KITRINOR
METALS INC.

(an exploration stage company)

Audited Financial Statements

(Expressed in Canadian dollars)

As at and for the years ended
December 31, 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 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"
President and Chief Executive Officer

"Arvin Ramos"
CFO

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Kitrinor Metals Inc.:

We have audited the accompanying financial statements of Kitrinor Metals Inc., which comprise the statement of financial position as at December 31, 2016, and the statements of comprehensive loss, changes in equity, and cash flows for the year ended December 31, 2016 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Kitrinor Metals Inc. as at December 31, 2016, and its financial performance and its cash flows for the year ended December 31, 2016 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 describes the material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Other Matters

The financial statements of the Company, for the year ended December 31, 2015, were audited by another auditor who expressed an unmodified opinion on those statements on May 20, 2016.

MNP LLP

April 20, 2017
Toronto, Ontario

Chartered Professional Accountants
Licensed Public Accountants

MNP LLP

KITRINOR
METALS INC.
(an exploration stage company)

Statements of Financial Position
(Expressed in Canadian Dollars)

As at December 31,	**2016**	2015
	$	$
Assets		
Current Assets		
Cash	**2,874**	280
Receivables *(Note 6)*	**4,874**	3,047
	7,748	3,327
Liabilities		
Current Liabilities		
Loan payable *(Note 8)*	**-**	42,420
Trade and other payables *(Note 7)*	**22,614**	401,699
	22,614	444,119
Deficiency in Assets		
Capital Stock *(Note 10)*	**2,806,531**	2,806,531
Special Warrants	**392,000**	-
Warrant Reserves	**106,000**	-
Share-based Payments Reserves *(Note 12)*	**1,459,792**	1,459,792
Deficit	**(4,779,189)**	(4,707,115)
	(14,866)	(440,792)
	7,748	3,327

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 15)

Approved on behalf of the Board on April 20 2017:

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)

Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

Years Ended December 31,	**2016**	2015
	$	$
Administrative Expenses		
Management and consulting fees *(Note 9)*	**-**	60,000
Professional fees	**33,307**	16,166
General and administrative	**17,175**	25,554
Exploration and evaluation expenditures	**(500)**	-
Shareholder information	**33,025**	23,750
	(83,007)	(125,470)
Debt forgiveness	**10,933**	-
Net loss and comprehensive loss	**(72,074)**	(125,470)
Loss per share - basic and diluted	**(0.015)**	(0.052)
Weighted average number of shares outstanding – basic -diluted	**4,818,473**	2,430,638

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

KITRINOR
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(an exploration stage company)

Statements of Changes in Equity

(Expressed in Canadian Dollars)

	Capital Stock		Special Warrants		Reserves			
	Number of shares*	Amount	Number of shares	Amount	Share based payments	Warrants	Deficit	Total
Balance at January 1, 2015	**2,430,638**	**$ 2,806,531**	**-**	**$ -**	**$ 1,459,792**	**$ -**	**$ (4,581,645)**	**$ (315,322)**
Net loss	-	-	-	-	-	-	(125,470)	(125,470)
Balance at December 31, 2015	**2,430,638**	**$ 2,806,531**	**-**	**$ -**	**$ 1,459,792**	**$ -**	**$ (4,707,115)**	**$ (440,792)**
Special warrants issued for cash	-	-	10,000,000	$ 500,000	-	-	-	500,000
Issuance costs – cash	-	-	-	(2,000)	-		-	(2,000)
Share issuance costs – broker warrants	-	-	760,000	(106,000)	-	106,000	-	-
Net loss	-	-	-	-	-	-	(72,074)	(72,074)
Balance at December 31, 2016	**2,430,638**	**$ 2,806,531**	**10,760,000**	**$ 392,000**	**$ 1,459,792**	**$ 106,000**	**$ (4,779,189)**	**$ (14,866)**

*During the year, the Company underwent a 10:1 share consolidation. All previous share amounts have been restated on a 10:1 basis.

