



**KITRINOR**  
METALS INC.

(an exploration stage company)

**Unaudited Interim Condensed Financial Statements**  
(Expressed in Canadian dollars)

**As at and for the three and nine months ended  
September 30, 2016 and 2015**



**KITRINOR**  
METALS INC.

(an exploration stage company)

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying unaudited interim condensed financial statements of Kitrinor Metals Inc. (the "Company") are the responsibility of management and have been approved by the Board of Directors of the Company.

The unaudited interim condensed financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with International Financial Reporting Standards as disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the Statement of Financial Position date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards appropriate in the circumstances.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Lisa McCormack"

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President and Chief Executive Officer

"Arvin Ramos"

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CFO

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### **NOTICE TO READER**

The accompanying unaudited interim condensed financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim condensed financial statements for the three and nine months ended September 30, 2016 and 2015 have not been reviewed by the Company's auditors.

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**Interim Condensed Statements of Financial Position**  
(Expressed in Canadian Dollars)

<i>As at</i>	<b>September 30, 2016</b> (Unaudited)	<i>December 31,</i> 2015 (Audited)
	\$	\$
<b>Assets</b>		
<b>Current Assets</b>		
Cash	1,026	280
Taxes recoverable (Note 5)	988	3,047
	<b>2,014</b>	<b>3,327</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Loan payable (Note 7)	70,612	42,420
Trade and other payables (Note 6)	409,771	401,699
	<b>480,383</b>	<b>444,119</b>
<b>Deficiency in Assets</b>		
<b>Capital Stock</b> (Note 9)	2,806,531	2,806,531
<b>Share-based Payments Reserves</b> (Note 10)	1,459,792	1,459,792
<b>Deficit</b>	(4,744,692)	(4,707,115)
	<b>(478,369)</b>	<b>(440,792)</b>
	<b>2,014</b>	<b>3,327</b>

Nature of Operations and Going Concern (Note 1)  
Subsequent Events (Note 12)

Approved on behalf of the Board on November 24, 2016:

Signed "James Fairbairn"  
Director

Signed "Patrick Mohan"  
Director

*The accompanying notes are an integral part of these financial statements.*



**KITRINOR**  
METALS INC.

(an exploration stage company)

**Interim Condensed Statements of Comprehensive Loss**  
(Unaudited)  
(Expressed in Canadian Dollars)

	<i>Three Months Ended</i> <i>September 30,</i>		<i>Nine Months Ended</i> <i>September 30,</i>	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Administrative Expenses</b>				
Management and consulting fees <i>(Note 7)</i>	-	15,000	-	45,000
Professional fees	<b>2,751</b>	4,284	<b>8,646</b>	11,794
General and administrative	<b>3,592</b>	5,769	<b>12,511</b>	18,776
Shareholder information	<b>2,623</b>	5,470	<b>16,420</b>	20,426
<b>Comprehensive loss</b>	<b>(8,966)</b>	(30,523)	<b>(37,577)</b>	(95,996)
Loss per share - basic and diluted	<b>(0.00)</b>	(0.001)	<b>(0.001)</b>	(0.004)
Weighted average number of shares outstanding – basic - diluted	<b>24,306,382</b>	24,306,382	<b>24,306,382</b>	24,306,382

*The accompanying notes are an integral part of these financial statements.*



**KITRINOR**  
METALS INC.

(an exploration stage company)

## Interim Condensed Statements of Changes in Equity (Deficiency in Assets)

(Unaudited)

(Expressed in Canadian Dollars)

	Capital Stock		Reserves			Total
	Number of shares	Amount	Share based payments	Warrants	Deficit	
<b>Balance at January 1, 2015</b>	<b>24,306,382</b>	<b>\$ 2,806,531</b>	<b>\$ 1,459,792</b>	<b>\$ -</b>	<b>\$ (4,581,645)</b>	<b>\$ (315,322)</b>
Comprehensive loss	-	-	-	-	(95,996)	(95,996)
<b>Balance at September 30, 2015</b>	<b>24,306,382</b>	<b>\$ 2,806,531</b>	<b>\$ 1,459,792</b>	<b>\$ -</b>	<b>\$ (4,677,641)</b>	<b>\$ (411,318)</b>
Comprehensive loss	-	-	-	-	(29,474)	(29,474)
<b>Balance at December 31, 2015</b>	<b>24,306,382</b>	<b>\$ 2,806,531</b>	<b>\$ 1,459,792</b>	<b>\$ -</b>	<b>\$ (4,707,115)</b>	<b>\$ (440,792)</b>
Comprehensive loss	-	-	-	-	(37,577)	(37,577)
<b>Balance at September 30, 2016</b>	<b>24,306,382</b>	<b>\$ 2,806,531</b>	<b>\$ 1,459,792</b>	<b>\$ -</b>	<b>\$ (4,744,692)</b>	<b>\$ (478,369)</b>

