



Anfield Resources Inc.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

(Expressed in Canadian Dollars - unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by the entity's auditor.

Anfield Resources Inc.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars - unaudited)

	Notes	September 30, 2016	December 31, 2015
Assets			
Current Assets			
Cash		\$ 892,727	\$ 167,231
Sales tax receivable		12,605	10,201
Prepays	4	477,667	346,009
Inventory	4	269,157	283,310
		1,652,156	806,751
Non-current Assets			
Property, plant and equipment	4,7	15,248,126	16,044,416
Evaluation and exploration assets	4,8	7,773,258	2,141,367
		23,021,384	18,185,783
Total Assets		\$ 24,673,540	\$ 18,992,534
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	9	\$ 618,250	\$ 1,021,560
Due to related parties	12	242,743	657,090
Convertible debenture	10	-	59,572
Derivative liability	10	-	46,500
Amounts owing on asset acquisition - current	4,6	332,308	1,861,404
		1,193,301	3,646,126
Long-term liabilities			
Asset retirement obligation	4,5	9,151,637	9,402,312
Amounts owing on asset acquisition	4,6	10,089,723	4,960,000
Total Liabilities		20,434,661	18,008,438
Equity			
Share Capital	11	21,335,619	15,375,511
Stock option reserve	11	2,205,525	1,538,342
Warrant reserve	11	28,891	28,891
Foreign exchange reserve	11	127,012	374,593
Deficit		(19,458,168)	(16,333,241)
Total Equity		4,238,879	984,096
Total Equity and Liabilities		\$ 24,673,540	\$ 18,992,534

Going concern (Note 1)

Approved on behalf of the Board of Directors:

"Corey Dias"

Chief Executive Officer

"Laara Shaffer"

Chief Financial Officer

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

Anfield Resources Inc.
Condensed Consolidated Interim Statements of Comprehensive Loss
(Expressed in Canadian Dollars - unaudited)

		For the three months ended		For the nine months ended	
	Notes	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Expenses					
Amortization	7	\$ 2,524	\$ 1,275	\$ 5,076	\$ 3,826
Exploration and evaluation expenditures	8	516,187	67,204	904,400	148,508
General and administrative	13	424,925	275,706	936,786	819,212
Investor relations		4,999	1,500	27,599	48,268
Loss on foreign exchange		16,373	29,312	14,358	55,516
Share based payments	11,13	-	424,800	667,183	456,187
		965,008	799,797	2,555,402	1,531,517
Other Items					
Accretion expense for asset retirement obligations	5	(82,173)	(13,092)	(245,556)	(13,092)
Accretion expense for long term debt	6	(272,309)	-	(635,570)	-
Change in derivative liability	10	-	-	(4,500)	-
Interest expense on convertible debenture	10	(23,411)	(8,811)	(62,478)	(8,811)
Forgiveness of debt		-	-	378,579	-
Net loss		(1,342,901)	(821,700)	(3,124,927)	(1,553,420)
Other comprehensive loss					
Other comprehensive loss that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		(74,778)	66,005	(247,581)	122,185
Total comprehensive loss		\$ (1,417,679)	\$ (755,695)	\$ (3,372,508)	\$ (1,431,235)
Loss per share – basic and diluted		\$ (0.02)	\$ (0.03)	\$ (0.05)	\$ (0.06)
Weighted average shares outstanding		75,176,125	30,004,246	67,285,915	25,424,972

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

Anfield Resources Inc.
Condensed Consolidated Interim Statement of Changes in Equity
(Expressed in Canadian Dollars - unaudited)

