MX GOLD CORP.

Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended December 31, 2016

General

The following discussion and analysis should be read in conjunction with the audited financial statements and notes for the fiscal years ended December 31, 2016 and 2015. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. Additional information relating to the Company can be found on the SEDAR website at www.sedar.com.

The Management Discussion and Analysis was approved by the Board of Directors of the Company on May 1, 2017.

The Company's head office and principal address is 900 – 570 Granville Street, Vancouver, BC, V6C 3P1.

The financial statements have been prepared in accordance with International Financial Reporting Standard ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting.

Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "progressing", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown risks, uncertainties and other factors, many of which are beyond the Company's ability to predict or control could cause actual results to differ materially from those contained in the forward-looking statements. which include, without limitation, commodity price volatility, changes in debt and equity markets, the uncertainties involved in interpreting geological data, increases in costs, environmental compliance and changes in environmental legislation and regulation, interest rate and exchange rate fluctuations, general economic conditions and other risks involved in the mineral exploration and development industry, the ability of the Company to receive continued financial support from related parties and to obtain public equity financing, the ability to generate profitable operations in the future, and the receipt of regulatory approvals on acceptable terms. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the forward-looking statements.

Overview

The Company was incorporated on October 13, 1999 under the laws of British Columbia under the name 593960 British Columbia Ltd. and was inactive during the fiscal years 1999 to 2007. Commencing in the fiscal year 2008, the Company was reactivated with the purpose of assessing exploration opportunities in western Canada. On February 28, 2008 the Company changed its name to Discovery Ventures Inc. to better reflect a change in the focus of its principal business to the exploration of mineral interests.

The Company's common shares were approved for listing on the TSX Venture Exchange and commenced trading on October 30, 2009.

The Company is a natural resource company engaged in the acquisition and exploration of mining properties. The Company's main emphasis is on the exploration for gold in the Slocan Mining Division Province of British Columbia, where the Company has an interest in the Willa Property.

Pursuant to an option agreement dated November 16, 2012 (as amended September 24, 2013, January 13, 2014 and further amended on February 27, 2014), an Assignment, Assumption and Framework Agreement dated April 15, 2014 (as amended June 16, 2014, September 28, 2014, November 26, 2014), a Release Agreement dated September 4, 2015, and an Amendment to the Assignment, Assumption and Framework Agreement dated September 14, 2015 the Company has acquired a 100% interest in the Willa property, consisting of 5,662 hectares located in the Slocan Mining Division, British Columbia, subject to a 2.5% Net Smelter Royalty ("NSR").

On June 10, 2015 (as amended on July 8, 2015), the Company entered into a definitive amended loan agreement with Dan Omeniuk (the "Investor") whereby the Investor has agreed to provide two secured credit facilities to the Company: a $2 million convertible credit facility (the "Convertible Credit Facility") and a $5 million credit facility (the "Credit Facility"), together with the Convertible Credit Facility, the "Credit Facilities"). See "Credit Facilities".

On July 6, 2015, the Company announced that it has made formal application with the Ministry of Mines for a 10,000 tonne bulk 1ine permit on the Willa mine project.

On July 6, 2015, the Company announced the appointment of the Investor, Dan Omeniuk, as a Director, CEO and Chairman of the Board. Mr. Omeniuk replaces Mr. Akash Patel, who remains President and a director of the Company.

On August 25, 2015, the Company announced that it has filed a notice of work ("Now") application with the provincial government of British Columbia to conduct underground exploration activities at the Willa Project. The proposed work is intended to focus on i) re-opening the existing adit portals (currently closed), ii) repair and maintain the existing adit drainage systems and iii) to conduct underground percussion drill sampling of some of the mineralized zones within the Willa Resource. The underground work is expected to be conducted over the course of a 30-day period and will provide an opportunity to assess ground conditions of the workings.

On October 6, 2015, the Company announced that, pursuant to a share purchase agreement dated October 5, 2015 with Roca Mines Inc., it acquired the remaining 65% of the outstanding share capital of FortyTwo Metals Inc. and is now the owner of 100% of the share capital of FortyTwo.

On October 14, 2015, the Company announced that it has engaged a work crew to commence various maintenance and upgrades to its Willa-Max Project.

On November 5, 2015, the Company announced that it had been granted a permit by the BC Ministry of Energy & Mines to remove a bulk sample of up to 10,000 tonnes of ore from the Willa Property.

On December 1, 2015, the Company announced the mobilization of equipment to the Willa Property to commence road work to meet the Ministry of Mines standards provided in the 10,000 tonne bulk sample permit issued in October, 2015. Apart from the road work the Company will rebuild the landings for both portals and provide new water discharge lines that will be installed o provide for a proper mine water management program. A new settling pond system that will meet environmental codes will be developed on site.

