NEW CAROLIN GOLD CORP.

Condensed Interim Financial Statements
For the Three Months Ended January 31, 2017 and 2016

NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these interim financial statements they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the company have been prepared by and are the responsibility of the Company's management.

	January 31, 2017 $	October 31, 2016 $
ASSETS		
Current Assets		
Cash	826,581	228,175
Amounts receivable	103,872	62,313
Prepaid expenses	78,408	61,747
	1,008,861	352,235
Exploration and evaluation assets (note 4)	7,834,773	7,226,426
Reclamation bonds (note 4)	205,000	205,000
	9,048,634	7,783,661
LIABILITIES		
Accounts payable and accrued liabilities (notes 8 & 12)	1,132,224	1,267,043
Loans payable (note 8)	136,929	204,911
Term loans (notes 5 and 8) – current	-	26,712
	1,269,153	1,498,666
EQUITY		
Share capital (note 6)	13,537,301	11,944,755
Equity component of convertible debt	-	10,000
Reserves	1,869,799	1,475,127
Deficit	(7,627,619)	(7,144,887)
	7,779,481	6,284,995
	9,048,634	7,783,661

Nature of operations and going concern (note 1)
Commitments (note 12)
Subsequent events (note 14)

Approved on behalf of the board of directors

"Robert L. Thast"
Robert L. Thast
Director

"Richard T Gillard"
Richard T Gillard
Director

The accompanying notes are an integral component of these financial statements

	2017 $	2016 $
EXPENSES		
Consulting fees (note 8)	59,746	54,493
Filings and investor relations	82,641	21,188
General and administration	27,630	1,607
Insurance	4,963	853
Professional fees (note 8)	46,900	20,413
Term loans interest and accretion (note 5)	(181)	22,380
Loans payable interest and accretion (note 8)	8,089	410
Share-based payments (notes 7 and 8)	262,944	-
Net and comprehensive loss	(492,732)	(120,859)
Net loss per share		
Basic and diluted	$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding – basic and diluted	158,575,232	79,972,957

The accompanying notes are an integral component of these financial statements

	Shares Issued	Share Capital	Share Subscriptions	Equity component of convertible debt	Share-based Payments Reserve	Warrant Reserve	Deficit	Total equity
		$	$	$	$	$	$	$
October 31, 2015	75,004,997	6,682,285	-	176,800	680,681	222,251	(5,807,516)	1,969,501
Loss for the year	-	-	-	-	-	-	(120,859)	(120,859)
Shares issued in respect of private placement of units	1,792,620	89,631	(15,000)	-	-	-	-	74,631
Shares issued in respect of flow-through financing	3,007,380	150,369	-	-	-	-	-	150,369
Shares issued for debt settlement	566,216	28,311	-	-	-	-	-	28,311
Extinguishment of original term loans and Recognition of amended term loans	-	-	-	(166,800)	-	-	166.800	-
Shares issued on conversion of term loans	8,340,000	317,146	-	-	-	-	-	317,146
Share issue costs	-	(10,000)	-	-	-	-	-	(10,000)
Share-based payments	-	-	-	-	-	-	-	-
Balance as at January 31, 2016	88,711,213	7,257,742	-	-	680,681	222,251	(5,761,575)	2,409,099
October 31, 2016	155,625,722	11,944,755	-	10,000	1,195,376	279,751	(7,144,887)	6,284,995
Loss for the year		-	-	-	-	-	(492,732)	(492,732)
Shares issued in respect of private placement of units	7,261,000	508,270	-	-	-	-	-	508,270
Shares issued in respect of flow-through financing	12,932,646	939,997	-	-	-	-	-	939,997
Shares issued for debt settlement	9,425	613	-	-	-	-	-	613
Shares issued on exercise of warrants	5,500,000	275,000	-	-	-	-	-	275,000
Extinguishment of convertible debentures	-	-	-	(10,000)	-	-	10,000	-
Warrants issued for loan payable	-	-	-	-	-	75,315	-	73,315
Share issue costs	-	(131,334)	-	-	-	56,413	-	(74,921)
Share-based payments	-	-	-	-	262,944	-	-	262,944
Balance as at January 31, 2017	181,328,793	13,537,301	-	-	1,458,320	411,479	(7,627,619)	7,779,481