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

KITRINOR
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Statements of Cash Flows
(Expressed in Canadian Dollars)

Years Ended December 31,	**2016**	2015
Operating activities	**$**	$
Net loss	**(72,074)**	(125,470)
Adjustment to reconcile comprehensive loss to net cash used by operating activities:		
Debt forgiveness	**10,933**	
Interest accretion on loan payable	**(2,420)**	2,420
	(63,561)	(123,050)
Net Change in non-cash working capital items:		
Trade and other receivables	**(1,827)**	5,606
Trade and other payables	**(390,018)**	75,865
	(455,406)	(41,579)
Financing activities		
Issuance of special warrants, net issuance costs	**498,000**	-
Proceed from loan from related party	**25,000**	40,000
Repayment of loan from related party	**(65,000)**	
	458,000	40,000
Increase (Decrease) in cash	**2,594**	(1,579)
Cash at beginning of period	**280**	1,859
Cash at end of period	**$ 2,874**	$ 280

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

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 December 31, 2016, the Company had a working capital deficiency of $14,866 (2015 – $440,792), had not yet achieved profitable operations, has accumulated losses of $4,779,189 (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.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issuance by the Board of Directors of the Company on April 20 2017.

2.2 Basis of presentation and functional and presentation currency

These audited financial statements have been prepared on a going concern basis, under the historical cost convention, except fair value through profit and loss assets which are carried at fair value, and have been prepared using the accrual basis of accounting except for cash flow information, as explained in the accounting policies set out in Note 3.

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

No new relevant standards were applied for the first time during the year ended December 31, 2016.

Standards issued but not yet effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee ("IFRSIC") that are mandatory and would be applicable to Kitrinor for annual periods on or after January 1, 2017. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

- IFRS 9 – Financial instruments ("IFRS 9"), was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. 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 Company has yet to assess the full impact of IFRS 9.

- 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 on the Company's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Mineral properties

All exploration and evaluation costs, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop the property are first tested for impairment and then capitalized as a mining asset under development. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

Ownership in mineral properties involves certain risks due to the difficulties in determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many mining interests. The Company has investigated the ownership of its mineral properties and, to the best of its knowledge, ownership of its interests are in good standing.

3.2 Share-based payments

The Company's directors and senior executives, who provide services to Kitrinor under consulting contracts, receive a portion of their remuneration in the form of share-based payment transactions, whereby they render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in the share based-payments reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

3.3 Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

3.3 Taxation (continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

The carrying amount of deferred tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

3.4 Valuation of equity instruments

The Company has adopted the residual method with respect to the measurement of common shares and warrants issued as private placement units or initial public offering units. Warrants attached to units are valued based on the fair value of the warrants using the Black-Scholes option pricing model and the share price at the time of financing, and the difference between the proceeds raised and the value assigned to the warrants is the residual fair value of the shares.

The proceeds from the issue of units are allocated between share capital and reserve for warrants. If and when the warrants are exercised, the applicable amounts of reserve for warrants are transferred to capital stock. Consideration paid on the exercise of the warrants is credited to capital stock.

3.5 Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share amounts are calculated by dividing net profit attributable to common shareholders by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential of warrants and options into common shares. During the years ended December 31, 2016 and 2015, shares issuable on exercise of all the outstanding stock options and warrants were not included in the computation of diluted loss per share as the effect would have been anti-dilutive.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

3.6 Financial assets

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

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through the statement of comprehensive loss. The Company's cash is classified as FVTPL.

Financial assets classified as loans-and-receivables are measured at amortized cost. The Company's HST recoverable is classified as loans-and-receivables.

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

3.7 Financial liabilities

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

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. The Company's trade and other payables and the loan payable due to a related party are classified as other-financial-liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive loss. At December 31, 2016 and December 31, 2015 the Company has not classified any financial liabilities as FVTPL.

3.8 Impairment of financial assets

The Company assesses, at each date of the statement of financial position, whether a financial asset is impaired.

3.9 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Kitrinor's officers and directors are considered related parties due to the significant influence they have over Kitrinor's operations. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3.10 Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

Judgments made by management that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed below: The most significant estimates relate to, but are not limited to, the following:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Significant accounting judgments and estimates (continued)

- Warrants granted are accounted for using the fair value method. Under this method, the fair value of warrants granted are measured at estimated fair value at the grant date and recognized over the vesting period.