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



**KITRINOR**  
METALS INC.

(an exploration stage company)

## Interim Condensed Statements of Cash Flows

(Unaudited)

(Expressed in Canadian Dollars)

<i>Nine Months Ended September 30,</i>	<b>2016</b>	<b>2015</b>
<b>Operating activities</b>	<b>\$</b>	<b>\$</b>
Comprehensive loss	<b>(37,577)</b>	(95,996)
Adjustment to reconcile comprehensive loss to net cash used by operating activities:		
Interest accretion on loan payable	<b>3,192</b>	-
	<b>(34,385)</b>	(95,996)
Net Change in non-cash working capital items:		
Prepaid expenses	-	(1,062)
Taxes recoverable	<b>2,059</b>	7,262
Trade and other payables	<b>8,072</b>	48,543
	<b>(24,254)</b>	(41,253)
<b>Financing activities</b>		
Loan from related party	<b>25,000</b>	40,000
	<b>25,000</b>	40,000
<b>Increase (Decrease) in cash</b>	<b>746</b>	(1,253)
Cash at beginning of period	<b>280</b>	1,859
<b>Cash at end of period</b>	<b>\$ 1,026</b>	<b>\$ 606</b>

*The accompanying notes are an integral part of these financial statements.*



(an exploration stage company)

**Notes to Financial Statements**  
**(Expressed in Canadian Dollars)**  
**Three and Nine Months Ended September 30, 2016 and 2015**

**1. NATURE OF OPERATIONS AND GOING CONCERN**

Kitrinor Metals Inc. ("Kitrinor" or the "Company") is incorporated under the laws of the Province of Ontario. The Company is considered to be in the exploration stage. The principal business of the Company is the acquisition, exploration and development of mineral properties in Canada. The Company's registered head office is 365 Bay Street, Suite 400, Toronto, Ontario, M5H 2V1.

The Company's common shares trade on the TSX-V under the trading symbol "KIT". The Company is a reporting issuer in the provinces of Ontario, Alberta and British Columbia.

As at September 30, 2016, the Company had a working capital deficiency of \$478,369 (December 31, 2015 – \$440,792), had not yet achieved profitable operations, has accumulated losses of \$4,744,692 (December 31, 2015 - \$4,707,115) and expects to incur future losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. These financial statements have been prepared on the basis that the Company will continue as a going concern and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of interest in mineral properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs to the carrying values.

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, aboriginal claims, unregistered claims, and non-compliance with regulatory and environmental requirements.

When stock market conditions become favourable for mineral exploration companies to raise capital, management plans to secure the necessary financing through a combination of the exercise of existing warrants for the purchase of common shares, the issue of new equity or debt instruments and the entering into joint venture arrangements. Nevertheless, there is no assurance that these initiatives will be successful.

The Company will require substantial additional funds to further explore and, if warranted, develop its exploration properties. The Company has limited financial resources and no current source of recurring revenue, and there is no assurance that additional funding will be available to the Company to carry out the completion of its planned exploration activities. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and property development. The terms of any additional financing obtained by the Company could result in substantial dilution to the shareholders of the Company.



(an exploration stage company)

## Notes to Financial Statements (Expressed in Canadian Dollars)

Three and Nine Months Ended September 30, 2016 and 2015

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

These unaudited interim condensed financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were authorized for issuance by the Board of Directors of the Company on November 24, 2016.

#### 2.2 Basis of presentation and functional and presentation currency

These unaudited interim condensed financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2015 annual audited financial statements. Management advises readers of these unaudited interim condensed financial statements to review the audited financial statements and accompanying notes as at December 31, 2015 in conjunction with the review of these statements.

The financial statements are presented in Canadian Dollars, which is the functional currency of the Company.