The accompanying notes are an integral component of these financial statements

	2016 $	2016 $
Cash provided by (used for)		
Operating activities		
Net loss for the year	(492,732)	(120,859)
Non-cash items:		
Share-based payments	262,944	-
Accrued interest and accretion – term loans	(1,712)	22,380
Accrued interest and accretion – loans payable	(2,667)	410
Interest paid by issuance of shares	613	28,311
Gain on settlement of debt	-	(485)
Change in non-cash working capital items:		
Amounts receivable	(41,559)	(146)
Accounts payable and accrued liabilities	(134,819)	101,834
Prepaid expenses	(16,661)	(73,518)
Cash flows used for operating activities	(426,593)	(42,073)
Financing activities		
Loan payable proceeds (repayment)	(15,000)	-
Conversion of term loan payable	-	317,146
Shares issued upon conversion of term loan	-	(346,441)
Issue of units and flow-through shares for cash	1,504,680	240,000
Warrants exercised	275,000	-
Share issue costs	(131,334)	(10,000)
Share subscriptions received	-	(15,000)
Cash flows provided by financing activities	1,633,346	185,705
Investing activity		
Investment in exploration and evaluation assets	(608,347)	(23,996)
Cash flows used for investing activity	(608,347)	(23,996)
Increase in cash	598,406	119,636
Cash beginning of period	228,175	42,278
Cash end of period	826,581	161,914

Supplemental cash flow information (note 13)

The accompanying notes are an integral component of these financial statements

1. Nature and continuance of operations

New Carolin Gold Corp. is a Canadian resource exploration and development company incorporated in British Columbia. The Company holds a 100% interest in the Ladner Gold Project located in southwestern British Columbia. The Company maintains its head office in Vancouver, British Columbia.

These financial statements have been prepared on a going concern basis, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has not generated revenues from operations and has a significant working capital deficiency of $335,681 (2016 - $1,146,431). The continuing operations of the Company are dependent on its ability to obtain additional financing. As a result, there exists a material uncertainty that raises significant doubt about the Company's ability to continue as a going concern. Management plans to obtain sufficient working capital from external financing to meet the Company's liabilities and commitments as they become due. The financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These financial statements were approved for issue on March 27, 2017 by the Board of Directors of the Company.

2. Basis of presentation

a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" ("IAS 34") as issued by the International Financial Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, have been omitted or condensed.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

b) Basis of presentation

The financial statements have been prepared using the same accounting policies and methods as those used in the financial statements for the year ended October 31, 2016, except for the impact of the adoption of the accounting standard described below. These condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit and loss, which are stated at their fair value and are presented in Canadian dollars, which is also the Company's functional currency, unless otherwise indicated. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended October 31, 2016.

3. Adoption of new accounting pronouncements and recent developments

The following new standards, and amendments to standards and interpretations, are not yet effective for the current period and have not been applied in preparing these financial statements. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below:

i) *IFRS 9: New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018.*

ii) *IAS 27: Amended to restore option to use equity method to account for investments in subsidiaries, joint ventures and associates for annual period beginning on or after January 1, 2016.*

iii) *Partial replacement of IAS 39 Financial Instruments: Recognition and Measurement. This standard is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of this standard.*

4. Exploration and evaluation assets

	January 31, 2017	January 31, 2016
Acquisition costs		
Balance, beginning of the period	$ 3,662,364	$ 1,284,440
Acquisition costs	2,147	8,192
Total acquisition costs, end of the period	3,664,511	1,292,632
Exploration costs		
Balance, beginning of the year	3,564,062	2,565,391
Assay and analysis	43,347	-
Drilling	149,209	-
Geological and consulting	245,483	23,995
Site activities	168,161	-
Total exploration costs, end of the period	4,170,262	2,589,386
Total exploration and evaluation assets, end of the period	$ 7,834,773	$ 3,882,018

Ladner Gold Project

In August, 2014, the Company entered into an acquisition agreement ("Agreement") to acquire all rights and title to the mineral claims comprising the Carolin Mine and associated Ladner gold properties, collectively known as the Ladner Gold Project (the "Project") then owned by or under option to Century Mining Corporation ("Century") and under a receivership order with Samson Belair / Deloitte & Touche Inc. ("Receiver"), Completion of the acquisition was subject to the Company and the Receiver meeting certain closing conditions by April 15, 2015, which termination date was later extended to April 15, 2016. The Company owned a historic 10% interest in the Project.