- the calculation of the fair value of share-based payments and equity settled transactions requires the use of estimates of inputs in the Black-Scholes option pricing valuation model;

- assessment of the going concern presumption as detailed in Note 1 to the financial statements;

4. 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 December 31, 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 year ended December 31, 2016. The Company is not subject to externally imposed capital requirements.

5. 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 December 31, 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.

(Expressed in Canadian Dollars)

5. FINANCIAL INSTRUMENTS (continued)

Fair value (continued)

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.

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 December 31, 2016, the Company had a working capital deficiency of $14,866 (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 December 31, 2016. Management believes there is minimal risk that the interest rate on the loan would change significantly prior to being repaid.

6. RECEIVABLES

The Company's trade and other receivables arise from two main sources: receivables due from third parties for property sales and harmonized services tax ("HST") receivable. These are broken down as follows:

As at December 31,	2016	2015
HST recoverable	$ 4,374	$ 3,047
Other Receivables	500	-
Total Trade and Other Receivables	**$ 4,874**	**$ 3,047**

(Expressed in Canadian Dollars)

7. 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.

The following comprises trade and other payables:

As at December 31,		**2016**		2015
Trade payables	**$**	**613**	$	25,508
Professional fees		**22,001**		21,191
Consulting fees		**-**		355,000
Total Trade and Other Payables	**$**	**22,614**	$	401,699

During the year ended December 31, 2016 $10,933 (2015 – nil) of debt was forgiven.

8. DUE TO RELATED PARTIES

As at December 31, 2016, the trade and other payables balances includes related-party amounts of $12,001 (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. On October 31, 2016 the Company paid this loan in full.

9. 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 year ending December 31,		**2016**		2015
Management and consulting fees	**$**	**-**	$	60,000
Legal fees	**$**	**23,137**	$	7,466

10. CAPITAL STOCK

(a) Authorized

An unlimited number of common shares.

(b) Issued

	No. of Shares		$
Balance at December 31, 2016, 2015 and 2014	**2,430,638**	**$**	**2,806,531**

(Expressed in Canadian Dollars)

10. CAPITAL STOCK (continued)

On October 11, 2016 the Company completed a private placement of pre consolidated special warrants at a price of $0.005 per special warrant. Each pre consolidated special warrant unit is exchangeable, for no additional consideration, into one-tenth (1/10) of a post consolidation unit of the Company resulting subscribers receiving one whole post consolidation unit for each pre consolidation special ten (10) special warrants purchased following the Consolidation (as defined below) of the common shares of the Company. Each post consolidate 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 pre consolidated Warrant Share for a period of three (3) years after the closing date of the Offering at a price of $0.01 per pre consolidated Warrant Share (subject to adjustment following the Consolidation).

The Special Warrants will automatically be 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.

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.

In connection with the private placement, the Company paid $2,000 in finders fees and issued 760,000 special warrants.

(c) Outstanding Issued Warrants

The outstanding issued warrants balance at December 31, 2016, is comprised of 5,000 non-broker warrants at an exercise price of $2.50 that expire on December 19, 2017;10,760,000 special warrants and 800,000 broker warrants at an exercise price of $0.05 that expire October 11, 2018.

(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 December 31, 2016, total options available for issuance under this Plan amount to 243,064 common shares.

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

	December 31, 2016		December 31, 2015	
	Weighted Average Exercise Price	**Number of Options**	Weighted Average Exercise Price	Number of Options
Outstanding and exercisable at beginning of year	**$ 2.50**	**213,500**	$ 2.50	213,500
Outstanding and exercisable at end of year	**$ 2.50**	**213,500**	$ 2.50	213,500

The remaining weighted average life remaining on the stock options is 0.97 years (2015 – 1.97).

(Expressed in Canadian Dollars)

11. WARRANT RESERVES

A summary of the changes in the Company's reserves for warrants for the years ended December 31, 2016 and 2015 are set out below:

	December 31, 2016 Amount $	December 31, 2015 Amount $
Balance at beginning of year	-	-
Broker warrants issued	106,000	-
Balance at end of year	106,000	-

The following table summarizes the assumptions used with the Black-Scholes valuation model for warrants issued and outstanding as at December 31, 2016:

Grant date	October 11, 2016	Total
No. of warrants	800,000	800,000
Exercise price	$ 0.05	
Expected life in years	2	
Volatility	179.99%	
Risk-free interest rate	0.56%	
Grant date share price	0.15	
Dividend yield	-	
Fair value of warrants	$ 106,000	$ 106,000

Option pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Volatility is based on the historical volatility of the Company. Changes in the underlying assumptions can materially affect the fair value estimates.