On December 17, 2015, the Company announced that it had granted 300,000 stock options at a price of $0.15 per common share for a period of five years to one of the Company's directors. The options granted to the director vest over a one-year period with 25% vesting every three months.

On December 11, 2015, the Company announced it has completed a non-brokered private placement of 8,145,000 units at a price of $0.15 per unit for gross proceeds of $1,221,750. Each unit consists of one common share of the Company and one share purchase warrant, which entitles the holder thereof to purchase one additional Share at a price of $0.20 per share for a period of five years from closing of the Financing.

On December 23, 2015, the Company announced the closing of a private placement financing of 3,250,000 flow-though units at a price of $0.20 per flow-through unit for gross proceeds of $650,000. Each flow-through unit consists of one common share of the Company issued o a "flow-through" basis and one-half of one common share purchase warrant, which entitles the holder thereof to purchase one non "flow-through" common share at a price of $0.30 per share for a period of two years from closing of the financing.

On January 22, 2016, the Company announced that it has entered into a debt settlement agreement with Genex Mining Company whereby the Company settled a judgment in the amount of $900,000 that Genex obtained against the Company's wholly-owned subsidiary FortyTwo metals Inc., through the payment of $450,000 and the issuance of 1,666,667 common shares of the Company at a deemed price of $0.15.

On January 29, 2016, the Company announced that it has received a technical report entitled Amended Preliminary Economic Assessment Technical Report on the Willa Property. The amended report presents an updated Mineral Resource based on surface and underground drilling data collected between 1980 and 2004.The amended report also presents the results of a Preliminary Economic Assessment based on a mine plan focused on the Measured and indicated Mineral Resources only of the West zone at Willa and processing the material at the MAX facility.

On June 6, 2016, the Company changed its name change from Discovery Ventures Inc. to MX Gold Corp.

On June 14, 2016, the Company announced that Lorne McLeod Warner, P. Geo joined the Board of Directors. Mr. Warner is the Company's qualified person in the position of Technical Services.

On June 17, 2016, the Company issued 500,000 shares pursuant to the exercise of incentive stock options at a price of $0.15 per share for net proceeds in the amount of $75,000.

On June 22, 2016, the Company announced the closing of a private placement consisting of the issue of 33,333,333 units at $0.12 per unit for gross proceeds of $4,000,000. Each unit consists of one common share and one share purchase warrant, entitling the holder to purchase one additional common share at a price of $0.20 for a period of four years, subject to an acceleration provision whereby, in the event that the Company's common shares trade above $0.50 on the TSX Venture Exchange for a period of fifteen consecutive trading days, the warrants will terminate on the date that is 30 days following receipt of a call notice in the event the holder has not exercised the warrants by such date. The Company paid a cash finder's fee of $30,862.

On June 28, 2016, the Company issued 6,164,340 units at $0.10 per unit pursuant to the conversion of amount drawn down on the Credit Facilities. Each unit is comprised of one common share and one share purchase warrant (See Credit Facility).

On June 28, 2016, the Company announced that Hugh (Bert) McPherson joined the Company as President and Chief Operating Officer in charge of all operations at the Company's Max and Willa mining and milling operations. Effective September 1, 2016 the Company has agreed to pay Mr. McPherson a base salary of $180,000 per year and to grant him 1,000,000 stock options at $0.25 per share. In addition, the Company has agreed to pay Mr. McPherson $100,000 (paid) to reimburse him for certain costs incurred as a result of his new appointment. After a number of years of service, Akash Patel has stepped down as President and has been appointed Vice President, Corporate Affairs. Mr. Patel maintains his position on the Board of Directors. On July 18, 2016, the Company announced that Hugh (Bert) McPherson joined the Board of Directors. After a number of years of service, Neil Morgan has stepped down as Director.

Pursuant to a purchase agreement dated July 7, 2016 the Company paid $50,000 and issued 1,500,000 common shares on the Closing date July 17, 2016 to acquire a 100% interest in two mineral claims located adjacent to the Company's Willa Property. The Company further issued 1,500,000 common shares 4 months following the Closing date on November 24, 2016. The Company is further committed to issue 1,500,000 on or before the date which is 8 months following the Closing Date (issued subsequent to December 31, 2016).