During the year ended October 31, 2015, as part of the Agreement with and facilitated by the Receiver, the Company exercised Century's existing Tamerlane Option to complete the purchase of a 30% interest in the Ladner Gold Project, making the final payment to acquire Tamerlane's 30% interest. On closing, the Company then controlled a 40% interest in the Project.

In February, 2016, the Company and the Receiver amended the Agreement to reduce the amounts payable and the closing conditions in order to accelerate closing on the remaining 60% interest in the Project. The parties agreed that, upon Closing:

1. the Receiver would have an ownership interest in the Company equal to 19.9% of the common shares of the Company then issued and outstanding;
2. the Company would have no more than $400,000 in accounts payable and accrued liabilities required to be settled;
3. a secured lender to the Company would amend the terms of a recent secured loan for $200,000 to extend its maturity date to December 31, 2016;
4. the acquisition would be approved by the TSX Venture Exchange, and
5. an order from the Superior Court of Québec authorizing such amendments would be obtained.

On April 13, 2016, the Company met all of the above conditions to close and completed the acquisition with the Receiver, acquiring the remaining 60% of the Ladner Gold Project. The Company issued 24,889,509 common shares to the Receiver and agreed to grant and pay:

1. a 2% Net Smelter Returns royalty ("NSR") on the Project, which may be purchased by the Company in whole or in part at any time prior to the first anniversary of the closing for $2,250,000 per percentage point; and
2. 35% of the profits earned and received by the Company from the sale of gold obtained by reprocessing the tailings presently existing on the Project.

On completion, the Company has 100% of the legal and beneficial ownership of the 144-square kilometer Ladner Gold Project contiguous land package, which includes the Carolin Mine.

In connection with the Project, the Company has a total of $205,000 placed with the Province of British Columbia as an environmental bond.

4. Exploration and evaluation assets (continued)

Property option agreement with Crucible Resources Ltd.

On February 11, 2016, the Company entered into an option agreement with Crucible Resources Ltd. ("Crucible") to acquire the Warkentin Property, whereby the Company can acquire 20 mineral claims covering 30 square kilometers situated near the southern portion of the Ladner Gold Project, under the following terms:

1. Paying Crucible $32,000 (paid) in respect of settlement of the previous agreement and to secure the new Option
2. The Company can acquire all 20 claims at any time for a total of $50,000 over five years
3. Funds spent on exploration will be factored into the $50,000 acquisition purchase price
4. Crucible retains a 2% NSR, which the Company may purchase for $250,000 for the first 1% and $500,000 for the second 1%.

5. Term loans

2012 Term Loans

In July 2012, the Company signed multiple Non-Transferable Secured Convertible Debentures for a total of $415,000 ("2012 Debentures") that matured on July 31, 2013, paid 8% interest per annum and were convertible to units (common shares and warrants) at $0.10 per unit, with each common share purchase warrant exercisable at $0.12 per share for a twelve-month period. The Company paid $44,037 in financing fees and allocated $270,816 to the carrying value of the loan and $92,165 to equity on initial recognition. Over the term of the loan this carrying value was accreted to the $415,000 principal amount and the corresponding interest and accretion was charged to operations.

On February 11, 2015, by agreement with the Debentureholders, the 2012 Debentures were amended to have an issue date of January 1, 2015, with a maturity date of December 31, 2016, paying 13% interest per annum and convertible to units ("2012 Unit") at $0.05 per 2012 Unit on or before December 31, 2015, or $0.10 thereafter to maturity, each 2012 Unit consisting of one common share and one common share purchase warrant (the "Warrant"), each Warrant exercisable to acquire one additional common share of the Company at an exercise price of $0.05 per common share until December 31, 2016. Prior interest owing at December 31, 2014 will be settled with common shares of the Company at a rate of $0.05 per share (settled with share issuance on February 13, 2015). When interest is due and payable and the Company has unallocated working capital of less than $300,000, the Company may settle such interest by issuing common shares at a rate equal to the greater of (i) 0.05 and (ii) the last closing price of the Company's shares on the TSX Venture Exchange on the day immediately prior to the day such interest is due. The 2012 Debentures were secured by a General Security Agreement against the assets of the Company.

Subsequent to the amendment, during the year ended October 31, 2015, the Company issued 2,200,000 2012 Units upon conversion of $110,000 principal amount. The carrying amount of the liability at the time of conversion was $75,991. This amount, along with the equity component of convertible debt in the amount of $44,000, was transferred to share capital.