#### 2.3 Adoption of new and revised standards and interpretations

##### New standards and interpretations adopted

The Company has adopted the following new standard that became effective January 1, 2015, and there was no material impact on the Company's consolidated financial statements.

IAS 24 Related Party Disclosures ("IAS 24") - IAS 24 was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity.

##### Standards issued but not yet effective

IFRS 9 Financial Instruments. - IFRS 9 covers the classification and measurement, impairment and hedge accounting of financial assets and financial liabilities and the effective date is for annual periods on or after January 1, 2018, with earlier application permitted. Amendments to IFRS 9 also provide relief from the requirement to restate comparative financial statements for the effect of applying IFRS 9. Instead, additional transition disclosures will be required to help investors understand the effect that the initial application of IFRS 9 has on the classification and measurement of financial instruments. The Company is still assessing the impact of adopting IFRS 9.

IFRS 15 Revenue from Contracts with Customers. In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 must be applied in an entity's first annual IFRS financial statements for periods beginning on or after January 1, 2018. Application of the standard is mandatory and early adoption is permitted. The Company has not yet determined the impact of the amendments on the Company's financial statements

IFRS 16 – Leases – The standard was issued by the IASB on January 13, 2016, and will replace IAS 17, "Leases". IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. The new standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15 has also been applied. The Company is assessing the impact of this standard.



(an exploration stage company)

## Notes to Financial Statements (Expressed in Canadian Dollars)

Three and Nine Months Ended September 30, 2016 and 2015

### 3. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties and to ensure it continues as a going concern. The Board of Directors does not establish quantitative return on capital criteria for management as this form of measure is irrelevant to the effective management of capital for an exploration stage company. Instead, the Board relies on the expertise of the Company's managements to sustain future development of the business.

All of the properties in which the Company currently has an interest are in the exploration stage with no operating revenues; as such the Company is solely dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to any capital requirements imposed by regulatory body, other than of the TSX Venture Exchange ("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 September 30, 2016, the Company is not compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

There were no changes in the Company's approach to capital management during the period ended September 30, 2016. The Company is not subject to externally imposed capital requirements.

### 4. FINANCIAL INSTRUMENTS

#### Fair value

The Company has designated its cash fair value through profit and loss ("FVTPL"), which are measured at fair value. Trade and other payables and loan payable are classified for accounting purposes as other financial liabilities, which are measured at amortized cost, which also equals fair value. Fair values of trade and other payables are determined from transaction values which were derived from observable market inputs.

As at September 30, 2016, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these instruments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

#### i) Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is attributable to various financial instruments, as noted below. The credit risk is limited to the carrying value amount carried on the balance sheet.

- **Cash**

Cash and cash equivalents are held with major Canadian banks and therefore the risk of loss is minimal.



(an exploration stage company)

**Notes to Financial Statements  
(Expressed in Canadian Dollars)**

**Three and Nine Months Ended September 30, 2016 and 2015**

**4. FINANCIAL INSTRUMENTS (continued)**

**Fair value (continued)**

**ii) Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at September 30, 2016, the Company had a working capital deficiency of \$478,369 (December 31, 2015 – \$440,792). In order to meet its longer-term working capital and property exploration expenditures, the Company intends on securing further financing to ensure that those obligations are properly discharged. As such, management believes that the Company will then have sufficient working capital to discharge its current and anticipated obligations for a minimum of one year. There can be no assurance that Kitrinor will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of Kitrinor may change and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain adequate additional financing on a timely basis could cause the Company to forfeit some or all of its interests and reduce or terminate its operations therein.

**iii) Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity prices and/or stock market movements (price risk).

- **Interest rate risk**

The Company is not exposed to significant interest rate price risk due to the short-term nature of its monetary assets and liabilities. Cash not required in the short term, is invested in short-term guaranteed investment certificates, as appropriate.

In terms of interest rate risk on the related party loans outstanding as of September 30, 2016. Management believes there is minimal risk that the interest rate on the loan would change significantly prior to being repaid.

**5. TAXES RECOVERABLE**

The Company's taxes recoverable arise from harmonized services tax ("HST") receivable. At September 30, 2016, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables.

	As at,	
	September 30, 2016	December 31, 2015
HST recoverable	\$ 988	\$ 3,047
<b>Total taxes recoverable</b>	<b>\$ 988</b>	<b>\$ 3,047</b>

**6. TRADE AND OTHER PAYABLES**

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and amounts payable for operating and financing activities. The usual credit period taken for trade purchases is between 30 to 90 days.



