2016	Year ended December 31, 2015
Operating activities		
Net loss for the year	**$ (6,210,935)**	$ (3,629,636)
Adjustments for:		
Amortization	**-**	5,421
Stock-based compensation	**282,883**	55,000
Impairment loss on investments	**-**	2,489,754
Non-cash exploration and evaluation expenditures	**4,590,000**	-
Fair value of special flow-through warrant issued	**500,000**	-
Loss on disposal/abandonment of equipment	**-**	38,064
Loss on settlement of debt	**-**	13,597
Loss on sale of equipment	**-**	447
Interest expense	**(1,675)**	1,675
Accretion expense	**-**	3,629
Gain on settlement of convertible promissory note	**-**	(3,629)
Changes in non-cash working capital items:		
Amounts receivable	**(18,300)**	44,936
Prepaid expenses	**(17,732)**	7,347
Accounts payable and accrued liabilities	**85,200**	(138,989)
Net cash used in operating activities	**(790,559)**	(1,112,384)
Investing activities		
Acquisition of equipment	**-**	(1,710)
Proceeds from sale of equipment	**-**	1,100
Net cash used in investing activities	**-**	(610)
Financing activities		
Proceeds from promissory notes	**85,000**	266,500
Exercise of flow-through special warrants	**250,000**	-
Exercise of options	**266,750**	-
Repayment of promissory notes	**(351,500)**	-
Issue of convertible debentures	**1,300,000**	-
Share issue costs	**(86,662)**	-
Net cash provided by financing activities	**1,463,588**	266,500
Net change in cash	**673,029**	(846,494)
Cash, beginning of year	**58,935**	905,429
Cash, end of year	**$ 731,964**	$ 58,935

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Inventus Mining Corp.

Consolidated Statements of Changes in Shareholders' (Deficit) Equity
(Expressed in Canadian Dollars)

	Share Capital	Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2014	**$ 11,449,688**	**$ 1,260,011**	**$ 2,740,088**	**$ (12,087,136)**	**$ 3,362,651**
Stock-based compensation	-	-	55,000	-	55,000
Warrants expired	-	(576,190)	576,190	-	-
Extension of warrants	-	114,000	-	(114,000)	-
Net loss for the year	-	-	-	(3,629,636)	(3,629,636)
Balance, December 31, 2015	**11,449,688**	**797,821**	**3,371,278**	**(15,830,772)**	**(211,985)**
Stock-based compensation	-	-	282,883	-	282,883
Special flow-through warrant issued	-	500,000	-	-	500,000
Conversion of flow-through special warrants	750,000	(500,000)	-	-	250,000
Conversion of convertible debentures	1,300,000	-	-	-	1,300,000
Share issue costs	(86,662)	-	-	-	(86,662)
Options exercised	439,476	-	(172,726)	-	266,750
Acquisition of 35.5% interest in the Pardo Joint Venture	4,590,000	-	-	-	4,590,000
Net loss for the year	-	-	-	(6,210,935)	(6,210,935)
Balance, December 31, 2016	**$ 18,442,502**	**$ 797,821**	**$ 3,481,435**	**$ (22,041,707)**	**$ 680,051**

The accompanying notes to the consolidated financial statements are an integral part of these statements.

1. Nature of Operations and Going Concern

Inventus Mining Corp. (the “Company” or "Inventus") was incorporated under the Canada Business Corporations Act and is engaged in the business of locating and exploring mineral properties. Substantially all of the efforts of the Company are devoted to these business activities. On May 1, 2015, the Company announced that it changed its name from Ginguro Exploration Inc. to Inventus Mining Corp. The Company commenced trading under its new name on the TSX Venture Exchange ("TSXV") on May 5, 2015 under the new symbol IVS. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The Company’s registered office is located at 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

The Company is in the process of exploring its mining claims and has not yet determined whether or not the properties will contain economically recoverable reserves.

As is common with exploration companies, the Company is dependent upon obtaining financing to continue its on-going and planned exploration activities and to cover administrative costs. As at December 31, 2016, the Company had working capital of $680,049 (December 31, 2015 - working capital deficit of $211,987) and a deficit of $22,041,707 (December 31, 2015 - $15,830,772). In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity’s ability to continue as a going concern. The Company's ability to continue operations and fund its planned exploration and evaluation expenditures is dependent on management's ability to manage its expenditures and raise funds.

Due to continuing operating losses and limited working capital, the Company's ability to continue as a going concern is dependent on its ability to obtain additional sources of financing to successfully explore, evaluate and develop mineral projects and ultimately, to achieve profitable operations. The success of these endeavours cannot be predicted at this time. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The consolidated financial statements do not reflect adjustments to the carrying values and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments may be material.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements.

2. Significant Accounting Policies

Statement of Compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”).

The policies applied in these consolidated financial statements are based on IFRSs issued and outstanding as at December 31, 2016. The Board of Directors approved the statements on March 21, 2017.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and of its wholly-owned subsidiaries, Mount Logan Resources Ltd. ("Mount Logan"), Mount Logan Holdings Inc., and Mount Logan (US) Corp.