Broker warrants issued to non-employees were valued using the fair value of the equity instrument granted in the absence of a reliable estimate of the fair value of the goods or services received.

12. SHARE BASED PAYMENT RESERVES

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

	December 31, 2016 Amount $	December 31, 2015 Amount $
Balance at beginning of year	1,459,792	1,459,792
Balance at end of year	1,459,792	1,459,792

(Expressed in Canadian Dollars)

13. EXPLORATION AND EVALUATION EXPENDITURES

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

	Year Ended December 31, 2016	December 31, 2015	Cumulative to date
Bayview Property	**$ -**	$ -	**$ 11,143**
Caley Lake	**-**	-	**16,782**
Culroc Property	**(500)**	-	**471,977**
Feather River Property	**-**	-	**420,160**
Exploration and Evaluation Costs	**$ (500)**	$ -	**$ 920,062**

Caley Lake Property

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

On July 15th, 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 15th, 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.

On January 20, 2017 the Company entered into an Assignment Agreement to assign all of its rights, title and interest in the Option Agreement to Generic Capital Corporation.

Culroc Property

On September 27th, 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.

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.

13. EXPLORATION AND EVALUATION EXPENDITURES (continued)

Culroc Property (continued)

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 5,000 options to acquire common shares of the Company at an exercise price of $2.50; and (iii) issued 5,000 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.

On November 24, 2016 the Company entered into a Mining Claim Acquisition Agreement (the "Agreement") whereby Kitrinor sold 100 percent interest in the Sothman Property for a cash payment of $500.

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 75,000 shares of Kitrinor as follows:

a) $15,000 (paid) and 5,000 shares (issued) upon signing of the agreement;
b) an additional $25,000 (paid) and 5,000 shares on March 1st, 2012 (issued);
c) an additional $35,000 (paid) and 5,000 shares on March 1st, 2013 (issued);
d) an additional 35,000 shares on March 1st, 2014; (issued);
e) an additional $75,000 and 25,000 shares on March 1st, 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 form 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 Kitrinor is in default of this payment but has not yet received a Notice of Termination of the Agreement.

(Expressed in Canadian Dollars)

13. 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.

On February 16, 2017 the Company entered into a Mining Claim Acquisition Agreement (the "Agreement") whereby Kitrinor sold 100 percent interest in the Bayview Property for a cash payment of $100.

14. INCOME TAXES

(a) Provision for Income Taxes

The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate. A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rate is as follows:

For the year ended December 31,	**2016**	2015
	$	$
Loss before income taxes	**(72,074)**	(125,470)
Combined statutory rate	**26.50%**	26.50%
	(19,100)	(33,000)
Exploration and evaluation expenditures capitalized for income tax purposes	**-**	-
Non-capital loss	**-**	8,800
Deferred tax benefit not previously recognized	**(102,000)**	(8,800)
Change in unrecognized deferred tax assets	**121,100**	33,000
	-	-

The Canadian statutory income tax rate of 26.50% (2015 – 26.50%) is comprised of the federal income tax rate at approximately 15% (2015 – 15%) and the provincial income tax rate of approximately 11.50% (2015– 11.50%).

The unamortized balance, for income tax purposes, of the share issuance fees amounts to approximately $ 32,130 (2015 - $28,563) and will be deductible in Canada over the next several years.

(Expressed in Canadian Dollars)

14. INCOME TAXES (continued)

(a) Provision for Income Taxes (continued)

As at December 31, 2016 the Company has $1,476,989 (2015 - $1,476,989) of unused Canadian Exploration Expenditures ("CEE") and Canadian Development Expenditures ("CDE") available to offset future taxable income. The tax benefits pertaining to these expenses are available to carry forward indefinitely.