	Note	Number of Shares	Amount	Obligation to Issue Shares	Stock Option Reserve	Warrant Reserve	Foreign exchange reserve	Deficit	Total Equity
Balance as at December 31, 2014		20,313,322	\$ 12,339,176	\$ -	\$ 1,250,724	\$ 28,891	\$ 258,584	\$ (12,279,670)	\$ 1,597,705
Shares issued - private placement	11	8,763,500	1,202,700	-	-	-	-	-	1,202,700
Shares issued - acquisition costs	11	11,559,501	1,553,449	-	-	-	-	-	1,553,449
Shares issue costs – cash	11	-	(10,885)	-	-	-	-	-	(10,885)
Obligation to issue shares		-	-	3,139,909	-	-	-	-	3,139,909
Broker warrants cancelled		-	-	-	-	(5,049)	-	5,049	-
Options cancelled		-	-	-	(125,727)	-	-	125,727	-
Share based payment	11	-	-	-	456,187	-	-	-	456,187
Amount allocated to share purchase warrants on issuance of Debenture		-	-	-	-	111,438	-	-	111,438
Issuance costs allocated to share purchase warrants on issuance of Debenture		-	-	-	-	(6,965)	-	-	(6,965)
Comprehensive loss		-	-	-	-	-	122,185	(1,553,420)	(1,431,235)
Balance as at September 30, 2015		40,636,323	\$ 15,084,440	\$ 3,139,909	\$ 1,581,184	\$ 128,315	\$ 380,769	\$ (13,702,314)	\$ 6,612,303
Balance as at December 31, 2015		40,636,323	\$ 15,375,511	\$ -	\$ 1,538,342	\$ 28,891	\$ 374,593	\$ (16,333,241)	\$ 984,096
Shares issued - private placement	11	26,373,588	3,444,960	-	-	-	-	-	3,444,960
Shares issued - warrants	11	4,250,000	637,500	-	-	-	-	-	637,500
Shares issued - conversion of debenture	11	1,851,474	130,103	-	-	-	-	-	130,103
Shares issued - property acquisition	11	7,443,365	1,747,545	-	-	-	-	-	1,747,545
Stock based compensation	11	-	-	-	667,183	-	-	-	667,183
Comprehensive loss		-	-	-	-	-	(247,581)	(3,124,927)	(3,372,508)
Balance as at September 30, 2016		80,554,750	\$ 21,335,619	\$ -	\$ 2,205,525	\$ 28,891	\$ 127,012	\$ (19,458,168)	\$ 4,238,879

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

Anfield Resources Inc.
Condensed Consolidated Interim Statement of Cash Flows
(Expressed in Canadian Dollars - unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Cash Flows from Operating Activities				
Net loss from continuing operations	\$ (1,342,901)	\$ (821,700)	\$ (3,124,927)	\$ (1,553,420)
Adjustments for non-cash items:				
Accretion of asset retirement obligation	82,839	13,092	245,556	13,092
Accretion of long term debt	272,309	2,853	635,570	2,853
Debt forgiveness	-	-	(378,579)	-
Amortization	2,524	1,275	5,076	3,826
Foreign exchange	120,948	29,749	(98,550)	(882)
Share based payments	-	424,800	667,183	456,187
Change in derivative liability	-	-	4,500	-
Changes in non-cash working capital:				
Sales tax receivable	(725)	16,485	(2,404)	11,685
Prepays	(268,908)	(395,333)	(112,127)	(373,305)
Accounts payable and accrued liabilities	(38,951)	10,917	12,409	175,609
Due to related parties	19,243	(277,951)	(370,150)	(379,958)
Net cash flows used in operating activities	(1,153,622)	(995,813)	(2,516,443)	(1,644,313)
Investing activity				
Property bond payments	-	(9,473,318)	-	(9,473,318)
Recovery - mineral interests	-	18,705	-	18,705
Property plant and equipment - improvements	(53,059)	-	(53,059)	-
Expenditures on mineral properties	(5,824,596)	-	(5,688,701)	-
Net cash flow from investing activity	(5,877,655)	(9,454,613)	(5,741,760)	(9,454,613)
Financing activities				
Amounts owing on asset acquisition	4,901,239	9,477,336	4,901,239	9,477,336
Repayment of convertible debenture	-	468,750	-	468,750
Net proceeds from share issuances	1,582,228	543,875	4,082,460	1,191,815
Net cash flow from financing activity	6,483,467	10,489,961	8,983,699	11,137,901
Increase (decrease) in cash	(547,810)	39,535	725,496	38,975
Cash, beginning	1,440,537	6,932	167,231	7,492
Cash, ending	\$ 892,727	\$ 46,467	\$ 892,727	\$ 46,467

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

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Anfield Resources Inc. (the "Company") is a publicly listed company incorporated in British Columbia on July 12, 1989. The Company's shares are listed on the TSX Venture Exchange ("TSX.V") under the symbol "ARY", the OTCQB Marketplace under the symbol "ANLDF", and the Frankfurt Stock Exchange under the symbol "OAD". The Company is engaged in mineral exploration and development.

The Company's head office and its registered and records offices are located at Suite 608, 1199 West Pender Street, Vancouver, British Columbia, V6E 2R1.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at September 30, 2016 the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company incurred a loss of \$3,048,474 during the nine months ended September 30, 2016 and had an accumulated deficit of \$19,381,715 as at September 30, 2016. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration and development activities and its ability to attain profitable operations and generate funds therefrom and or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and or private placement of common shares or the issuance of debt. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its condensed consolidated interim statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

a) STATEMENT OF COMPLIANCE TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards board ("IASB"). These unaudited interim condensed consolidated financial statements follow the same accounting policies and methods of application as the most recent audited annual financial Statements of the Company. These unaudited interim condensed consolidated financial statements do not contain all the information and disclosures required by IFRS for annual financial statements and should be read in conjunction with the audited annual financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRS as issued by the IASB and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The policies set out below were consistently applied to all periods presented unless otherwise noted below. These financial statements have been prepared on a historical cost basis except for financial instruments carried at fair value.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

b) BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted. The policies set out below were consistently applied to all periods presented unless otherwise noted.