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed or has rights to variable returns from an investee and has the ability to affect those returns through its power over the investee. The results of subsidiaries acquired or disposed of during the periods presented are included in the consolidated statement of loss and comprehensive loss from the effective date of acquisition and up to the effective date of disposal, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments.

Financial Instruments

The Company classifies all financial instruments as either held-to-maturity, fair value through profit or loss ("FVTPL"), loans and receivables, available-for-sale or other financial liabilities.

Held-to-maturity financial assets are initially recognized at their fair values and subsequently measured at amortized cost using the effective interest method. Impairment losses are charged to net loss in the period in which they arise.

FVTPL financial instruments are carried at fair value with changes in fair value charged or credited to net loss in the period in which they arise.

Loans and receivables are initially recognized at their fair values, with any resulting premium or discount from the face value being amortized to earnings using the effective interest method. Impairment losses are charged to net loss in the period in which they arise.

Available-for-sale financial instruments are carried at fair value with changes in the fair value charged or credited to other comprehensive loss. Available-for-sale financial instruments are carried at cost in the absence of a quoted market price and when the fair value cannot be reliably measured. Impairment losses are recognized when there is objective evidence that the asset is impaired. Impairment losses are charged to net loss in the period in which they arise. Impairment losses recognized in net loss shall not be reversed through net loss.

Other financial liabilities are initially measured at fair value, net of transaction costs and any embedded derivatives that are not closely related to the financial liability, with any resulting premium or discount from the face value being amortized to net loss using the effective interest method.

(Expressed in Canadian Dollars)

2. Significant Accounting Policies (Continued)

Financial Instruments (Continued)

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash	FVTPL
Investment in private company – common shares	Available for sale
Investment in private company – warrants	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities
Promissory note	Other financial liabilities

The Company categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs used in the measurement.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.

Level 2: This level includes valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1. Derivative instruments in this category are valued using models or other standard valuation techniques derived from observable market inputs.

Level 3: This level includes valuations based on inputs which are less observable, unavailable or where the observable data does not support a significant portion of the instruments' fair value.

The following table shows the levels within the hierarchy of financial assets measured at fair value at December 31, 2016:

	Level 1	Level 2	Level 3	Total
Cash	$ 731,964	$ -	$ -	$ 731,964
Investment in private company - common shares	-	1	-	1
	$ 731,964	$ 1	$ -	$ 731,965

The following table shows the levels within the hierarchy of financial assets measured at fair value at December 31, 2015:

	Level 1	Level 2	Level 3	Total
Cash	$ 58,935	$ -	$ -	$ 58,935
Investment in private company - common shares	-	1	-	1
	$ 58,935	$ 1	$ -	$ 58,936

2. Significant Accounting Policies (Continued)

Equipment

Equipment is carried at cost, less accumulated amortization and accumulated impairment losses. The cost of an item consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Amortization is provided at rates calculated to write off the cost, less their estimated residual value, using the declining balance method at the following various rates:

Equipment	- 20%, declining balance basis
Office furniture	- 20%, declining balance basis
Computer hardware	- 30%, declining balance basis
Vehicles	- 30%, declining balance basis

Computer software is amortized on a straight line basis at a rate of 100% per annum.

An item is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in net loss.

Residual values, estimated useful lives and amortization methods are reviewed at least annually.

Impairment

The carrying value of all categories of equipment are reviewed at each reporting date for impairment whenever events or circumstances indicate the recoverable amount may be less than the carrying amount. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value (less costs of disposal) is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Value in use is equal to the present value of future cash flows expected to be derived from the use and sale of the asset.

An impairment loss is recognized when the carrying value of an asset held for use exceeds its estimated recoverable amount. Assumptions, such as discount rates, underlying the fair value estimates are subject to risks and uncertainties. Impairment charges are recorded in the reporting period in which determination of impairment is made by management.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion or amortization, if no impairment loss had been recognized.

2. Significant Accounting Policies (Continued)

Mining Interests

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities. Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. Development costs include costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production.

Joint Arrangements

The Company determines whether the joint arrangement entered into by the Company is a joint operation or a joint venture based upon the rights and obligations of the parties to the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Where the Company determines the joint arrangement represents a joint operation, the Company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

Where the Company determines the joint arrangement represents a joint venture, the Company recognizes its interest in a joint venture as an investment and accounts for this investment using the equity method, whereby the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the Company's share of the net assets of the joint venture. The Company's share of the joint venture's profit or loss and other comprehensive income (loss) is included in Company's profit or loss and other comprehensive income (loss), respectively.

Stock-Based Compensation

The Company accounts for all employee equity-settled stock-based payments using a fair value based method incorporating the Black-Scholes option pricing model.

Under the fair value based method, compensation cost attributable to options granted is measured at fair value at the grant date and is either recorded at the date of grant, in the case of options that vest immediately, or over the vesting period in the case of options that vest over a period of time. In the latter case, the amount recognized as an expense from time to time is adjusted to reflect any changes in the Company's estimate of the shares that will eventually vest and the effect of any non-market vesting conditions.