On August 12, 2016, the Company closed a private placement consisting of 5,160,000 units at $0.25 per unit for proceeds in the amount of $1,290,000. Each unit consists of one common share and one share purchase warrant entitling the holder to acquire one common share at a price of $0.75 for a period of three years. The Company paid cash finder's fees of $7,650 and issued 30,600 finder's warrants which have the same terms as warrants issued in the financing.

On August 15, 2016, the Company issued 26,000 common shares pursuant to the exercise of incentive stock options at a price of $0.30 per share for net proceeds of $7,800.

On August 17, 2016, the Company issued 500,000 common shares pursuant to the exercise of incentive stock options at a price of $0.15 per share.

On August 22, 2016, the Company issued 893,750 common shares pursuant to the exercise of warrants at a price of $0.30 per share and issued 100,000 common shares pursuant to the exercise of incentive stock options at a price of $0.25 per share.

On August 22, 2016, the Company on August 23, 2016, the Company issued 883,333 common shares pursuant to the exercise of warrants at a price of $0.30 per share.

On August 29, 2016, the Company issued 150,000 common shares pursuant to the exercise of incentive stock options at a price of $0.15 per share.

On August 31, 2016, the Company closed a private placement consisting of 5,708,824 units at $0.28 per unit for proceeds in the amount of $1,598,470. Each unit consists of one common share and one share purchase warrant entitling the holder to acquire one common share at a price of $0.50 for a period of three years. The Company paid cash finder's fees of $20,628 and issued 73,669 finder's warrants which have the same terms as warrants issued in the financing.

On September 21, 2016, the Company completed a private placement of 1,500,000 units at a price of $0.40 per unit for gross proceeds of $600,000. Each unit consists of one flow through common share and one half share purchase warrant. $420,000 was allocated to share capital based on the trading market price of the Company's share on the issuance date. $54,737 was allocated to contributed surplus based on the estimated fair value of the warrants issued and the remaining $125,263 was recorded as flow-through share premium. The Company paid a commission of $61,000 and issued of an additional 90,000 warrants at a fair value of $13,241. Each warrant entitles the holder to purchase one additional common share on or before September 21, 2019 at a price of $0.40 per share. Each full warrant entitles the holder to purchase one additional non flow through common share on or before September 21, 2018 at a price of $0.75 per share.

On September 27, 2016, the Company issued 25,000 shares pursuant to the exercise of warrants at a price of $0.25 per share.

On October 25, 2016, the Company announced the entry into a binding agreement to acquire a 50% interest in the Magistral, Del Oro tailing project located in Sanata Maria Del Oro, Durango, Mexico. Pursuant to the Agreement the Company paid an initial cash payment of US$250,000 (CAD$333,775).

On October 31, 2016, the Company issued 4,220,000 units at $0.10 per unit pursuant to the conversion of amount drawn down on the Credit Facilities. Each unit is comprised of one common share and one share purchase warrant (See Credit Facility).

On November 24, 2016, the Company Issued 1,500,000 common shares pursuant to the acquisition of mineral claims, See Willa Property.

On December 7, 2016, the Company announced that it had paid the second instalment of US$750,000 (CAD$1,015,350) pursuant to the Magistral, Del Oro tailing project (See Long Term Investment).

On December 23, 2016 the Company announced that WestKam Gold Corp has optioned a 5% interest in the Bonaparte property to the Company. The option can be exercised by incurring a minimum of $650,000 in exploration expenditures on the property.

As at December 31, 2016 the Company had received $950,000 with respect to share subscriptions received in advance of a private placement that closed on January 10, 2017. On January 10, 2017, the Company closed a private placement of 20,800,000 units at a price of $0.125 per unit for proceeds of $2,600,000. Each unit consists of one common share in the capital of the Company and on non-transferable common share purchase warrant, with each Warrant entitling the holder to purchase one Share at a price of $0.20 per warrant for a period of three years.

Selected Annual Information

	2016	2015	2014
	$	$	$
Loss before income tax	5,147,790	3,206,542	2,697,407
Net Loss	5,147,790	3,206,542	2,697,407
Total assets	18,182,302	12,755,860	6,151,982
Total long-term financial liabilities	(1,978,344)	(1,719,520)	-
Loss per share	(0.04)	(0.04)	(0.05)

Interest in Mineral Properties

Willa Property	**December 31 2016**	**December 31 2015**
	$	$
Acquisition costs	3,762,967	3,082,759
Exploration costs	1,837,486	1,091,073
Net Smelter Royalty advance payments	692,000	548,000
Total exploration & evaluation assets	6,292,453	4,721,832

Willa Deposit, British Columbia

Pursuant to an option agreement dated November 16, 2012 (as amended September 24, 2013, January 13, 2014 and further amended on February 27, 2014), an Assignment, Assumption and Framework Agreement dated April 15, 2014 (as amended June 16, 2014, September 28, 2014, November 26, 2014), a Release Agreement dated September 4, 2015, and an Amendment to the Assignment, Assumption and Framework Agreement dated September 14, 2015 the Company has acquired a 100% interest in the Willa property, consisting of 5,328 hectares located in the Slocan Mining Division, British Columbia, subject to a 2.5% Net Smelter Royalty ("NSR").