(an exploration stage company)

**Notes to Financial Statements  
(Expressed in Canadian Dollars)**

**Three and Nine Months Ended September 30, 2016 and 2015**

**6. TRADE AND OTHER PAYABLES (continued)**

The following comprises trade and other payables:

	As at,	
	September 30, 2016	December 31, 2015
Trade payables	\$ 49,771	\$ 25,508
Professional fees	5,000	21,191
Consulting fees	355,000	355,000
<b>Total Trade and Other Payables</b>	<b>\$ 409,771</b>	<b>\$ 401,699</b>

**7. DUE TO RELATED PARTIES**

As at September 30, 2016, the trade and other payables balances includes related-party amounts of \$371,618 (December 31, 2015 - \$367,691).

On March 2, 2015 and revised June 19, 2015 and May 3, 2016, the Company executed a Promissory Note in the amount of \$65,000 to a director, officer and shareholder of the Company (hereinafter called the "Holder"), bearing interest at a rate of 8% calculated monthly, not in advance, as well as after as before and after default. Funds were used towards general operating expenses. Under the terms of the Promissory Note the principal and any accrued and unpaid interest owing shall become due and be paid in full on demand, which demand may be made by the Holder at any time. In addition, at any time and from time to time, any portion of the principal may be repaid without any notice being given to the Holder and without any bonus or penalty being paid to the Holder.

**8. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION**

The financial statements include balances and transactions with directors and/or officers of the Company. The company defines its key management as its CEO, CFO, Vice President of Exploration and its board of directors.

These expenditures are summarized as follows:

For the period ending September 30,	Three months ending September 30,		Nine months ending September 30	
	2016	2015	2016	2015
Management and consulting fees	\$ -	\$ 15,000	\$ -	\$ 45,000

**9. CAPITAL STOCK**

**(a) Authorized**

An unlimited number of common shares.

**(b) Issued**

	No. of Shares	\$
Balance at December 31, 2013	23,956,382	2,799,531
Issued for property option payments	350,000	7,000
<b>Balance at December 31, 2014 and 2015 and September 30, 2016</b>	<b>24,306,382</b>	<b>\$ 2,806,531</b>



(an exploration stage company)

**Notes to Financial Statements  
(Expressed in Canadian Dollars)**

**Three and Nine Months Ended September 30, 2016 and 2015**

**9. CAPITAL STOCK (continued)**

On September 8, 2016 the Company announced that it intends to complete a private placement of special warrants at a price of \$0.005 per special warrant. Each special warrant is exchangeable, for no additional consideration, into one-tenth (1/10) of a unit of the Company resulting subscribers receiving one whole unit for each special ten (10) special warrants purchased following the Consolidation (as defined below) of the common shares of the Company. Each whole Unit is comprised of one common share of the Company and one common share purchase warrant of the Company. Each Warrant entitles the holder thereof to purchase one-tenth (1/10) of a Warrant Share for a period of three (3) years after the closing date of the Offering at a price of \$0.01 per Warrant Share (subject to adjustment following the Consolidation).

The Special Warrants shall be automatically exchanged for Units upon satisfaction of the following Conditions:

1. the completion of a consolidation of the outstanding common shares of the Company on a 10 (old) common shares for 1 (new) common share (the “**Consolidation**”);
2. receipt of approval of the TSX Venture Exchange for the Offering and the Consolidation; and
3. receipt of all regulatory approvals required for the Offering and the Consolidation.

The Company shall use its reasonable best efforts to satisfy the Exercise Conditions. In the event that the Exercise Conditions are not satisfied on the date that is six months after the closing date of the Offering, the Special Warrants shall be redeemed at the Purchase Price for the Special Warrants.

Certain eligible persons will be paid a commission equal to 8% of the gross proceeds of the Offering (satisfied through the issuance of Units at the Purchase Price or cash, at the option of the Finder) and issue non-transferable broker warrants equal to 8% of the Special Warrants issued pursuant to the Offering. Each Broker Warrant will entitle the holder to acquire one Unit at the Purchase Price (subject to adjustment following the Consolidation) for a period of two (2) years following the closing date of the Offering.