Share-based payment arrangements in which the Company receives goods or services as consideration are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case they are measured at the fair value of equity instruments granted.

2. Significant Accounting Policies (Continued)

Income Taxes

Income tax expense comprises current and deferred income taxes. Income tax expense is recognized in the consolidated statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity.

Current income taxes
Current taxes are the expected taxes payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous years.

Deferred income taxes
The Company accounts for income taxes under the asset and liability method. Under this method of tax allocation, deferred income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax bases (temporary differences).

Deferred income taxes are measured using the tax rates that are expected to be in effect when the temporary differences are likely to reverse, based on the laws that have been enacted or substantively enacted by the reporting date. The effect on deferred income tax assets and liabilities of a change in tax rates is included in earnings in the period in which the change is substantively enacted. The amount of deferred income tax assets recognized is limited to the amount that is probable to be realized.

Flow through shares/Warrants
To the extent that the Company issues common shares to subscribers on a flow through basis at a premium to the market value of non-flow through common shares, any such premium is recorded as a liability on the Company's consolidated statement of financial position at the time of subscription. This liability is reduced, on a pro-rata basis, as the Company fulfills its expenditure renunciation obligation associated with such flow through share issuances, with an offsetting amount recognized as income.

A deferred income tax liability equal to the tax value of flow through expenditures renounced is recognized only once the Company has fulfilled its obligations associated with the renunciation of related flow through expenditures, with an offsetting debit to deferred tax expense. In respect of a retrospective renunciation, such obligation is considered to have been fulfilled once related renunciation filings have been made with the appropriate taxation authorities. In respect of prospective renunciation (i.e., a look-back renunciation), the obligation is considered to be fulfilled once related flow through expenditures have been incurred.

Decommissioning liability

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the company's exploration and evaluation activities. Discount rates using a pretax rate that reflects the risk and the time value of money are used to calculate the net present value. These costs are charged against profit or loss as exploration and evaluation expenditures and the related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

The Company has no restoration, rehabilitation and environment costs as at December 31, 2016 and December 31, 2015.

2. Significant Accounting Policies (Continued)

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation.

Loss Per Share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share.

Share Issuance Costs

Costs incurred in connection with the issuance of share capital are netted against the proceeds received. Costs related to the issuance of share capital and incurred prior to issuance are recorded as deferred share issuance costs and subsequently netted against proceeds when they are received.

Foreign Currencies

The presentation currency of the Company is the Canadian dollar, which is the functional and presentation currency of the parent company. The functional currency for a subsidiary is the currency of the primary economic environment in which the subsidiary operates. As of December 31, 2016 and 2015, the functional currency was determined to be the Canadian dollar for each subsidiary.

Foreign currency transactions are translated into the functional currency of the entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized within general and administrative expenses in the consolidated statement of loss. Non-monetary items, which are measured using historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Convertible Debentures

Convertible debentures are comprised of two components, the debt component and the conversion feature, which is considered equity. The debt component of the instrument is initially recognized at fair value and carried at amortized cost, with the residual being allocated to the conversion feature, classified as equity. Transaction costs are allocated between the debt component and the conversion feature on a pro rata basis.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition. Upon conversion of the convertible debenture the value of the equity component is reallocated to share capital. Upon expiry of the conversion feature or repayment of the debenture, the equity component is reallocated to contributed surplus.

2. Significant Accounting Policies (Continued)

Comprehensive Loss

Comprehensive loss measures net loss for the period plus other comprehensive income (loss). Other comprehensive income (loss) consists of changes to unrealized gains and losses on available-for-sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of foreign operations during the period. Amounts reported as other comprehensive income (loss) are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Income. To date there has not been any other comprehensive income (loss), and accordingly, net loss equals comprehensive loss.

Accounting Estimates and Judgments

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

- as more fully described in notes 11 and 12, calculation of the fair value of stock options and warrants issued requires the use of estimates of inputs in the applicable stock option valuation models;
- the fair value of the investments in private companies;
- the recoverability of deferred income tax assets, including expected periods of reversal of temporary differences and expectations of future taxable income, are assessed by management at the end of each reporting period;
- management assessment of going concern and uncertainties of the Company's ability to raise additional capital and/or obtain financing to advance the mineral properties;
- management is required to exercise judgment in identifying whether joint control exists in a joint arrangement;
- management assumption of no material restoration, rehabilitation and environmental, based on the facts and circumstances that existed during the period; and
- management is required to apply judgment in determining whether technical feasibility and commercial viability can be demonstrated for the Company's mineral properties. Once technical feasibility and commercial viability of a property can be demonstrated, related development expenditures will be capitalized.

2. Significant Accounting Policies (Continued)

Future Accounting Pronouncements

The accounting pronouncement detailed in this note has been issued but is not yet effective. The Company has not early adopted this standard and is currently evaluating the impact, if any, that this standard might have on its consolidated financial statements.

(i) IFRS 9 - Financial Instruments ("IFRS 9") was issued by the IASB in July 2014 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. A new hedge accounting model is introduced and represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions.

The effective date of IFRS 9 was deferred to years beginning on or after January 1, 2018. Earlier application is permitted.