If Commercial Production has not commenced by September 15, 2015 and subsequent years, the aggregate annual sum of an additional $144,000 (the "Advanced Royalty Payment") will be paid in each respective anniversary year in monthly installments of $12,000 with the first payment due by September 15,2015 (paid). If upon exercise of the option either Commercial Production has not commenced before September 15, 2020 or if the Optionors have provided written notice of a default of the Advanced Royalty Payment and it has not been cured within three months of receiving such notice, the 100% interest in and to the Property will be transferred by the Company back to the Optionors. The Company has further agreed that in the event of

termination, the Company will ensure that it has applied for a minimum of three years' assessment work on the Willa Property

As at December 31, 2016 the Company had made total payments of $692,000 (2015: $548,000) as prepayment of the NSR (as defined in the Option Agreement). The Optionors have agreed that the $562,000 and the $130,000 to exercise the Option are Advanced Royalty Payments. All payments will be credited against the NSR due to the Optionors after the commencement of Commercial Production.

The Company has further agreed that in the event of termination of the Option Agreement, the Company will ensure that it has applied for a minimum of three years' assessment work on the Willa Property.

Pursuant to a purchase agreement dated July 7, 2016, the Company paid $50,000 and issued 1,500,000 common shares (on the Closing date) to acquire a 100% interest in two mineral claims located adjacent to the Company's Willa Property. The Company is further committed to issue 1,500,000 common shares 4 months following the Closing date (issued) and a further 1,500,000 on or before the date which is 8 months following the Closing Date (issued subsequent to the year-end).

Acquisition costs – Willa Property		**December 31, 2016**	**December 31, 2015**
		$	$
Beginning of year		3,082,759	1,778,959
Additions			
Property option payments	– for cash	50,000	-
	– for shares	630,000	1,300,000
Cash payment		208	3,800
		680,208	1,303,800
End of year		3,762,967	3,082,759
Exploration costs – Willa Property			
Beginning of year		1,091,073	635,605
Additions		746,413	258,185
Mining tax credit		-	197,283
End of year		1,837,486	1,091,073
Net Smelter Royalty advance payments – Willa Property			
Beginning of year		548,000	350,000
Additions		144,000	198,000
End of year		692,000	548,000
		6,292,453	4,721,832

Max Mine and Mill, British Columbia

The Company's subsidiary FortyTwo holds title in certain properties known as the Max Mine Property ("MAX"), located in the Revelstoke Mining Division, B.C., and it is subject to a 2.5% Net Smelter Return ("NSR"). The Company may purchase, at any time, up to 60% of the NSR by paying $1,000,000 for each 30% ($2,000,000 for the full 60% of the 2.5% NSR).

FortyTwo has a 100% interest in certain crown grants, mining leases and mineral claims contiguous to the core MAX mineral claims. The Company granted a 2.5% NSR on the contiguous property, which can be reduced to 1% upon payment of $2,000,000 at any time prior to commencement of commercial production. The Company must also issue 200,000 shares if it commences commercial production from any part of the contiguous property.

The carrying value of the Max Mine Property was written off to $1 before the Company acquired FortyTwo on October 5, 2015 and there are no expenditures incurred on this mineral property since the acquisition date. The Company currently has no intension or plan to develop the Max Mine Property.

Acquisition – FortyTwo Metals Inc.

On November 4, 2013, the Company entered into a binding letter agreement (the "2013 Agreement") with Roca Mines Inc. ("Roca") and FortyTwo Metals Inc.("FortyTwo"), a wholly-owned subsidiary of Roca, whereby Roca granted an exclusive option to the Company to acquire 100% of the issued and outstanding common shares of FortyTwo. During fiscal 2013 and 2014, the Company acquired 35% equity interests in FortyTwo pursuant to the 2013 Agreement for a total cash consideration of $1,750,000. FortyTwo holds, among other assets, the Max Mine which includes an underground molybdenum mine, crushing, milling and concentrating facilities, tailing storage facilities, mineral claims, mining leases, licenses and other holdings located near Trout Lake in the Revelstoke Mining Division of the Province of British Columbia.