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2015.

c) BASIS OF CONSOLIDATION

These consolidated financial statements comprise the accounts of the Company and its wholly-owned subsidiaries Equinox Exploration Holding Corp. ("EQX US"), Anfield Resources Holding Corp. ("ARC") and ARH Wyoming.

Certain comparative figures have been reclassified to conform to the current year's presentation. Such reclassification is for presentation purpose only and has no effect on previously reported results.

d) SIGNIFICANT MANAGEMENT JUDGMENT AND ESTIMATES IN APPLYING ACCOUNTING POLICIES

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Areas requiring a significant degree of estimation and judgment relate to the determination of the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and stock-based compensation and other equity-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, purchase price allocation and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's consolidated financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- Allocation of purchase price on acquisition of assets.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

e) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, highly liquid investments that are readily convertible into known amount of cash and which are subject to insignificant risk of changes in value. Cash and cash equivalents have a term to maturity of three months or less from the date of acquisition.

f) FINANCIAL INSTRUMENTS

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets. Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

f) FINANCIAL INSTRUMENTS (CONT'D)

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

g) SHARE-BASED PAYMENTS

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

h) EVALUATION AND EXPLORATION ASSETS

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the direct costs related to the acquisition of exploration and evaluation assets. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

Exploration and evaluation expenditures incurred prior to the establishment of technical feasibility and commercial viability of extracting mineral resources and a decision to proceed with development are charged to operations as incurred.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

i) EVALUATION AND EXPLORATION ASSETS (CONT'D)

- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

j) IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amount of the Company's assets (which include property, plant and equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

k) FOREIGN CURRENCY TRANSLATION

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency. The functional currency of EQX US and ARC is the US dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, the Effects of Changes in Foreign Exchange Rates.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

k) FOREIGN CURRENCY TRANSLATION (CONT'D)

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Foreign operations

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recognized in other comprehensive income and recorded in the Company's foreign currency translation reserve in equity. These differences are recognized in the profit or loss in the period in which the operation is disposed.

l) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs to repair or enhance are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Depreciation of machinery and mobile equipment, vehicles and office furniture and equipment is calculated on a straight-line basis over a three to ten year life, as appropriate. Certain items of property, plant and equipment including the Shootaring Mill and its related assets are amortized over the estimated life of the mine using the units-of-production ("UOP") method based on the recoverable ounces from the indicated resources.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive loss.

m) INVENTORY

Inventory consists of ore stockpile. Stockpiles are physically measured or estimated and valued at the lower of average production cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling final product.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

n) RESTORATION AND ENVIRONMENTAL OBLIGATIONS

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

o) REVENUE

Revenue from ore sales is recognized as revenue only when there is evidence of a sale arrangement, amounts are determinable, collection is reasonably assured and the Company no longer retains control over the goods sold.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of 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. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Company has not early adopted this new standard and is currently assessing the impact that it will have on its consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. ASSET ACQUISITION

On August 27, 2015 the Company closed an Asset Purchase Agreement and amendments, with Uranium One Americas Inc. ("Uranium One") to acquire the Shootaring Canyon uranium mill (the "Shootaring Mill") located in Utah, and a portfolio of conventional uranium assets including: Shootaring Mill, Velvet-Wood Project, Frank M Project, Wate and Findlay Tank Breccia Pipes, royalty portfolio and surface stockpiles. (Notes 7 and 8)

Considerations included cash and share payments totalling US\$7,500,000 to be paid to Uranium One and U.S. Energy Corp. ("US Energy"). The Company incurred transaction costs of \$75,000 in relation to this acquisition.

The shares to be issued for the Shootaring Mill acquisition was recorded as a liability as a variable number of the Company's common shares are to be issued in settlement of the obligations.

Uranium One – USD \$5,000,000

The Company must issue a total of up to USD \$1,000,000 in shares to Uranium One and pay a total of up to USD \$4,000,000 cash consideration as follows:

- (i) USD \$500,000 in shares due at closing August 27, 2015 (Notes 6 and 11) (issued);
- (ii) USD \$500,000 in shares issued on August 27, 2016 (Note 6 and 11) (issued);
- (iii) USD \$2,000,000 in cash paid earlier of July 1, 2017 (discounted to \$2,035,229 (US\$1,791,410) (Note 6)) or restart of commercial production; and
- (iv) USD \$2,000,000 in cash paid earlier of July 1, 2019 (discounted to \$1,749,415 (US\$1,334,413) (Note 6)) or restart of commercial production.