3. Capital Risk Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, warrants, contributed surplus and deficit, which at December 31, 2016, totalled a surplus of $680,051 (December 31, 2015 - deficit of $(211,985)).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties.

The Company’s capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2016. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSXV which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2016, management believed it was compliant with Policy 2.5.

4. Financial Risk Factors

The Company is exposed to credit risk, market risk (consisting of interest rate risk, currency risk, and other price risk), and liquidity risk.

(a) Credit Risk

The financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company mitigates its exposure to credit loss by placing its cash with major financial institutions.

(b) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices and consists of two types of risk: interest rate risk and other currency risk.

(i) Interest rate risk arises because of changes in market interest rates. The Company’s cash is subject to minimal risk of changes in value and are readily convertible into cash.

(ii) Currency risk arises because of changes in foreign exchange rates. The currency risk in the US subsidiary is immaterial.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities as they come due. The Company’s investment policy is to invest its excess cash in high-grade investment securities with varying terms to maturity, selected with regard to the expected timing of expenditures for continuing operations. Accounts payable and accrued liabilities are all current. The Company monitors its liquidity position and budgets future expenditures, in order to ensure that it will have sufficient capital to satisfy liabilities as they come due.

As at December 31, 2016, the Company has accounts payable and accrued liabilities of $114,018 (December 31, 2015 - $28,818) due within 12 months and has cash of $731,964 (December 31, 2015 - $58,935) to meet its current obligations.

The Company's ability to continually meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financings.

(Expressed in Canadian Dollars)

5. Amounts Receivable

As at December 31,	**2016**	**2015**
Sales tax receivable - (Canada)	**$ 24,920**	$ 6,620
Total	**$ 24,920**	$ 6,620

6. Investment in Private Company

As at December 31,	**2016**	**2015**
Investment in 7,150,000 shares (2015 - 7,150,000)	**$ 1**	$ 1
Total	**$ 1**	$ 1

In 2009, the Company optioned a 70% interest in the EL Alto Property to a privately held company (the "El Alto Optionee"). Under the option agreement the Company received 500,000 common shares in the El Alto Optionee valued at $0.50 per share. A value of $250,000 was recorded as the initial value of the shares.

On December 21, 2012, the Company disposed, to the El Alto Optionee, its 100% interest in the Wild Goose Property. As consideration, the Company received 3,000,000 common shares of the El Alto Optionee at a price of $0.50 and cash payments totaling $1,200,000 over 5 years. A value of $1,500,000 was recorded as the initial value of the shares. If at any time while any part of the payment remains outstanding and the El Alto Optionee completes a financing, the gross proceeds of which are greater than or equal to $10,000,000, the balance of the payment shall become due and payable within 30 days of the closing of such financing. As at December 31, 2013, $200,000 of this $1,200,000 had been received.

On December 21, 2012, the Company acquired warrants to acquire 5,000,000 common shares in the El Alto Optionee at a price of $0.50 for a term of 5 years, in connection with the disposition of the El Alto property. These 5,000,000 warrants were initially valued using the following Black-Scholes option pricing model parameters; a risk-free interest rate of 1.36%, a dividend yield of 0%, a volatility of 104%, an exercise price of $0.50 and an expected life of 5 years. A value of $1,910,044 was recorded as the initial value of the warrants.

Following the disposition of the El Alto property, the Company retained a 0.5% royalty on future production from the El Alto property.

During the year ended December 31, 2014, deferred proceeds receivable from the El Alto Optionee having a carrying value of $845,640 were settled by the payment of $150,000 cash and the issuance of 3,400,000 common shares at an assigned price of $0.25 per share. This resulted in a gain on settlement of proceeds receivable of $154,360.

On February 21, 2014, the Company was issued 250,000 shares from the El Alto Optionee at an assigned price of $0.25 per share as a finder's fee.

During the year ended December 31, 2015, the Company recorded an impairment loss resulting from a decline in fair value of $1,787,499 on the common shares of the El Alto Optionee and $702,255 on the warrants. The fair value of the common shares was estimated to $1 based on management's judgment. The current fair value of the warrants estimated to be $nil based on management judgment.

(Expressed in Canadian Dollars)

7. Equipment

December 31, 2016	Cost	Amortization	Accumulated Amortization	Disposals of Cost	Net
Computer hardware	$ 1	$ -	$ -	$ -	$ 1

December 31, 2015	Cost	Amortization	Accumulated Amortization	Disposals of Cost	Net
Equipment	$ 30,316	$ 2,639	$ -	$ 30,316	$ -
Office furniture	4,184	172	-	4,184	-
Computer software	18,458	-	-	18,458	-
Computer hardware	21,743	899	-	21,742	1
Vehicles	38,346	1,711	-	38,346	-
	$ 113,047	$ 5,421	$ -	$ 113,046	$ 1

During the year ended December 31, 2015, the Company sold office furniture for gross proceeds of $1,100 which resulted in a loss on sale of equipment of $447. In addition, during the year ended December 31, 2015, the Company settled accrued vacation pay in exchange for its vehicles which resulted in a loss on settlement of debt of $13,597.