During the year ended October 31, 2016, the Company issued 5,600,000 2012 Units upon conversion of $280,000 principal amount. The carrying amount of the liability at the time of conversion was $212,893. This amount, along with the equity component of convertible debt in the amount of $112,000, was transferred to share capital.

On December 19, 2016, the Company issued 9,425 common shares at a fair value of $0.065 per share for consideration of $613 representing interest payable upon the final payout of the 2012 Term Loans.

During the three months ended January 31, 2017 the Company recorded $482 (2016 – $14,026) in interest and accretion expense in connection with the 2012 Debentures. At January 31, 2017, the carrying amount of the liability was $Nil (2016 - $26,712), including accrued interest of $Nil (2016 - $1,712).

2011 Term Loan

In September 2011, the Company signed a Non-Transferable Secured Convertible Debenture for $200,000 ("2011 Debenture") that matured on September 27, 2013, paying 15% interest per annum secured by all of the Company's present and after-acquired personal property, and convertible to units ("2011 Units") up to maturity at $0.10 per 2011 Unit, each consisting of one common share and one common share purchase warrant, which if converted in the first year was exercisable at $0.10 per share, or if in the second year at $0.15 per share. The Company paid $31,579 in financing fees in connection with the 2011 Debenture, and allocated $109,845 to the carrying value of the loan and $53,020 to equity on initial recognition. Over the term of the loan this carrying value was accreted to the $200,000 principal amount and corresponding interest and accretion was charged to operations.

5. Term loans (continued)

2011 Term Loans (continued)

During the year ended October 31, 2013, the Company paid $93,000 of the outstanding interest and principal and defaulted on the remaining balance of $137,000.

On February 11, 2015, by agreement with the Debentureholder, the 2011 Debenture was amended to have an issue date of January 1, 2015, with a maturity date of December 31, 2016, paying 13% interest per annum and convertible to units ("2011 Unit") at $0.05 per 2011 Unit on or before December 31, 2015, or $0.10 per 2011 Unit thereafter to maturity, each 2011 Unit consisting of one common share and one common share purchase warrant (the "2011 Warrant"), each 2011 Warrant exercisable to acquire one additional common share of the Company at an exercise price of $0.05 per common share until December 31, 2016. Prior interest owing at December 31, 2014 will be settled with common shares of the Company at a rate of $0.05 per share (settled with share issuance on February 13, 2015). When interest is due and payable and the Company has unallocated working capital of less than $300,000, the Company may settle such interest by issuing common shares at a rate equal to the greater of (i) 0.05 and (ii) the last closing price of the Company's shares on the TSX Venture Exchange on the day immediately prior to the day such interest is due. The 2012 Debentures were secured by a General Security Agreement against the assets of the Company.

Due to the significant amendments to the 2011 Debenture, the Company derecognized the carrying amount of the original term loan and allocated $82,200 to the carrying value of the loan and $54,800 to equity. Over the term of the loan this carrying value will be accreted to the $137,000 principal amount and the corresponding interest and accretion will be charged to operations.

During the year ended October 31, 2016, the Company issued 2,740,000 2011 Units upon conversion of $137,000 principal amount. The carrying amount of the liability at the time of the conversion was $104,253. This amount, along with the equity component of convertible debt in the amount of $54,800, was transferred to share capital.

During the three months ended January 31, 2017 the Company recorded $Nil (2016 – $6,644) in interest and accretion expense.

6. Share capital

a. Authorized

Unlimited common shares without par value.

b. Issued shares

On January 19, 2017, the Company closed a non-flow through private placement of 7,261,000 units ("Units") in the capital stock of the Company at a price of $0.07 per Unit for gross proceeds of $508,270. Each unit consists of one common share of the Company and one warrant to purchase one additional common share for a period of two years from the date of closing at a price of $0.07 per share in the first year and $0.09 per share in year two. Finder's fees were paid on portions of the Unit offering totaling $19,821 and finder's warrants totaling 455,160 warrants, each warrant issued for a period of two years and exercisable on the same terms as the subscriber Unit warrants.