US Energy – USD \$2,500,000

Concurrent with the abovementioned agreement, the Company, Uranium One and US Energy entered into an Amended Assignment and Assumption Agreement whereby the Company assumed the obligations of Uranium One relative to Uranium One's agreements with US Energy under revised terms negotiated between the Company and US Energy. These terms stated that the Company must issue a total of up to US\$2,500,000 in shares to US Energy as follows:

- (i) USD \$750,000 in shares at closing August 27, 2015 (issued) (Note 11);
- (ii) USD \$750,000 in shares to be issued on August 27, 2016 (issued) (Note 6); and
- (iii) a further US\$1,000,000 (discounted to \$874,852) in shares to be issued on August 27, 2017 (Note 6).

Asset Retirement Obligations

The Company assumed the asset retirement obligations ("ARO") from the acquisition of the Shootaring Mill. The present value of the obligation at acquisition was \$9,151,637 (US\$6,600,000) and was allocated to the Shootaring Mill and the resource properties acquired (Note 5).

4. ASSET ACQUISITION (CONTINUED)

Reclamation Bonds

The Company is required to obtain replacement bonds to meet reclamation requirement of USD\$9,346,014 in connection with the Shootaring Mill acquisition. Uranium One provided a cash collateral in the amount of US\$7,075,807 to cause the issuance of the replacement bonds. The collateral deposit was not recorded in the Company's assets as the cash collateral was provided by Uranium One. The Company prepaid the 3% annual bond premium of US\$282,032 as insurance, which would create an obligation for the surety company to cover the difference between the bond requirement and the cash collateral. The bond premium is amortized over one year. As at September 30, 2016, \$290,731 (US\$221,763) was recorded in prepaids.

The Company allocated the purchase price and ARO to the following assets:

	Consideration	Asset Retirement Obligations	Total
Shootaring Mill (Note 7)	\$ 7,104,484	\$ 8,283,542	\$ 15,388,026
Resource Properties (Note 8)	473,632	524,818	998,450
Royalty Portfolio (Note 8)	78,939	-	78,939
Inventory - Stockpile	236,816	-	236,816
	\$ 7,893,872	\$ 8,808,360	\$ 16,702,232

5. ASSET RETIREMENT OBLIGATIONS

Laws and regulations concerning environmental protection affect the Company's exploration and operations. Under current regulations, the Company is required to meet performance standards to minimize environmental impact from its activities and to perform site restoration and other closure activities. The Company's provision for future site closure and reclamation costs is based on known requirements.

The Company's determination of the environmental rehabilitation provision arising from the Shootaring Mill acquisition at September 30, 2016 was \$9,151,637 (US\$6,975,863). This estimate was based upon an undiscounted future cost of \$10,421,485 (US\$8,225,324), an annual inflation rate of 3% and risk adjusted discount rate of 4%. The closure and reclamation expenditure is expected to be incurred in 2021.

As at September 30, 2016, the Company's provision for site reclamation and closure is as follows:

Balance, December 31, 2015	\$	9,402,312
Accretion		245,556
Foreign exchange		(496,231)
Balance, September 30, 2016	\$	9,151,637

6. AMOUNTS OWING ON ASSET ACQUISITION

Shootaring Mill

As of the closing date of the Shootaring Mill acquisition, the Company issued 11,459,501 common shares (Notes 4 and 11) in settlement of US\$1,155,735 (\$1,554,631) owing on the acquisition. On August 27, 2016, the Company issued a further 7,443,365 shares in settlement of US\$1,344,265 (\$1,747,545). The remaining balances owing were fair valued at a discount rate of 15%.

Uranium Properties

The Company paid \$450,000 USD (\$580,000) upon acquisition of Uranium Properties. See Note 8.

As at September 30, 2016, the balances of the amount owing is as follows:

	Shootaring Mill Acquisition	Uranium Properties	Total
Balance, December 31, 2015	\$ 6,821,404	\$ -	\$ 6,821,404
Addition	-	5,008,911	5,008,911
Accretion	553,484	82,086	635,570
Repayment	(1,747,545)	-	(1,747,545)
Foreign exchange	(316,303)	19,994	(296,309)
Balance, September 30, 2016	\$ 5,311,040	\$ 5,110,991	\$ 10,422,031
Short Term	\$ -	\$ 332,308	\$ 332,308
Long Term	5,311,040	4,778,683	10,089,723
	\$ 5,311,040	\$ 5,110,991	\$ 10,422,031

7. PROPERTY, PLANT, AND EQUIPMENT

	Equipment (United States)	Shootaring Mill (United States)	Total
Cost:			
December 31, 2015	\$ 28,352	\$ 16,034,694	\$ 16,063,046
Improvements	-	53,059	53,059
Foreign Exchange	(1,491)	(843,816)	(845,307)
September 30, 2016	26,861	15,243,937	15,270,798
Amortization:			
December 31, 2015	18,630	-	18,630
Charge for the period	5,076	-	5,076
Foreign Exchange	(1,034)	-	(1,034)
September 30, 2016	22,672	-	22,672
Net Book Value:			
September 30, 2016	\$ 4,189	\$ 15,243,937	\$ 15,248,126

7. PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)

During the nine months ended September 30, 2016, \$5,076 (2015 - \$3,826) was included in amortization expense.