(b) Tax Loss Carry-forwards

The Company has accumulated non-capital losses of $ 2,839,287, which may be deducted in the calculation of taxable income in future years. The losses expire as follows:

2027		12,870
2028		199,376
2029		128,907
2030		-
2031		520,685
2032		862,833
2033		703,940
2034		176,568
2035		125,470
2036		108,638
	$	2,839,287

(c) Deferred Tax Balances

The deferred income tax asset is compromised of the following temporary differences:

As at December 31,		**2016**		2015
Resource expenditures	**$**	**1,477,000**	$	1,477,000
Non-capital loss carry forwards		**2,839,000**		2,385,000
Unamortized financing costs		**32,000**		29,000
Deferred tax assets not recognized		**(4,348,000)**		(3,891,000)
	$	**-**	$	-

15. SUBSEQUENT EVENTS

On February 21, 2017 the Company announced that it has entered into a non-binding letter of intent dated February 17, 2017 ("Letter of Intent") with Scythian Biosciences Inc., a private Canadian Corporation ("Scythian"), in connection with a proposed reverse take-over of the Company (the "Proposed Transaction"), subject to approval of the TSX Venture Exchange ("TSXV"), to list the shares of the resulting entity (the "Resulting Issuer") on the TSXV. The Resulting Issuer will operate as a life sciences issuer continuing the business of Scythian.

Proposed Transaction

The Letter of Intent provides that the Company and Scythian will negotiate and enter into a definitive agreement in respect of the Proposed Transaction on or before March 10, 2017 (the "Definitive Agreement").

15. SUBSEQUENT EVENTS (continued)

Pursuant to the terms of the Letter of Intent, completion of the Proposed Transaction will be subject to a number of conditions, including completion of an Offering (described below), shareholder approval, if required, completion or waiver of sponsorship, receipt of all required regulatory approvals, including the approval of the TSXV, completion of satisfactory due diligence reviews, satisfaction of the initial listing requirements of the TSXV and all requirements under the policies of the TSXV relating to the completion of the Proposed Transaction, and execution of the Definitive Agreement.

The Company and Scythian will complete the Proposed Transaction by way of a three-cornered amalgamation whereby a wholly-owned subsidiary of the Company will amalgamate with Scythian to form a wholly-owned subsidiary of the Resulting Issuer. The Proposed Transaction is an arm's length transaction.

Prior to or contemporaneously with the completion of the Proposed Transaction, Scythian will complete a consolidation of its issued and outstanding common shares on a 4 for 1 basis.

The anticipated completion date for the Proposed Transaction is May 31, 2017.

A filing statement or management information circular, as applicable, will be prepared and filed in accordance with the policies of the TSXV.

Concurrent Financing

As a condition to the completion of the Proposed Transaction, Scythian will complete a brokered subscription receipt financing, through a syndicate of agents led by Clarus Securities Inc. and including Haywood Securities Inc. (the "Agents"), for aggregate gross proceeds of up to $10,000,000 through the issuance of up to 25,000,000 subscription receipts ("Subscription Receipts") at a price of $0.40 per Subscription Receipt (the "Offering"), subject to the rules of, and approval by, the TSXV. Upon satisfaction of the escrow release conditions, including all conditions precedent to the Proposed Transaction being satisfied, each Subscription Receipt will automatically convert without any further action on the part of the holder into one (1) common share of the Resulting Issuer. Should the escrow release conditions not be satisfied, the Subscription Receipts will be cancelled and all proceeds from the sale of Subscription Receipts will be returned to subscribers without interest.

As compensation for the services provided in connection with the Offering, the Agents will receive a cash commission equal to 7% of the gross proceeds raised in connection with the Offering and broker warrants equal to 7% of the Resulting Issuer Shares.

Upon completion of the Proposed Transaction, the proceeds of the Offering will be used to further develop the business of the Resulting Issuer and for general working capital purposes.

Sponsorship

Sponsorship of the Proposed Transaction may be required by the TSXV unless an exemption or waiver from this requirement can be obtained in accordance with the policies of the TSXV. The Company intends to apply for a waiver of the sponsorship requirement. There is no assurance that a waiver from this requirement can or will be obtained.