8. Accounts Payable and Accrued Liabilities

As at December 31,	2016	2015
Falling due within the year		
Trade payables	**$ 105,518**	$ 13,311
Accrued liabilities	**8,500**	15,507
Total	**$ 114,018**	$ 28,818

9. Promissory Note

(i) Effective October 30, 2015, the Company entered into a promissory note with the former Chairman of the Company for monies owing in the amount of $266,500. The promissory note incurred an interest rate of prime plus 1% per annum and was to mature at the earlier of (i) the date in which a default occurs, (ii) the date of which the Company completes an equity financing or series of equity financings resulting in aggregate gross proceeds to the Company of not less than $1.5M and (iii) October 30, 2017. The Chairman also had the option to convert the promissory note and unpaid interest into common shares of the Company at any time at a price per common share which shall be the volume weighted average price per common share in the previous 20 trading days.

The proceeds of $266,500 of the promissory note was separated into liability component of $217,877 and a derivative liability of $48,623 using an interest rate of 13% per annum being management's best estimate of the rate that a non-convertible promissory note with similar terms would bear. During the year ended December 31, 2015, the Company recorded accretion expense of $3,629 and interest expense of $1,675 in the consolidated statements of loss and comprehensive loss.

(Expressed in Canadian Dollars)

9. Promissory Note (Continued)

(i) (continued) At December 31, 2015, the option to convert the promissory note and unpaid interest into common shares of the Company at any time was cancelled. For accounting purposes, the convertible promissory note was recorded as settled as at December 31, 2015 and as if at December 31, 2015 the Company entered into a new promissory note. A gain on settlement of convertible promissory note of $3,629 was recorded in the statements of loss and comprehensive loss for the year ended December 31, 2015.

Movement in the convertible promissory note was as follows:

Balance, December 31, 2014	**$**	**-**
Principal amount		266,500
Fair value of derivative liability		(48,623)
Accrued interest		1,675
Accretion expense		3,629
Settlement of the convertible promissory note		(223,181)
Balance, December 31, 2015 and December 31, 2016	**$**	**-**

During the year ended December 31, 2016, the Company recorded $8,833 in interest. On May 12, 2016, the Company settled the promissory note in full with cash.

Movement in the promissory note was as follows:

Balance, December 31, 2014	**$**	**-**
Principal amount		266,500
Accrued interest		1,675
Balance, December 31, 2015		268,175
Accrued interest		3,593
Settlement of promissory note		(271,768)
Balance, December 31, 2016	**$**	**-**

(ii) Effective January 25, 2016, the Company entered into a promissory note with a third party to lend the Company $50,000. The promissory note incurs an interest rate of 8% per annum and is repayable in full on demand.

Effective April 1, 2016, the Company entered into a promissory note with a third party to lend the Company $25,000. The promissory note incurs an interest rate of 8% per annum and is repayable in full on demand.

During the year ended December 31, 2016 the Company was advanced $10,000 from a third party. The advance incurs interest at a rate of 8% per annum and is repayable in full on demand.

During the year ended December 31, 2016, the Company settled all promissory notes in full with cash.

Movement in the promissory notes was as follows:

Balance, December 31, 2015	**$**	**-**
Principal amount		85,000
Accrued interest		1,245
Settlement of promissory notes		(86,245)
Balance, December 31, 2016	**$**	**-**

(Expressed in Canadian Dollars)

10. Share Capital

(a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares.

(b) Common shares issued

On May 12, 2016, the Company effected and completed a share consolidation on a one (1) for two (2) basis (the "Share Consolidation") and all share, option and warrant and per share, option and warrant data have been retroactively adjusted to reflect the share consolidation as if it occurred at the beginning of the earliest period presented. At December 31, 2016, the issued share capital amounted to $18,442,502. The change in issued share capital for the periods presented were as follows:

	Number of Shares	Amount
Balance, December 31, 2014 and December 31, 2015	**42,591,903**	**$ 11,449,688**
Conversion of flow-through special warrants (i)	5,000,000	750,000
Conversion of convertible debentures (i)	26,000,000	1,300,000
Share issue costs	-	(86,662)
Exercise of stock options	1,212,500	266,750
Fair value of stock options	-	172,726
Acquisition of 35.5% interest in the Pardo Joint Venture (note 14)	25,500,000	4,590,000
Balance, December 31, 2016	**100,304,403**	**$ 18,442,502**

(i) On April 11, 2016, the Company completed a non-brokered private placement of $1.3 million in principal amount of senior secured convertible debentures (the "Offering") at a price of $100,000 and integral multiples thereof per debenture (the "Debentures"). The Debentures had an interest rate of 8% per year, calculated semi-annually from their date of issuance and a maturity date that is two (2) years from the date of issuance (the "Maturity Date"). At the option of the lenders, principal under the Debenture is convertible (the "Conversion") into common shares of the Company (the "Conversion Shares") at a conversion price of $0.05 per Conversion Share until the date that is 12 months prior to the Maturity Date or at a conversion price of $0.10 per Conversion Share thereafter, however, the lenders may only exercise their right to Conversion following completion of a share consolidation on a minimum basis of two (2) (old) common shares for one (1) (new) common share (the “Share Consolidation”), and up to or on the Maturity Date. In connection with the Offering, Mr. Wayne Whymark, former Chairman and Chief Executive Officer ("CEO") of the Company, was issued 5,000,000 flow-through special warrants (the "Special Warrant") exercisable at $0.05 per Special Warrant into a common share of the Company on completion of the Share Consolidation. The Special Warrants were valued at $500,000 using the intrinsic method on the date the Special Warrants were issued. This was recorded as a compensation expense within the office and general expense on the statement of loss and comprehensive loss.