During the year ended December 31, 2015, the Company acquired the Shootaring Mill located in Hanksville, Utah (Note 4).

No amortization was recorded on the mill during the nine months ended September 30, 2016.

8. EVALUATION AND EXPLORATION ASSETS

As at September 30, 2016, the Company holds interests in uranium exploration properties in Colorado, Utah, Wyoming and Arizona ("Uranium Properties"). The Company also held interests in three copper exploration properties in Arizona; the Northstar Property along with the Binghampton and Copper Queen properties.

A summary of acquisition costs included in exploration and evaluation assets are as follows:

	North Star	Binghampton	Copper Queen	Uranium Properties	Total
Balance December 31, 2014	\$ 232,096	\$ 287,146	\$ 670,007	\$ 2,123,155	\$ 3,312,404
Acquisition costs	-	11,000	-	8,924,602	8,935,602
Recovery	-	-	-	(18,705)	(18,705)
Foreign exchange	35,871	42,062	98,145	1,360	177,438
Balance September 30, 2015	\$ 267,967	\$ 340,208	\$ 768,152	\$ 11,030,412	\$ 12,406,739
Balance December 31, 2015	\$ 19,392	\$ -	\$ -	\$ 2,121,975	\$ 2,141,367
Acquisition costs	-	-	-	5,544,727	5,544,727
Foreign exchange	(1,020)	-	-	88,184	87,164
Balance September 30, 2016	\$ 18,372	\$ -	\$ -	\$ 7,754,886	\$ 7,773,258

8. EVALUATION AND EXPLORATION ASSETS (CONTINUED)

The following exploration and evaluation expenditures were included in comprehensive loss are as follows:

	Nine Months Ended	
	September 30, 2016	September 30, 2015
Consulting	\$ 78,035	\$ 35,282
Geology and geophysics	127,746	62,853
License and filing	660,049	50,373
Sundry Field	38,570	-
Total for the period	\$ 904,400	\$ 148,508

URANIUM PROPERTIES

i) UTAH URANIUM PROJECT

In December 2013, the Company's application for mining leases in the state of Utah was accepted and nine mineral leases on Utah State Trust Land had been granted. The costs to acquire these leases totaled \$8,113.

ii) MAG PROJECT

On October 29, 2013, the Company entered into an option agreement with MAG Exploration Services Inc. to acquire a 100% interest in 109 mineral claims located in Utah and 24 mineral claims located in Arizona.

Under the terms of the agreement, the Company is required to pay a total of US\$600,000 in cash and issue 1,500,000 shares to be held in escrow (825,000 shares released at the date of this report) for a period of three years from issuance, as follows:

Date	Cash Payments	Shares issuances
On acceptance by TSX.V (paid; issued with a fair value of \$510,000)	US\$ 100,000	1,500,000
To be paid on or before July 24, 2015	150,000	-
To be paid on or before January 24, 2016	150,000	-
To be paid on or before January 24, 2017	200,000	-
Total Consideration	US\$ 600,000	1,500,000

8. EVALUATION AND EXPLORATION ASSETS (CONTINUED)

On April 8, 2015, the Company signed a second option amendment agreement, which extended the first anniversary payment due date from January 24, 2015 to July 24, 2015. At the date of these financial statements the US\$150,000 was not yet paid.

iii) YELLOW ROCK PROJECT

On January 20, 2014, the Company entered into an option agreement with Yellow Rock Resources Inc. ("Yellow Rock") to acquire a 100% interest in 130 unpatented mineral claims located in Utah, for consideration of 1,250,000 common shares to be held in escrow (687,500 shares released at the date of this report) for a period of three years from issuance, and US\$500,000 cash payments as follows:

Date	Cash Payments	Shares issuances
On acceptance by TSX.V (paid; issued with a fair value of \$500,000) (Note 11)	US\$ 100,000	1,250,000
To be paid on or before August 6, 2015	100,000	–
To be paid on or before February 6, 2016	150,000	–
To be paid on or before February 6, 2017	150,000	–
Total Consideration	US\$ 500,000	1,250,000

On April 13, 2015, the Company signed a second option amendment agreement, which extended the first anniversary payment due date from February 6, 2015 to August 6, 2015. At the date of these financial statements the US\$100,000 was not yet paid.

iv) STAKING

During February 2014 the Company increased its holding in Utah by staking an additional 51 new unpatented uranium claims in four areas.