**(c) Outstanding Issued Warrants**

The outstanding issued warrants balance at September 30, 2016, is comprised of 50,000 non-broker warrants at an exercise price of \$0.25 that expire on December 19, 2017.

**(d) Stock Options**

The Company established a stock option plan (the “Plan”) as a method of providing incentives and as a form of remuneration to its officers, directors, employees and consultants. The Plan allows for the issuance of up to 10% of the issued and outstanding common shares. At September 30, 2016, total options available for issuance under this Plan amount to 2,430,638 common shares.

Stock option transactions and the number of stock options issued and outstanding are as follows:

	September 30, 2016		December 31, 2015	
	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options
Outstanding and exercisable at beginning of period/year	\$ 0.25	2,135,000	\$ 0.25	2,135,000
Outstanding and exercisable at end of period/year	\$ 0.25	2,135,000	\$ 0.25	2,135,000

The remaining weighted average life remaining on the stock options is 1.22 years (December 31, 2015 – 1.97).



(an exploration stage company)

**Notes to Financial Statements  
(Expressed in Canadian Dollars)**

**Three and Nine Months Ended September 30, 2016 and 2015**

**10. SHARE BASED PAYMENT RESERVES**

A summary of the changes in the Company's reserves for share based payments for the nine months ended September 30, 2016 and the year ended December 31, 2015 are set out below:

	<b>September 30, 2016</b>	December 31, 2015
	<b>Amount</b>	Amount
	<b>\$</b>	\$
Balance at beginning of period/year	<b>1,459,792</b>	<b>1,459,792</b>
Balance at end of period/year	<b>1,459,792</b>	<b>1,459,792</b>

**11. EXPLORATION AND EVALUATION EXPENDITURES**

The exploration and evaluation expenses for the Company are broken down as follows:

	<b>Three Months Ended</b>		<b>Nine months Ended</b>		<b>Cumulative to date</b>
	<b>September 30, 2016</b>	September 30, 2015	<b>September 30, 2016</b>	September 30, 2015	
<b>Bayview Property</b>	\$ -	\$ -	\$ -	\$ -	<b>\$ 11,143</b>
<b>Caley Lake</b>	-	-	-	-	<b>16,782</b>
<b>Culroc Property</b>	-	-	-	-	<b>472,477</b>
<b>Feather River Property</b>	-	-	-	-	<b>420,160</b>
<b>Exploration and Evaluation Costs</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 920,562</b>

**Caley Lake Property**

The Company staked mining claims that are located in the Patricia Mining Division south west of Pickle Lake, Ontario.

On July 15<sup>th</sup>, 2010, the Company optioned the Caley Lake Property to a third party providing them an undivided 80% right, title and interest in and to the claims in consideration for completion of certain Work Costs (as defined in the agreement) during the Option Period expiring on July 15<sup>th</sup>, 2015 such that the cumulative sum of all Work Costs totals \$250,000 or the sum of all Work Costs and a direct cash payment made by the Optionee totals \$250,000. Kitrinor retains a 2% net smelter return/royalty, which the Optionee has the exclusive right and option to purchase one half of the Royalty (1%) at any time for \$750,000.

On June 25, 2015, the conditions, as above, necessary for title to pass to the Optionee had been met and the Company has transferred title according to the agreement with the Company retaining 20% interest.

**Culroc Property**

On September 27<sup>th</sup>, 2011 the Company entered into a Mining Claim Acquisition Agreement (the "Agreement") whereby Kitrinor acquired 100 percent interest ("Sothman Property") located in the Township of Sothman in the Porcupine mining division of Ontario.

Under the terms of the Agreement, Kitrinor paid \$10,000 upon the execution of the Agreement.



(an exploration stage company)

## Notes to Financial Statements (Expressed in Canadian Dollars)

Three and Nine Months Ended September 30, 2016 and 2015

### 11. EXPLORATION AND EVALUATION EXPENDITURES (continued)

#### Culroc Property (continued)

Kitrinor shall pay to the Vendors a 3 percent (3%) Net Smelter Return (NSR) production royalty from the production or sale of gold or other minerals from the Culroc Property. Kitrinor will have the sole and exclusive right and option to purchase 1% of the Royalty (such that the remaining Royalty shall be reduced to 2% of Net Returns) for a price equal to the Reduction Price of \$1,500,000.