Mr. Whymark’s Special Warrants were exercised into 5,000,000 common shares of the Company.

On May 12, 2016, Eric Sprott, Evanachan Limited ("Evanachan"), a company wholly-owned by Robert R. McEwen, and Osisko Gold Royalties Ltd. ("Osisko") all exercised, in full, their right to convert their previously acquired Debentures which became convertible into common shares of the Company as a result of the completion of the Share Consolidation. Mr. Sprott converted his $500,000 principal amount of Debentures at a price of $0.05 per share and as a result acquired 10,000,000 common shares of the Company, Evanachan converted its $500,000 principal amount of Debentures at a price of $0.05 per share and as a result acquired 10,000,000 common shares of the Company, and Osisko converted its $300,000 principal amount of Debentures at a price of $0.05 per share and as a result acquired 6,000,000 common shares of the Company.

(Expressed in Canadian Dollars)

11. Stock Options

The Company has a formal stock option plan (the "Plan"). The Plan is referred to as a "floating" plan and provides for an aggregate number of shares reserved for issuance of up to 10% of the Company's issued common shares at the time of the grant of a stock option under the Plan. The number of options granted to any one consultant in any 12 month period cannot exceed 2% of outstanding shares. The aggregate number of shares reserved for issuance to any one optionee that is an officer, director or employee in any 12 month period cannot exceed 5% of the outstanding shares. The aggregate number of options granted to any optionee that provides investor relations service to the corporation in any 12 month period cannot exceed 2% of the issued and outstanding shares on a non-diluted basis at the time of the grant. Options granted under the plan generally vested upon issuance.

The following table reflects the continuity of stock options for the years presented:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2014	**3,042,500**	**$ 0.28**
Options granted	802,500	0.20
Options expired	(525,000)	0.22
Balance, December 31, 2015	**3,320,000**	**0.28**
Options granted	1,625,000	0.28
Options exercised	(1,212,500)	0.22
Options expired	(55,000)	0.30
Balance, December 31, 2016	**3,677,500**	**$ 0.30**

During the year ended December 31, 2016 the weighted average share price on the date of exercise of the options was $0.30.

The weighted average fair value of the options granted in the year was estimated at $0.26 (2015 - $0.03) by using the Black-Scholes option pricing model with the following weighted average assumptions:

	2016	2015
Share price	**$0.28**	$0.08
Risk-free interest rate	**0.74%**	0.98%
Dividend yield	**0%**	0%
Volatility	**171%**	151%
Expected life	**5 years**	5 years

Option pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Volatility is calculated as the variation of the Company's share price over a look back period equal to the expected life of the option at issuance. Changes in the underlying assumptions can materially affect the fair value estimates.

(Expressed in Canadian Dollars)

11. Stock Options (Continued)

The Company had the following stock options outstanding as of December 31, 2016:

Number of Options	Exercisable	Exercise Price	Weighted Average Remaining Contractual Life (years)	Expiry Date
125,000	125,000	$0.30	0.37	May 14, 2017
125,000	125,000	$0.30	0.44	June 9, 2017
1,000,000	1,000,000	$0.40	0.58	July 31, 2017
802,500	802,500	$0.20	3.40	May 26, 2020
1,625,000	541,667	$0.28	4.41	May 30, 2021
3,677,500	2,594,167		2.88	

12. Warrants

The following table reflects the continuity of warrants for the years presented:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2014	**7,470,833**	**$ 0.32**
Warrants expired	(2,554,167)	0.30
Balance, December 31, 2015	**4,916,666**	**0.33**
Warrants issued (note 10(i))	5,000,000	0.05
Warrants exercised (note 10(i))	(5,000,000)	0.05
Balance, December 31, 2016	**4,916,666**	**0.33**

The Company had the following warrants outstanding at December 31, 2016:

Number of Warrants		Exercise Price	Expiry Date
3,250,000	(i)	$0.30	September 12, 2017
1,666,666	(i)	$0.40	September 12, 2017
4,916,666			

(i) On August 19, 2015, 4,916,666 warrants were extended from September 12, 2015 to September 12, 2017. 3,250,000 warrants were originally issued on September 12, 2013 and are exercisable at $0.30 per share and 1,666,666 warrants were originally issued on September 12, 2013 and are exercisable at $0.40 per share. The Company recorded the incremental difference of $114,000 as a capital transaction based on the fair value of these warrants immediately prior to and after the modification. These warrants were valued immediately prior to the subsequent extension using the following Black-Scholes option pricing model parameters; a risk-free interest rate of 0.37%, a dividend yield of 0%, a volatility of 183%, and an expected life of 0.07 years. These warrants were valued subsequent to the subsequent extension using the following Black-Scholes option pricing model parameters; a risk-free interest rate of 0.37%, a dividend yield of 0%, a volatility of 159%, and an expected life of 2.07 years.