On October 5, 2015, the Company signed a Share Purchase Agreement with Roca, pursuant to which both parties agreed to terminate the 2013 Agreement and the Company acquired the remaining 65% of the outstanding common shares of FortyTwo in exchange for a cash consideration of $200,000, 3,000,000 common shares of the Company at a price of $0.15 per share, and 3,000,000 share purchase warrants for purchase of up to 3,000,000 additional common shares of the Company at a price of $0.15 for a period of 5 years. The transaction was closed on October 5, 2015 upon which the Company obtained the control and owned 100% of FortyTwo. The acquisition of FortyTwo was considered as an asset acquisition. Accordingly, the Company recorded its share of equity income of $1,058,947 (2014: equity loss of $147,356) relating to its 35% interest in FortyTwo up to October 5, 2015 and an impairment loss of $2,304,390 on its equity investment in FortyTwo in the consolidated statement of operations and comprehensive loss for the year ended December 31, 2015. Transaction costs associated with the acquisition totaling $24,141 were capitalized to property, plant and equipment acquired.

The Company's 35% equity investment in FortyTwo is summarized as below:

Equity investment in FortyTwo	$
Balance, December 31, 2013	800,000
Investment in shares, at costs	950,000
Cash advance	150,000
Share of equity loss for the year	(147,356)
Balance, December 31, 2014	1,752,644
Cash advance	14,999
Share of equity income for the year	1,058,947
Impairment loss on equity investment in FortyTwo	(2,304,390)
Balance, October 5, 2015	522,200

The following table sets out the acquisition date allocation of the purchase price to assets acquired and liabilities assumed, based on management's estimates of fair value:

	$
Total purchase price:	
Cash paid for acquisition	199,800
Common shares issued for acquisition	450,000
Warrants issued for acquisition	320,000
35% equity interest in FortyTwo	522,200
Total purchase price to allocate	1,492,000

Fair value of assets acquired and liabilities assumed:	$
Cash	168
Reclamation bonds	735,864
GST receivable	1,041
Prepaid expenses and deposits	2,395
Exploration and evaluation assets	1
Property, plant and equipment	4,299,027

Other current liabilities	(2,607,405)
Decommissioning obligations	(939,091)
Net assets acquired	1,492,000

Results of Operations

The major expenditures recorded during the fiscal periods ended December 31, 2016 and 2015 were incurred for professional, management and consulting fees with respect to professional services acquired, for investor relations and public company costs incurred as a result of activities related to the maintenance of the Company's public listing. Insurance, office and miscellaneous expenses are incurred for the maintenance of the Company's office. Share based payments were incurred during the fiscal periods. This is a non-cash expense which records the fair value of incentive stock options granted to directors, officers, and consultants. On October 5, 2015, the Company completed the acquisition of its wholly-owned subsidiary, FortyTwo Metals Inc. and commenced reporting on a consolidation basis. Prior to consolidation the Company recorded its share of gain or loss of 35% equity investment in FortyTwo Metals Inc. (See "Acquisition of FortyTwo Metals Inc."). Commencing with the consolidation of FortyTwo, the Company recorded mine holding costs related to the Max Mine and Mill.

Fiscal year ended December 31, 2016

During the fiscal year ended December 31, 2016 the Company had a net loss of $5,147,790 compared with a loss of $3,206,542 for the fiscal year ended December 31, 2015.

The major expenditures recorded during the fiscal year ended December 31, 2016 were incurred for the following:

Professional, management and consulting fees of $2,423,661 (2015: $629,638), of which professional fees were $354,124 compared to $239,139 in 2015, including legal fees of $210,489, audit and related services fees of $66,860 and $76,775 paid or accrued to the Company's CFO; management and administration fees of $190,500 (2015: $99,500) were incurred in the fiscal year ended December 31, 2016, of which $70,500 (2015: $49,500) was paid to an officer and director, and $120,000 (2015: $50,000) to the Company's CEO.

Salaries and benefits include $171,250 (2015: $Nil) to the Company's COO (including a signing bonus of $100,000), and wages paid to employees working at the Max Mine and Mill of $371,665 (2015: $119,874).

The Company incurred $385,722 (2015: $134,059) for insurance, office and miscellaneous expenses. Investor relations and public company costs were $347,387 in 2016 (2015: 193,488).

The Company entered into various lease agreements for heavy duty mining equipment and vehicles. During the fiscal year ended December 31, 2016, the Company recorded lease expense of $182,861 (2015: $15,621). Depreciation of property, plant and equipment increased from $1,958 in 2015 to $189,825 in 2016 due to certain equipment which became available for use during the year.