8. EVALUATION AND EXPLORATION ASSETS (CONTINUED)

v) ALAMOSA MINING

On May 6, 2014, the Company entered into an option agreement with Alamosa Mining Corp. ("Alamosa") to acquire a 100% interest in 239 mineral claims located in Colorado for consideration of 1,950,000 common shares and US\$600,000 cash payments to pay in installments over a period of three years, as follows:

Date	Cash Payments	Shares issuances
On execution of agreement (paid)	US\$ 100,000	-
On acceptance by TSX.V (issued with a fair value of \$760,500) (Note 11)		1,950,000
To be paid on or before December 6, 2015	150,000	-
To be paid on or before June 6, 2016	150,000	-
To be paid on or before June 6, 2017	200,000	-
Total Consideration	US\$ 600,000	1,950,000

On April 8, 2015, the Company signed an amended option agreement, which extended the first anniversary payment due date from June 6, 2015 to December 6, 2015. At the date of these financial statements, the US\$150,000 was not yet paid.

During the year ended December 31, 2015, the Company allowed certain claims in the MAG Project, Yellow Rock Project, and Alamosa Mining to lapse, resulting in an impairment of \$1,059,145 recorded in the statements of comprehensive loss.

vi) VELVET WOOD PROJECT (Note 4)

The Velvet Wood Project is a uranium project, located in San Juan County, Utah.

vii) FRANK M PROJECT (Note 4)

The Frank M uranium deposit is located approximately 12 km north of the Shootaring Mill.

viii) WATE PROJECT (Note 4)

The Company acquired a 50% interest in the Wate Breccia Pipe ("Wate") in Northern Arizona, with the other 50% interest owned by Energy Fuels Inc. ("Energy Fuel"). On October 13, 2015, the Company sold its 50% interest to Energy Fuels for US\$550,000 as follows:

- i) US\$275,000 Cash on closing (received on October 27, 2015) and;
- ii) US\$275,000 in Shares from Energy Fuels on closing (issued on October 27, 2015 with a fair value of \$379,380).

A gain of \$651,977 was recorded as the result of this sale transaction.

ix) ROYALTY PORTFOLIO (Note 4)

Royalty arrangements in four uranium projects. The royalty projects are not currently in production, and no royalty would be due to the Company until commencement of production.

8. EVALUATION AND EXPLORATION ASSETS (CONTINUED)

x) WYOMING URANIUM PROPERTIES (NOTE 6)

On August 23, 2016, the Company signed a leases and claims transfer agreement whereby the Company acquired 24 uranium mining properties in Wyoming comprising of 2,667 federal mining claims, 56 Wyoming State leases and 15 private leases in the Black Hills, Powder River Basin, Great Divide Basin, Laramie Basin, Shirley Basin and Wind River Basis areas.

Under the terms of the leases and claims transfer agreement, the Company has agreed to purchase the properties for total consideration of US\$6,100,000 (discounted to US\$3,884,169 or CDN\$5,008,636)., At Closing, Anfield paid mining claim maintenance costs associated with the acquired claims of USD\$450,000 (CDN\$580,000).

Summary of payments is as follows:

Date	Cash Payments
On execution of agreement (paid)	US\$ 450,000
On December 29, 2017	US\$ 300,000
On 2 nd anniversary of closing	US\$ 750,000
On 3 rd anniversary of closing	US\$ 750,000
On 4 th anniversary of closing	US\$ 1,500,000
On 5 th anniversary of closing	US\$ 2,800,000
Total Consideration	US\$ 6,550,000

Included in Uranium Properties is an addition of \$5,588,911 related to the acquisition of the properties.

COPPER PROPERTIES

a) NORTH STAR PROPERTY

The Company owns a 100% interest in the North Star Property.

b) BINGHAMPTON AND COPPER QUEEN PROPERTIES

During the year ended December 31, 2015, the Company fully impaired the Binghampton and Copper Queen properties as no further work is planned for these properties.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2016	December 31, 2015
Trade payables	\$ 618,250	\$ 994,560
Accrued liabilities	-	27,000
	\$ 618,250	\$ 1,021,560

10. CONVERTIBLE DEBENTURE

On October 18, 2015, the Company raised \$500,000 through a secured convertible debenture at an interest rate of 15% per annum maturing in 12 months. At anytime before maturity, the holder can convert to units of the Company at US\$0.12 per unit. Each unit is comprised of one common share and one share purchase warrant with each warrant entitling the holder to acquire one common share at an exercise price of US\$0.15 per share for a period of 12 months.

The conversion price is denominated in a currency that is different from the Company's function currency. IFRS required that the conversion right to be accounted as a derivative liability as the Company will be obliged to issue a variable number of shares upon conversion. The Company determined the fair value of the derivative liability to be \$179,900 using the Black-Scholes Option Pricing Model with the following assumptions: Expected dividend yield – 0%; Volatility – 145%; Risk-free interest rate – 0.79%; Expected life: ½ year. There was no value attributed to the equity component. The Company incurred transaction costs of \$31,250 in relation to this debenture.