(Expressed in Canadian Dollars)

13. Net Loss per Common Share

The calculation of basic and diluted loss per share for the year ended December 31, 2016 was based on the loss attributable to common shareholders of $6,210,935 (year ended December 31, 2015 - $3,629,636) and the weighted average number of common shares outstanding of 65,141,595 (year ended December 31, 2015 - 42,591,903) for basic and diluted loss per share. Diluted loss did not include the effect of warrants and options for the year ended December 31, 2016 and 2015, as they are anti-dilutive.

14. Exploration and Evaluation Expenditures

Year Ended December 31,	**2016**	**2015**
Pardo (a)	**$ 4,949,004**	$ 338,841
McNish (b)	**-**	13,210
	$ 4,949,004	$ 352,051

For details on the exploration and evaluation expenditures see the attached schedules on pages 26 and 27.

(a) Pardo Property, Sudbury Mining Division, Ontario

The Company and Endurance Gold Corporation ("Endurance") were parties to a joint venture agreement dated March 22, 2012 ("Pardo Joint Venture"). The Pardo Joint Venture relates to the Pardo Project which consists of 16 mining claims located approximately sixty-five (65) kilometres northeast of Sudbury, Ontario (the "Pardo JV Property").

In 2014, the Company and Endurance agreed that pursuant to the terms of the Pardo Joint Venture, Mount Logan Resources Ltd., a wholly owned subsidiary of the Company, held a 64.5% interest and Endurance held a corresponding 35.5% interest in the Pardo Joint Venture. The Pardo JV Property was subject to a pre-existing three percent (3%) net smelter return royalty ("Pardo Royalty") of which Endurance had a proportional right to purchase at any time a one and a half percent (1.5%) of the Pardo Royalty for $1,500,000.

On November 30, 2016, the Company completed the purchase of the 35.5% interest in the Pardo Joint Venture from Endurance in exchange for the issuance of 25,500,000 common shares of the Company at a fair value of $0.18 per share, and a cash payment of $75,000. As a result of this transaction, the Company now owns 100% of the assets comprising the Pardo Joint Venture. The purchased property is subject to the pre-existing three percent (3%) net smelter return royalty, of which one and a half percent (1.5%) can be purchased for $1,500,000 at any time.

(b) McNish Property - Sudbury Mining Division, Ontario

The Company holds 8 claims that were acquired during 2015. It is intended that these claims be prospected for gold bearing pebble conglomerates similar to those found on surface at the Company's Pardo Property. The Company holds a 100% interest in the McNish Property. The 8 claims are in good standing as at December 31, 2016.

15. Related Party Balances and Transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The noted transactions below are in the normal course of business.

15. Related Party Balances and Transactions (Continued)

Salaries paid, or otherwise accrued, to key management personnel (defined as the current Chief Executive Officer ("CEO") and non-executive directors) totaled $nil (year ended December 31, 2015 - $nil). As at December 31, 2016, key management personnel was owed $1,032 (December 31, 2015 - $nil) and these amounts were included in accounts payable and accrued liabilities. The Chief Financial Officer ("CFO") is also part of key management. Fees paid to the CFO were paid to Marrelli Support Services Inc. ("Marrelli Support") as disclosed below.

Salaries paid, or otherwise accrued, to former management personnel (defined as the two former CEO's, former chairman and former CFO) totaled $550,000 (year ended December 31, 2015 - $411,219) and these amounts are included in office and general expenses. As at December 31, 2016, former management personnel was owed $nil (December 31, 2015 - $3,420) and these amounts were included in accounts payable and accrued liabilities.

Stock-based compensation issued to key management personnel for the year ended December 31, 2016 was valued at $213,250 (year ended December 31, 2015 - $41,293).

Effective October 31, 2015, the Company entered into termination employment agreements with each of Mr. Wesley Whymark and Mr. Winston Whymark pursuant to which the Company provided each of them compensation of $3,000. These individuals are close family members of the former CEO and during the year ended December 31, 2016 both individuals were hired back as employees. Salaries paid or otherwise accrued to these individuals totalled $123,562 (2015 -$nil) which were included in office and general expenses. As at December 31, 2016, $11,650 (2015 - $nil) was owed and included in accounts payable and accrued liabilities.

Effective October 30, 2015, the employment contract of the Chairman of the Company was terminated. Pursuant to a Separation Agreement and Release, severance of $178,750 was accrued to the Chairman as per the employment contract, unpaid salary of $68,750 and accrued vacation of $19,000. Refer to note 9. These amounts were included in office and general expenses.