The Company raised $275,000 through the exercise of common share purchase warrants held by several of its current shareholders. Prior to the expiration date on December 31, 2016, the Company received notice of exercise of 5,500,000 warrants to purchase shares at a price of $0.05 per share, and has issued the shares accordingly

The Company issued 6,307,646 flow-through common shares in its capital stock at a price of $0.065 per flow through share for proceeds of $409,997 on December 23 and December 30, 2016, and 6,625,000 flow-through common shares in its capital stock at a price of $0.08 per flow through share for proceeds of $530,000 on.November 8, 2016 . Finder's fees totaling $56,530 in cash and 780,096 non-flow through common share purchase warrants were paid in connection with the flow through offerings. The finder's warrants are exercisable for a period of 3 years from the date of closing, with 376,250 exercisable at a price of $0.08 and 403,846 exercisable at $0.065

On December 19, 2016, the Company issued 9,425 common shares at a fair value of $0.065 per share for consideration of $613 representing interest payable upon the final payout of the 2012 Term Loans.

On September 19, 2016, the Company issued 200,000 common shares upon the exercise of 200,000 warrants priced at $0.05 per share for proceeds of $10,000.

6. Share capital (continued)

b. Issued shares (continued)

On August 9 and 19, 2016, the Company issued a total of 1,000,000 common shares upon the exercise of 1,000,000 warrants priced at $0.07 per share for total proceeds of $70,000.

On July 6, 2016, the Company issued 100,000 shares upon the exercise of 100,000 stock options priced at $0.085 per share for proceeds of $8,500.

On May 19, 2016, the Company completed two concurrent non-brokered private placements of units totaling 14,690,000 units in the capital of the Company for gross proceeds of $1,028,300 as follows.

i. The first placement consisted of 3,750,000 units at a price of $0.07 per unit for proceeds of $262,500. Each unit consists of one common share and one common share purchase warrant entitling the holder to purchase one additional common share at a price of $0.09 per share for a period of two years from closing.

ii. The second placement consisted of 10,940,000 units at a price of $0.07 per unit for proceeds of $765,800. Each unit consists of one common share and one two-year common share purchase warrant entitling the holder to purchase one additional common share at a price of $0.10 per share in the first year and $0.12.5 cents per share in the second year.

The Company paid aggregate finder's fees of $30,534 to qualified finders on a portion of the placement. A director of the Company participated in the second placement, purchasing 100,000 units.

In May, 2016, the Company issued 2,000,000 common shares upon the exercise of 2,000,000 warrants priced at $0.05 per share for proceeds of $100,000.

On March 9, 2016, the Company completed a non-brokered private placement of units in the capital of the Company at a price of $0.05 per unit, and issued 22,535,000 for gross proceeds of $1,126,750. The placement consists of 6,400,000 flow through units (the "FT Units") and 16,135,000 non-flow through units (the "NFT Units") for gross proceeds of $320,000 and $806,750 respectively. Each FT Unit consists of one flow-through common share ("FT Share") and one two-year common share purchase warrant ("Warrant") entitling the holder to purchase one additional non-flow through common share at a price of $0.07 per share in the first year and $0.08 per share in the second year following the closing of the placement. Each NFT Unit consists of one common share and one two-year common share purchase warrant entitling the holder to purchase one additional common share at a price of $0.07 per share in the first year and $0.08 per share in the second year following the closing of the placement. A total of 1,150,000 warrants were issued as finder's fees in connection with the FT Unit and NFT Unit private placements previously described, which were valued at $57,500 (see note 6b). Each non-flow-through warrant is exercisable into one non-flow-through common share at a price of $0.07 per share in the first year and one non-flow-through common share at a price of $0.08 per share in the second year. In addition, a total of $57,500 in cash was also paid as finder's fees.

On February 2, 2016 and March 14, 2016, the Company issued 500,000 and 1,000,000 common shares respectively, upon the exercise of 1,500,000 warrants priced at $0.05 per share for proceeds of $75,000.

On April 6, 2016, the Company issued 24,889,509 common shares pursuant to the acquisition of the 60% ownership interests of Century in the Ladner Gold Project (Note 4) at a fair value of $0.09 per common share, totaling $2,240,056. This amount has been capitalized as part of the Company's exploration and evaluation assets.

On January 11, 2016, the Company issued 566,216 common shares to term loan holders in settlement of interest payment in lieu of cash payment of $28,311.

On January 5, 2016, the Company issued 2,740,000 2011 Units upon conversion of a total of $137,000 principal of term loan at a conversion price of $0.05 per 2011 Unit. Each 2011 Unit consists of one common share and one common share purchase warrant (the "2011 Warrant"). Each 2011 warrant will be exercisable to acquire one additional common share of the Company at an exercise price of $0.05 per common share until the term loan maturity date of December 31, 2016.