On October 26, 2015, the Company made a repayment of \$379,380 (US\$275,000).

As at September 30, 2016, the Company's convertible debenture is as follows:

	Principal	Derivative Liabilities	Transaction Costs	Total
Balance, December 31, 2015	\$ 79,103	\$ 46,500	\$ (19,531)	\$ 106,072
Conversion	(83,756)	\$ (51,000)	\$ 3,905	(130,851)
Interest expense	4,653	-	15,626	20,279
Unrealized loss	-	4,500	-	4,500
Balance, September 30, 2016	\$ -	\$ -	\$ -	\$ -

As at September 30, 2016 the contractual cash flows for the convertible debt based on contractual maturity date of August 18, 2016 is \$Nil as the convertible debenture had been retired.

As at September 30, 2016, the Company determined the fair value of the derivative liability to be \$Nil as the convertible debenture had been retired.

11. SHARE CAPITAL

a) AUTHORIZED SHARE CAPITAL

Unlimited number of common shares without par value.

b) ISSUED SHARE CAPITAL

As at September 30, 2016, the Company had 80,554,750 (December 31, 2015 – 40,636,323) issued and fully paid common shares, of which 1,237,500 (December 31, 2015 – 1,237,500) were held in escrow.

11. SHARE CAPITAL (CONTINUED)

c) SHARES FOR PROPERTY, PLANT AND EQUIPMENT

- i) On August 27, 2016 the Company issued 3,937,652 common shares to US Energy with a fair value of \$853,122 (USD \$750,000) pursuant to the Shootaring Mill acquisition (Note 4).
- ii) On August 27, 2016 the Company issued 3,505,713 common shares to Uranium One with a fair value of \$675,974 (USD \$594,265) pursuant to the Shootaring Mill Acquisition (Note 4).
- iii) On August 27, 2015 the Company issued 7,436,505 common shares to US Energy with a fair value of \$1,189,841 (USD \$750,000) pursuant to the Shootaring Mill acquisition (Note 4). A loss of \$180,982 was recorded to recognize the difference between the fair value of the shares issued and the contract purchase price per the agreement.
- iv) On August 27, 2015 the Company issued 4,096,322 common shares to Uranium One with a fair value of \$643,679 (USD \$405,735) pursuant to the Shootaring Mill Acquisition (Note 4). A loss of \$97,907 was recorded to recognize the difference between the fair value of the shares issued and the contract purchase price per the agreement.
- v) On May 15, 2015 the Company issued 100,000 common shares with a fair value of \$11,000 pursuant to the Binghampton option agreement (Note 8).

d) PRIVATE PLACEMENTS

- i) On September 21, 2016, the Company completed a private placement of 4,347,825 units at \$0.23 for gross proceeds of \$1,000,000. Each unit is comprised of one common share and one half common share purchase warrant exercisable at \$0.40 per full warrant for a term of two years.

e) DEBENTURE CONVERSION

During the three months ended September 30, 2016, 1,851,474 shares were issued to retire the debenture issued on October 18, 2015.

11. SHARE CAPITAL (CONTINUED)

f) WARRANTS

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise price
Balance at December 31, 2014	6,672,678	0.56
Warrants granted	8,763,500	0.19
Warrants expired	(4,053,013)	0.66
Balance at December 31, 2015	11,383,165	\$ 0.24
Warrants granted	19,284,164	0.26
Warrants expired	(1,716,498)	0.32
Warrants exercised	(4,250,000)	0.15
Balance at September 30, 2016	24,700,831	\$ 0.23

The weighted average remaining life of the warrants outstanding as at September 30, 2016 is 1.65 years (December 31, 2015 – 0.83 years).

Details of warrants outstanding as at September 30, 2016 are as follows:

Number of warrants outstanding	Exercise price	Expiry
5,416,667	\$0.15	August 25, 2017
7,200,000	\$0.10	March 11, 2018
7,736,339	\$0.40	June 19, 2018
4,347,825	\$0.40	September 18, 2018
24,700,831		

g) STOCK OPTIONS

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX.V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to a maximum of five years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all investor relation activities and consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position. With the exception of options granted for investor relations, all options granted typically vest on the grant date.

11. SHARE CAPITAL (CONTINUED)

g) STOCK OPTIONS

The changes in options during the period ended September 30, 2016 are as follows:

	Number of Options	Weighted Average Exercise Price
Balance December 31, 2014	2,020,332	\$ 0.37
Options granted	2,368,000	0.20
Options cancelled	(325,000)	0.46
Balance December 31, 2015	4,063,332	\$ 0.27
Options granted	3,272,500	0.21
Options cancelled	(884,932)	0.46
Balance September 30, 2016	6,450,900	\$ 0.24

The weighted average remaining life of the outstanding options at September 30, 2016 was 3.57 years (December 31, 2015 – 3.89 years).