Share based payments were recorded in the amount of $247,612 (2015: $523,921). This is a non-cash expense which records the fair value of incentive stock options granted to directors, officers and consultants. Commencing with the acquisition of FortyTwo in the fiscal year ended December 31, 2015, the Company reported mine holding related to the Max Mine and Mill in its interim consolidated financial statements. This cost has been split out by the nature of each expense within the mine holding costs and reclassified with the corresponding expense items on the consolidated statements of operations and comprehensive loss. Prior to consolidation of the accounts of its wholly-owned subsidiary, the Company recorded a gain or loss of its 35% equity investment in FortyTwo Metals Inc. in the statement of operations and comprehensive loss.

Operating Expenses

Amounts by major sub-category are as follows:

	Three months ended December 31		Year ended December 31	
	2016	2015 (re-presented)	2016	2015 (re-presented)
	$	$	$	$
General and Administrative Expenses				
Professional, management and consulting fees	295,697	242,009	2,423,661	629,638
Salaries and benefits	194,480	116,127	542,915	119,874
Insurance, office and miscellaneous	163,097	119,378	385,722	134,059
Repair and maintenance	140,961	16,466	302,718	16,466
Investor relations and public company costs	52,558	105,371	347,387	193,488
Lease expenses	47,333	15,621	182,861	15,621
Fuel and freight costs	26,202	47,818	176,717	47,818
Finance costs	26,155	10,320	43,264	22,991
Depreciation	182,826	1,439	189,825	1,958
Share-based payments	77,182	208,657	247,612	523,921
	1,206,491	883,206	4,842,682	1,705,834
Other income (expense)				
Impairment of property, plant and equipment	(155,572)	-	(155,572)	-
Impairment of exploration and evaluation assets	-	(452,869)	-	(452,869)
Loss from disposal of property, plant and equipment	(15,999)	(10,400)	(15,999)	(10,400)
Other expenses	(146,160)	-	(146,160)	-
Loss due to fire	-	-	(45,000)	-
Gain on settlement of debt	49,562	208,004	57,623	208,004
Impairment Loss on 35% equity investment in FortyTwo Metals Inc	-	(2,304,390)	-	(2,304,390)
Share of profit (loss) of 35% equity investment in FortyTwo Metals Inc.	-	1,162,880	-	1,058,947
Net loss and comprehensive loss for the period	(1,474,660)	(2,279,981)	(5,147,790)	(3,206,542)

Fourth Quarter Ended December 31, 2016

During the fiscal quarter ended December 31, 2016, the Company had a net loss of $(1,474,660) compared with a loss of $(2,279,981) for the fiscal quarter ended December 31, 2015.

The major expenditures recorded during the fiscal quarter ended December 31, 2016 were incurred for the following:

Professional, management and consulting fees of $295,697 (2015: $242,009), of which professional fees were $69,948 compared to $76,594 in 2015, including legal fees of $48,893 and $21,055 paid or accrued to the Company's CFO; management and administration fees of $45,000 (2015: $45,000) were incurred in the fiscal quarter ended December 31, 2016, of which $15,000(2015: $15,000) was paid to an officer and director, and $30,000 (2015: $30,000) to the Company's CEO.

Salaries and benefits include $45,000 (2015: $Nil) to the Company's COO and wages paid to employees working at the Max Mine and Mill of $149,480 (2015: $116,127).

The Company had $140,961 repair and maintenance costs related to the Max Mine and Mill recorded for the fiscal quarter ended December 31, 2016 (2015: $16,466), Insurance, office and miscellaneous was $163,097 for the fiscal quarter ended December 31, 2016 (2015: $113,354).

Basis of presentation and going concern

Statement of compliance

The condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard 34 – *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They do not include all of the information required for full annual financial statements.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on November 29, 2016.

Going concern

The interim consolidated financial statements have been prepared on a going concern basis which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the near future.

As at December 31, 2016, the Company had working capital deficiency of $10,469 (December 31, 2015: $1,891,237), and an accumulated deficit of $15,167,289 (December 31, 2015: $10,019,499). During the year ended December 31, 2016 the Company incurred a net loss of $5,147,790 (2015: $3,206,542) and used net cash in operating activities of $6,926,287 (2015: $487,943).

The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts incurred for mineral properties and exploration costs is dependent upon the existence of economically recoverable ore reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its properties, and to attain future profitable production or to obtain proceeds from disposal of its properties.

Although management has taken steps to verify title to mineral properties in which the Company 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 and noncompliant with regulatory requirements.