On December 18, 2012 the Company entered into a Memorandum of Understanding (the "MOU") with the Mattagami First Nation ("MFN") in order to promote a cooperative ongoing discussion between the parties with regards to the exploration and development of the Company's mining claims located in the traditional territory of the MFN (the "Project").

The MOU establishes the general framework for these discussions by setting out, among other things, business, employment and training opportunities for members of the MFN to participate in the exploration and development in connection with the Project.

Pursuant to the terms of the MOU, the Company has: (i) paid 2% of all drilling and exploration costs incurred to date with respect to the exploration program on the Project; (ii) issued to the MFN 50,000 options to acquire common shares of the Company at an exercise price of \$0.25; and (iii) issued 50,000 common shares in the capital of the Company.

The Company is also required to pay the MFN's legal costs associated with negotiating the MOU of \$2,500, and pay up to a maximum of \$15,000 per year to the MFN's Elders Committee. The Company is also required to enter into negotiations to come to terms on an Impact Benefit Agreement ("IBA"), which is to be negotiated before the completion of a feasibility study, covering such matters as education and training; employment opportunities; workplace conditions; business opportunities; financial participation and/or compensation; environmental protection, litigation, monitoring and reporting; and access to the project area. Under the MOU the Company is also required to pay the MFN's reasonable costs of negotiating the IBA.

#### Feather River Property

In March 2011 and amended on February 18, 2014, the Company entered into an Option Agreement (the "Agreement") whereby it was granted the sole, exclusive and irrevocable right and option to acquire up to an undivided 100 % interest in St. Germain Township, Sault Ste. Marie Mining Division, Province of Ontario ("Feather River Property") in the Mishibishu Lake area west of Wawa.

Under the terms of the Agreement, upon any recapitalization, such as a split or consolidation which transpired on June 1, 2011, the number of consideration shares issued shall be adjusted to preserve the economic equivalent. As such, Kitrinor may exercise its option and thereby earn its interest in the property upon fulfilling the commitment to pay the seller \$150,000 and 750,000 shares of Kitrinor as follows:

- a) \$15,000 (paid) and 50,000 shares (issued) upon signing of the agreement;
- b) an additional \$25,000 (paid) and 50,000 shares on March 1<sup>st</sup>, 2012 (issued);
- c) an additional \$35,000 (paid) and 50,000 shares on March 1<sup>st</sup>, 2013 (issued);
- d) an additional 350,000 shares on March 1<sup>st</sup>, 2014; (issued);
- e) an additional \$75,000 and 250,000 shares on March 1<sup>st</sup>, 2015 (see below);
- f) by carrying out expenditures to keep the claims in good standing.

Kitrinor shall pay to the Vendors a Net Smelter Return (NSR) production royalty from the production or sale of gold or other minerals from the Feather River Property. The production royalty rate shall be 2 percent (2%). Kitrinor will have the sole and exclusive right and option to buy back the entirety of the royalty (2%) in increments of \$500,000 per 0.5% each for a total of \$2,000,000

The Company's commitment to the Feather River Property Agreement with respect to the Feather River property above required payment of cash and shares on March 1, 2015. As of the date of this report this payment has not been made and terms are currently being re-negotiated.



(an exploration stage company)

**Notes to Financial Statements  
(Expressed in Canadian Dollars)**

**Three and Nine Months Ended September 30, 2016 and 2015**

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**11. EXPLORATION AND EVALUATION EXPENDITURES** (continued)

**Bayview Property**

This property has been staked by Kitrinor and is contiguous to Feather River.

Upon Kitrinor meeting the terms and conditions for the Feather River Property, there shall be an "Area of Interest" consisting of any mineral interest, any part of which falls within these adjoining claims. The whole of such interest to the seller of the Feather River Property shall be limited as above and Kitrinor shall pay to the Vendors a Net Smelter Return (NSR) production royalty from the production or sale of gold or other minerals from the Bayview Property. The production royalty rate shall be 2 percent (2%). Kitrinor will have the sole and exclusive right to option to buy back the entirety of the royalty (2%) in increments of \$500,000 per 0.05% each for a total of \$2,000,000.

**12. SUBSEQUENT EVENTS**

On October 11, 2016, the Company closed the previously announced non-brokered private placement of special warrants at a price of \$0.005 per special warrant for gross proceeds of \$500,000. On October 18, 2016, the Company received approval from the TSX Venture Exchange for the Offering. (See Note 9).