6. Share capital (continued)

b. Issued shares (continued)

On December 14, 2015, the Company issued 3,007,380 flow-through units at a price of $0.05 per flow-through unit for gross proceeds of $150,369 in a non-brokered private placement. Each flow-through unit consists of one flow-through common share and one non-flow-through common share purchase warrant, with each warrant exercisable to acquire one additional common shares of the Company at a price of $0.07 per share until the expiry of December 14, 2017.

On December 14, 2015, the Company issued 1,792,620 units at a price of $0.05 per unit for gross proceeds of $89,631 in a non-brokered private placement. Each unit consists of one common share and one common share purchase warrant, with each warrant exercisable to acquire one additional common share of the Company at a price of $0.07 per share until the expiry date of December 14, 2017.

On November 17, 2015 and January 5, 2016, the Company issued 200,000 and 5,400,000 2012 Units, respectively, upon conversion of a total of $280,000 principal of term loans at a conversion price of $0.05 per 2012 Unit. Each Unit consists of one common share and one common share purchase warrant (the "2012 Warrant"). Each 2012 Warrant will be exercisable to acquire one additional common share of the Company at an exercise price of $0.05 per Common share until the term loan maturity date of December 31, 2016. The Company paid aggregate finder's fees of $10,000 to qualified finders on a portion of the placement.

c. Warrants

The following table summarizes the Company's warrant transactions:

	Number of warrants	Weighted average exercise price
Balance October 31, 2015	14,815,000	$ 0.07
Issued with unit private placement	42,025,000	0.08
Issued to finders	1,150,000	0.07
Issued with conversion of term loans (note 5)	8,340,000	0.05
Exercised	(4,700,000)	0.05
Expired	(4,400,000)	0.10
Balance October 31, 2016	57,230,000	0.07
Issued with unit private placements	7,261,000	0.07
Issued to finders	1,235,256	0.07
Bonus warrants issued for loans (note 8)	3,500,000	0.06
Exercised	(5,500,000)	0.05
Expired	(5,040,000)	0.05
Balance January 31, 2017	58,686,256	$ 0.07

As at January 31, 2017, the following warrants were outstanding:

Warrants Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number of Warrants Currently Exercisable
58,686,256	$0.07	1.49 years	58,686,256

The valuation for the warrants issued to finders during the three months ended January 31, 2017 was $56,413, which was calculated using the Black-Scholes option pricing model based on the following weighted average assumptions: a risk-free rate ranging from 0.62-0.70%, an expected life ranging from 2-3 years, an expected annualized volatility ranging from 109 to 119%, and no expectation of dividend payments. Volatility was determined based on historical volatility.

6. Share capital (continued)

d. Stock options outstanding

The following table summarizes the Company's stock option transactions:

	Number of options	Weighted average exercise price ($)
Balance October 31, 2015	5,995,000	0.07
Granted	7,350,000	0.09
Exercised	(100,000)	0.085
Expired	(870,000)	0.11
Balance October 31, 2016	12,375,000	0.08
Granted	5,150,000	0.07
Expired	(575,000)	0.14
Balance January 31, 2017	16,950,000	0.08

The following table summarizes the stock options outstanding at January 31, 2017:

Options Outstanding	Exercise Price ($)	Remaining Contractual Life	Number of Options Currently Exercisable
200,000	0.16	0.16 years	200,000
600,000	0.10	1.17 years	600,000
1,750,000	0.05	2.19 years	1,750,000
65,000	0.05	2.36 years	65,000
850,000	0.05	2.94 years	850,000
435,000	0.05	3.16 years	435,000
700,000	0.05	3.39 years	700,000
150,000	0.05	3.59 years	150,000
4,650,000	0.085	4.22 years	4,375,000
1,200,000	0.11	4.37 years	1,200,000
900,000	0.09	4.49 years	900,000
300,000	0.08	0.66 years	225,000
500,000	0.06	4.93 years	500,000
500,000	0.06	2.93 years	-
300,000	0.07	2.96 years	-
3,850,000	0.07	4.96 years	3,850,000
16,950,000	0.08	3.03 years	15,800,000

7. Share-based payments

The Company has adopted an incentive stock option plan (the "Plan"), the essential elements of which provide that options granted under the Plan: 1) may in aggregate not exceed 10% of the Company's issued and outstanding common shares; 2) can have a maximum term of five (5) years; and 3) must be granted with an exercise price of not less than the market price of the shares (the closing market price on the last day shares are traded prior to the grant date).