The ability of the Company to carry out its business objectives is dependent on its ability to secure continued financial support from related parties, to obtain public equity financing, or to ultimately attain profitable operations in the future. Whether and when the Company can attain profitability and positive cash flows is uncertain. While the Company has been successful in securing financing in the past, there is no assurance that financing will be available in the future on terms acceptable to the Company.

Accordingly, there is a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments to the carrying value and classification of assets and liabilities and related expense that would be necessary should the Company be unable to continue as a going concernIf the going concern assumption is not appropriate, material adjustments to the financial statements could be required.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in (See "Significant Accounting Policies"). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars. The functional currency of the Company is the Canadian dollar.

Use of estimates

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the reported amount of expenses for the periods reported. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be relevant. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, and may change if new information becomes available. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in "Significant Accounting Policies".

Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The Company did not adopt any new accounting standard changes or amendments effective January 1, 2016 that had a material impact on these consolidated financial statements.

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiary, FortyTwo Metals Inc.

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of a subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company balances and transactions have been eliminated in preparing the consolidated financial statements.

Investments in associates

An associate is an entity over which the Company has significant influence but not control or joint control. Significant influence is presumed to exist where the company has between 20% and 50% of the voting rights, but can also arise where the Company has less than 20% if we have the power to be actively involved and influential in policy decisions affecting the entity. The Company's share of the net assets and net income or loss is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate.

Foreign currency translation

Transactions denominated in foreign currencies are translated to the functional currency of the Company and its subsidiary at exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities are translated at historical exchange rates prevailing at each transaction date. Revenues and expenses are translated at exchange rates prevailing on the date of transactions. All exchange gains and losses are included in determination of profit or loss.

Financial instruments

Financial assets

All financial assets are initially recorded at fair value and classified upon inception into one of the categories including financial assets at fair value through profit or loss (“FVTPL”), loans and receivables, or available for sale.

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss.

Financial assets classified as loans and receivables are initially recognized at fair value and subsequently measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in profit or loss.

The Company classifies cash and cash equivalents and restricted cash as FVTPL, due from related parties and reclamation bonds as loans and receivables.

Financial liabilities

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

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified in this category unless they are designated as hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

The Company classifies accounts payable and accrued liabilities, lease obligations, credit facilities and due to related parties as other financial liabilities. The Company has no financial liabilities classified as FVTPL.

Transaction costs

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

Cash and cash equivalents

Cash equivalents include money market instruments that are readily convertible to cash. As at December 31, 2016, the Company has $65,000 cashable GIC, of which $10,000 mature on October 29, 2017 with an annual yield of 1.45%, and $55,000 mature on September 27, 2017 with an annual yield of 0.67% respectively.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses, except for land, which is not depreciated but tested annually for impairment. The Company starts to deprecate property, plant and equipment when assets are ready and available for use.

Depreciation of property, plant and equipment is calculated using the following method over their respective estimated useful life at the following annual rates:

Equipment	30% declining balance
Vehicle	7 year straight-line

Depreciation methods and useful lives are reviewed at each reporting date and adjusted if appropriate. Property, plant and equipment are written down to the net recoverable value when management determines there has been a change in circumstances which indicates its carrying
amount may not be recoverable. Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

Exploration and evaluation assets

Expenditures incurred before the Company has obtained legal rights to explore an area are recognized in the consolidated statement of operation and comprehensive loss as exploration expenses.

Exploration and evaluation assets reflect expenditures for an area where technical feasibility and commercial viability have not yet been determined. Expenditures, including, but are not limited to, land acquisition, geological and geophysical studies, exploratory drilling and sampling and directly attributable employee salaries and benefits are capitalized and accumulated pending determination of technical feasibility and commercial viability.

Exploration and evaluation assets are not depleted. When assets are determined to be technically feasible and commercially viable, the accumulated costs are tested for impairment and the recoverable amount is transferred to property, plant and equipment. Upon transfer of exploration and evaluation costs into property, plant and equipment, all subsequent expenditures on the construction, installation or completion of infrastructure facilities are capitalized within mine development. After production starts, all assets included in mine development costs are transferred to producing mines. At such time as commercial production commences, these expenditures will be charged to operations on a unit-of-production method based on proven and probable resources.

Exploration and evaluation assets are also assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The aggregate costs related to abandoned exploration and evaluation assets are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

Mining Exploration Tax Credit ("METC")

Mining exploration tax credits are recorded when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits. These non-repayable mining exploration tax credits are earned with respect to qualified mining exploration costs incurred in British Columbia, Canada and are recorded as a reduction of the related exploration expenditures. As at December 31, 2016, the Company has $23,016 METC receivable.