Details of options outstanding as at September 30, 2016 are as follows:

Number of options outstanding	Exercise price	Expiry
60,000	\$0.32	April 8, 2017
77,900	\$0.32	July 29, 2017
30,000	\$0.32	November 26, 2017
7,500	\$0.32	June 5, 2018
816,000	\$0.32	February 2, 2019
200,000	\$0.33	February 11, 2019
37,000	\$0.44	February 25, 2019
250,000	\$0.50	September 24, 2019
1,700,000	\$0.20	September 3, 2020
3,272,500	\$0.21	September 22, 2021
6,450,900		

h) RESERVES

Stock options reserve

The stock options reserve records items recognized as share-based payments expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded is transferred to deficit.

12. RELATED PARTY TRANSACTIONS AND BALANCES

a) RELATED PARTY BALANCES

As at September 30, 2016, an amount of \$242,743 (2015 – \$657,090) was owed to related parties. These amounts are unsecured, non-interest bearing and has no fixed terms of repayment.

b) RELATED PARTY TRANSACTIONS

The Company incurred the following transactions with companies that are controlled or managed by directors of the Company:

	For the nine months ended	
	September 30, 2016	September 30, 2015
Exploration and evaluation expenditures	\$ 26,441	\$ 15,950
Consulting fees	57,442	21,414
Management fees	90,000	148,305
Administration fees	65,000	-
	\$ 238,883	\$ 185,669

13. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties. The Company's assets and liabilities are geographically segmented as follows:

	Canada	United States	Total
September 30, 2016			
Exploration and evaluation assets	\$ –	\$ 7,773,258	\$ 7,773,258
Property, plant and equipment	–	15,248,126	15,248,126
Other assets	1,382,999	269,157	1,652,156
Liabilities	(473,506)	(19,961,155)	(20,434,661)
	\$ 909,493	\$ 3,329,386	\$ 4,238,879
December 31, 2015			
Exploration and evaluation assets	\$ –	\$ 2,141,367	\$ 2,141,367
Property, plant and equipment	–	16,044,416	16,044,416
Other assets	294,222	512,529	806,751
Liabilities	(1,395,261)	(16,613,177)	(18,008,438)
	\$ (1,101,039)	\$ 2,085,135	\$ 984,096

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the evaluation and exploration of its mineral exploration properties and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of share capital as well as cash. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, acquire or dispose of assets, or adjust the amount of cash and cash equivalents and short-term investments. In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company is not subject to any externally imposed capital requirements. There were no changes during the year to management's approach to capital management. The Company's investment policy is to invest its excess cash in highly liquid investments that are readily convertible into cash with maturities of three months or less from the original date of acquisition or when it is needed, selected with regards to the expected timing of expenditures from continuing operations.

15. FINANCIAL INSTRUMENTS

a) FAIR VALUE

The carrying values of cash, accounts payable and due to related parties, convertible debentures derivative liabilities and amounts owing on asset acquisition approximate their fair values due to the relatively short period to maturity of those financial instruments. Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs that are not based on observable market data.

As at September 30, 2016, the financial instruments recorded at fair value on the statement of financial position is cash which is measured using Level 1 and derivative liability using level 3 of the fair value hierarchy.

15. FINANCIAL INSTRUMENTS (CONT'D)

b) CLASSIFICATION OF FINANCIAL INSTRUMENTS

Financial assets included in the statement of financial position are as follows:

	September 30, 2016	December 31, 2015
Fair value through profit and loss:		
Cash	\$ 892,727	\$ 167,231

Financial liabilities included in the statement of financial position are as follows:

	September 30, 2016	December 31, 2015
Non-derivative financial liabilities:		
Trade payables	\$ 618,250	\$ 1,021,560
Convertible debentures	-	59,572
Amounts owing on asset acquisition	10,422,301	7,842,964
Due to related parties	242,743	657,090
	11,283,024	9,581,186
Derivative liability	-	46,500
	\$ 11,283,024	\$ 9,627,686

c) FINANCIAL RISK MANAGEMENT

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is high credit quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's debt is subject to a fixed interest rate; therefore, it does not expose to interest rate risk.

15. FINANCIAL INSTRUMENTS (CONT'D)

Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The foreign currency risk for the Company is low as the foreign currencies held are in the functional currency of the entities.

Commodity Risk

Commodity risk is the risk that the value of future cash flows and profits will fluctuate based on the prices of commodities. The Company is exposed to changes in the price of commodities. Changes in the price of commodities will impact the Company's ability to obtain financing to explore its mineral properties.

As at September 30, 2016, the Company has no contracts or agreements in place to mitigate these price risks.