During the three months ended January 31, 2016, there were 5,150,000 (2016 – Nil) stock options granted by the Company, exercisable at prices between $0.06-$0.07 per share for a maximum period of up to 5 years. Of the 5,150,000 granted during the period, 800,000 stock options were granted to investor relations consultants that vest over 12 months.

The option valuation for the options granted in Q1 2017 was calculated using the Black-Scholes option pricing model based on the following weighted average assumptions: a risk-free rate of 0.70% an expected life of 5 years, an expected annualized volatility of 118% and no expectation of dividends payments. Volatility for both periods was determined based on historical volatility.

Using the above assumptions, the fair value of options granted during the three months ended January 31, 2017 was $244,973 (2016 – $Nil) and the fair value of options vested during the three months ended January 31, 2017 was $262,944 (2016 - $Nil).

8. Related party transactions

The Company compensates certain of its key management personnel to operate its business in the normal course. Key management includes the Company's executive officers and members of its Board of Directors.

Aggregate compensation paid to key management during the three-month period ended January 31, 2017 includes:

	January 31, 2017	January 31, 2016
Management fees paid or accrued to its CEO and CFO	$ 76,050	$ 58,500
Share-based payments to officers and directors	114,509	-
	$ 190,559	$ 58,500

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

At January 31, 2017 included in accounts payable and accrued liabilities is $237,912 (2016 – $323,098) owed to current and former officers and directors for salary capitalized to exploration and evaluation assets, consulting fees and reimbursement of expenses. Amounts due to/from related parties are non-interest bearing, unsecured and have no fixed terms of repayment unless otherwise noted. Fair value cannot be readily determined.

Loans payable

During the year ended October 31, 2015 a former director of the Company loaned the Company $200,000. The loan bears interest at 13% per annum, compounded and payable quarterly. The loan matures on December 31, 2016. The loan is secured by the Company's present and after acquired personal property, including the acquisition agreement with Century's receiver (note 4). In consideration for the loan, warrants were issued to the lender to purchase 4,000,000 common shares of the Company until December 31, 2016 at a price of $0.05 per share. In addition, the Company incurred $15,000 in financing costs in connection with this loan. During the year ended October 31, 2016, the Company paid accrued interest of $26,000 to the lender.

During the year ended October 31, 2015 a director of the Company loaned the Company $10,000. The loan bears interest at 13% per annum, compounded and payable quarterly. The loan matured on December 31, 2016, and was repaid in full with the proceeds form a new loan. In consideration for the loan, warrants were issued to the lender to purchase 200,000 common shares of the Company until December 31, 2016 at a price of $0.05 per share. On February 24, 2016, the Company repaid the principal amount of $10,000 plus accrued interest to the lender.

The fair value of the 4,200,000 warrants have been valued at $107,448 using the Black-Scholes option pricing model based on the following assumptions: a risk-free rate of 0.54%, an expected life of 1 year, an expected annualized volatility of 138.17% and no expectation of dividends payments. Volatility was determined based on historical volatility.

The aggregate financing costs of $122,448 have been recorded against the carrying amount of the loans, which will be accreted over the term of the loan. Interest and accretion of $2,147 (2016 – 45,159) related to the $200,000 loan was recognized in exploration and evaluation assets during the year as the loan was used to exercise the Tamerlane Option. The remaining interest and accretion of $1,866 (2016 – $2,022) was recognized in net loss.

The Company received a third-party loan for $210,000 to repay the $200,000 loan payable outstanding at December 31, 2016. The loan has a term of one year, will bear interest at a rate of 13% per annum and is secured by a general security agreement over the assets of the Company. The Company issued 3,500,000 bonus common share purchase warrants exercisable at $0.06 per share for a period of one year to the lender in connection with the loan.

The fair value of the 3,500,000 warrants have been valued at $75,315 using the Black-Scholes option pricing model based on the following assumptions: a risk-free rate of 0.70%, an expected life of 1 year, an expected annualized volatility of 92.53% and no expectation of dividend payments. Volatility was determined based on historical volatility.

The aggregate financing cost of $75,315 have been recorded against the carrying value of the loans, which will be accreted over the term of the loan. Interest and accretion expense of $8,434 was recognized in net loss.

9. Capital disclosures

The Company's objectives when managing capital are to:

(i) Maintain a flexible capital structure which optimizes the cost of capital at acceptable risk;
(ii) Continue the development and exploration of its resource property; and
(iii) Support expansion plans.