During the year ended December 31, 2016, the Company paid professional fees and disbursements of $42,088 (year ended December 31, 2015 - $29,277) to Marrelli Support, an organization of which Carmelo Marrelli is president. Carmelo Marrelli is the CFO of the Company. These services were incurred in the normal course of operations for general accounting and financial reporting matters and these amounts are included in professional fees. As at December 31, 2016, Marrelli Support was owed $904 (December 31, 2015 - $3,550) and these amounts were included in accounts payable and accrued liabilities.

During the year ended December 31, 2016, the Company paid professional fees and disbursements of $16,724 (year ended December 31, 2015 - $12,228) to DSA Corporate Services Inc. ("DSA"), an organization of which Carmelo Marrelli controls. Carmelo Marrelli is also the corporate secretary and sole director of DSA. These services were incurred in the normal course of operation of corporate secretarial matters and these amounts are included in office and general expenses. As at December 31, 2016, DSA was owed $1,174 (December 31, 2015 - $nil) and these amounts were included in accounts payable and accrued liabilities.

During the year ended December 31, 2016, the Company paid $nil (year ended December 31, 2015 - $33,562) to the son of the former CEO for research services which was recorded in exploration and evaluation expenditures.

Refer to (note 10).

As at December 31, 2016, the Company owed $30,711 (2015 - $nil) to a Company of which a director is president and CEO. This amount represents expense reimbursements related to the Pardo property.

(Expressed in Canadian Dollars)

15. Related Party Balances and Transactions (Continued)

To the knowledge of the directors and officers of the Company, as at December 31, 2016, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all the common shares of the Company other than set out below:

	Number of Common Shares	Percentage of Outstanding Common Shares
Robert R. McEwen	**18,502,500**	**18.45 %**
Eric S. Sprott	**13,661,333**	**13.62 %**
Endurance Gold Corporation	**25,500,000**	**25.42 %**

16. Income Taxes

Income Tax Expense

The following table reconciles income taxes calculated at combined Canadian federal/provincial tax rates with the income tax expense in the consolidated financial statements:

	2016	2015
Loss before income taxes	**$ (6,210,935)**	$ (3,629,636)
Statutory rate	**26.50%**	26.50%
Expected income tax expense (recovery)	**(1,645,898)**	(961,854)
Stock-based compensation and other non-deductible expenses	**207,924**	13,921
Share issue costs and other	**(41,966)**	(18,523)
Change in deferred tax assets not recognized	**1,479,940**	966,456
Income tax expense (recovery)	**$ -**	$ -

Deferred Income Taxes

The temporary differences that give rise to deferred income tax assets and deferred income tax liabilities are presented below:

	2016	2015
Deferred tax assets (liabilities)		
Mineral properties and deferred exploration costs	**$ 2,126,292**	$ 865,543
Non-capital loss carry forwards	**1,049,125**	836,994
Share issue costs and other	**26,129**	19,069
Investment in private company	**705,562**	705,562
Other	**10,695**	10,695
Total deferred income tax assets	**3,917,803**	2,437,863
Deferred income tax assets not recognized	**(3,917,805)**	(2,437,863)
Net deferred income tax assets	**$ -**	$ -

(Expressed in Canadian Dollars)

16. Income Taxes (Continued)

Loss Carry Forwards

As at December 31, 2016, the Company has non-capital tax loss carryforwards of $3,958,962 expiring as follows:

2030	$ 110,711
2031	849,065
2032	42,192
2033	601,931
2034	741,533
2035	1,076,194
2036	537,336
	$ 3,958,962

17. Segmented Information

The Company's operations comprise a single reporting operating segment engaged in mineral exploration in Canada. As the operations comprise a single reporting segment, amounts disclosed in the consolidated financial statements also represent segment amounts.

Inventus Mining Corp.
Schedule of Exploration and Evaluation Expenditures
(Expressed in Canadian Dollars)
Year Ended December 31, 2016

	Pardo
Acquisition costs	
Shares issued - 35.5% interest in the Pardo Joint Venture	$4,590,000
Cash - 35.5% interest in the Pardo Joint Venture	75,000
Legal and TSXV costs	35,580
	4,700,580
Exploration expenditures	
Analysis	45,713
Consulting services	84,356
Drilling	45,804
Field supplies and consumables	10,175
Rentals	33,123
Travel, consumables and accommodation	13,628
Wages and benefits	15,625
	248,424
Total exploration expenditures for the year	**$4,949,004**

Inventus Mining Corp.
Schedule of Exploration and Evaluation Expenditures (Continued)
(Expressed in Canadian Dollars)
Year Ended December 31, 2015

	McNish	Pardo	Total
Acquisition costs			
Staking	$ 8,140	$ 857	$ 8,997
	8,140	857	8,997
Exploration expenditures			
Analysis	2,276	26,660	28,936
Consulting services	-	37,765	37,765
Drilling	-	91,477	91,477
Field office	-	52,005	52,005
Field supplies and consumables	454	27,052	27,506
Wages and benefits	2,340	154,928	157,268
Travel, consumables and accommodation	-	11,924	11,924
Recovered from Joint Venture partner	-	(98,182)	(98,182)
Research support	-	34,355	34,355
	5,070	337,984	343,054
Total exploration expenditures for the year	**$ 13,210**	**$ 338,841**	**$ 352,051**