In the management of capital, the Company includes shareholders' equity, term loans and the current portion of loans, if any.

The Company manages its capital structure and makes adjustments to it when the economic and risk conditions of the underlying assets require change. In order to maintain or adjust the capital structure, the Company may issue new shares or issue new debt. The Company has in place a rigorous planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operations and growth objectives. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed restrictions.

10. Financial instruments and risk management

Fair value

The Company categorizes its fair value measurements for financial assets and financial liabilities at fair value according to a three level hierarchy which prioritizes the inputs used in the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to the overall fair value measurement. The three levels of the fair value hierarchy based on the reliability of inputs are as follows:

Level 1: Fair value measurements derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements derived from inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3: Fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The Company did not have any financial instruments carried at fair value at October 31, 2016 and October 31, 2015.

Risk management

The Company is exposed, in varying degrees, to a variety of financial risks. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management procedures are established to identify and analyze the risks faced by the Company.

The types of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk: Credit risk refers to the risk that another entity will default on its contractual obligations resulting in financial loss to the Company. The Company's cash is deposited at a high credit-worthy financial institution. All of the Company's amounts receivable is with the federal government of Canada and the reclamation bonds are with the provincial government of British Columbia.

Market risk: Market risk includes currency risk, interest rate risk and price risk. The Company's activities expose it primarily to the financial risks of changes in the price of resources. The Company does not currently hold any financial instruments that mitigate this risk.

Liquidity risk: Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost. The Company expects to satisfy current obligations of $1,498,666 (2015 - $1,848,588) by continuing to finance its activities by raising funds from private equity investments. Even if it has succeeded in financing its activities in the past, management cannot comment on the success of its future fund raising and believes that liquidity risk is high. At October 31, 2016, the Company's accounts payable and accrued liabilities are due on demand or within 30 days, the loans payable and the term loans are due in December 2016.

11. Commitments

Tailings storage facility pond

During the year ended October 31, 2014, the Ministry of Energy and Mines issued orders for the purpose of reviewing the safety of tailings impoundment structures at mines throughout the province. As required, the Company conducted a Dam Safety Inspection ("DSI"), which was reviewed by an independent qualified third party professional engineer. The Company is committed to completing the work recommended in the DSI, including the independent third party review. This work may require maintaining an acceptable tailings storage facility pond elevation, completing a flood routing analysis, developing a plan to install new vibrating wire piezometers in key areas of the dam, developing an Operations, Maintenance and Surveillance Manual, and completing a dam stability evaluation. The Company addressed these activities in 2016.

Flow through share subscription agreements

The Company entered into flow through share subscription agreements during the year ended December 31, 2008 whereby it was committed to incur on or before December 31, 2009 a total of $600,000 of qualifying Canadian Exploration Expenses ("CEE") as described in the Income Tax Act of Canada, of which $290,723 was not fulfilled. An amount totaling $187,400 has been accrued for the indemnification of shareholders for taxes and penalties related to the unspent portion of the commitment.

The Company entered into flow through share subscription agreements during the year ended December 31, 2009 whereby it was committed to incur on or before December 31, 2010 a total of $575,000 of qualifying CEE, of which $113,764 was not fulfilled. An amount totaling $69,800 has been accrued for the indemnification.

In addition, Part XII.6 taxes and related interest and penalties of $117,100 were accrued on the unfulfilled commitments.

During the year ended October 31, 2014, the Company raised $20,000 from flow-through financing, which has been incurred on qualifying CEE during the year.

During the year ended October 31, 2016, the Company raised $470,369 (2015 - $Nil) from flow-through financing which has been incurred on qualifying CEE during the year.

12. Supplemental cash flow information

	January 31, 2017 ($)	October 31, 2016 ($)
Cash paid during the period for interest	13,822	29,475
Cash received during the period for interest	-	1,431
Non-cash transactions:		
Shares issued on conversion of term loans	-	317,146
Shares issued to settle term loans interest	613	28,311
Shares issued for exploration & evaluation assets	-	2,240,056
Warrants issued to finders	56,513	57,500
Accretion of financing costs included in exploration and evaluation assets	2,147	80,364

Included in accounts payable and accrued liabilities is $420,869 (2016 - $403,984) related to investment in exploration and evaluation assets.

Included in prepaid expenses is $24,927 (2016 - $39,444) related to investment in exploration and evaluation assets.