Leases

Leases where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Other leases are operating leases and not recognized in the consolidated statement of financial position.

Minimum lease payments made under finance leases are apportioned between finance expenses and the reduction of the outstanding liability. Finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Payments made under operating leases are recognized in the consolidated statement of operation on a straight-line basis

over the term of the lease. Lease incentives received are recognized as a reduction to the lease expense over the term of the lease.

Impairment

Financial assets

Financial assets not carried at FVTPL are assessed for impairment at each reporting date by determining whether there is objective evidence that indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset can be estimated reliably.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated by reference to the higher of the value in use and fair value less costs to sell. Fair value less costs to sell is defined as the estimated price that would be received on the sale of the asset in an orderly transaction between market participants at the measurement date. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other groups of assets.

An impairment loss is recognized if the carrying amount of an asset or group of assets exceeds the estimated recoverable amount. Impairment losses are recognized in profit or loss.

When impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimated recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Decommissioning obligations

Decommissioning obligations arise from the legal obligation to abandon and reclaim property, plant and equipment incurred upon the acquisition, construction, development and use of the asset. The initial liability is measured at the discounted value of the estimated costs to reclaim and abandon using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation, subsequently adjusted for the accretion of discount and changes in expected costs. The decommissioning cost is capitalized in the relevant asset category. Costs capitalized to property, plant and equipment are depreciated into profit or loss based upon the unit-of-production method consistent with the underlying assets. Actual costs incurred upon settlement of the obligations are charged against the provision to the extent the provision was established.

Provisions

Provisions for legal or constructive obligations are recognized when the Company has a present legal or constructive obligation that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Income taxes

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

Deferred taxes are the taxes expected to be payable or recoverable on the difference between the carrying amounts of assets in the consolidated statement of financial position and their corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Flow-through shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for tax purposes by the investors who purchased the shares. The Company adopted a policy whereby the premium paid for flow-through shares in excess of the market value of the shares without the flow-through features at the time of issue is credited to other liabilities and included in income at the time the qualifying expenditures are made.

A deferred tax liability is recognized in respect of the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the consolidated statement of financial position and its tax basis. A portion of the deferred tax assets that were not previously recognized are recognized as a recovery of deferred taxes in the consolidated statements of operations and comprehensive loss up to the amount of the deferred tax liability upon renunciation.

Share issue costs

Professional, consulting, regulatory and other costs directly attributable to equity financing transactions are recorded as deferred share issue costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred share issue costs related to financing transactions that are not completed are charged to expenses.

Share purchase warrants

The Company bifurcates units consisting of common shares and share purchase warrants using the residual value approach whereby it first measures the common share component of the unit at fair value using quoted market prices as input values and then allocates any residual amount to the warrant component of the unit. The residual value of the warrant component is credited to contributed surplus. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants. When warrants are exercised, the corresponding assigned value of the warrants is reclassified to share capital. Warrants that are issued as payments for agency fee or other transactions costs are accounted for as share-based payments.

Share-based payments

The Company's Stock Option Plan allows directors, officers and consultants to acquire shares of the Company in exchange for the options exercised. The fair value of share options granted to employees is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

The compensation cost of stock options granted to consultants is initially measured at fair value of the awards at the grant date, periodically remeasured to fair value until the consultant's performance is

complete, and recognized over the periods during which the consultant become unconditionally entitled to the options. The compensation cost is charged to profit or loss with a corresponding increase to contributed surplus.

Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury method. The treasury method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate. Diluted loss per share is equal to the basic loss per share as the outstanding options and warrants are anti-dilutive.

Significant accounting estimates and judgments

Significant assumptions about the future and key sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical Accounting Judgments

i) Going concern

Management has applied judgements in the assessment of the Company's ability to continue as a going concern when preparing its financial statements for the year ended December 31, 2016. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Please refer to note 2(b) for additional information.

ii) Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures capitalized requires judgment in determining which expenditures are recognized as exploration and evaluation assets and applying the policy consistently. In making this determination, the Company considers the degree to which the expenditure can be associated with finding specific mineral resources.

iii) Decommissioning obligations

The provision for decommissioning obligations is based on numerous assumptions and judgements including the ultimate settlement amounts, inflation factors, risk free discount rates, timing of settlement and changes in the applicable legal and regulatory environments. To the extent future revisions to these assumptions impact the measurement of the existing decommissioning obligation, a corresponding adjustment is made to the property, plant and equipment.

iv) Asset Acquisition

The assessment of whether an acquisition meets the definition of a business or whether assets are acquired is an area of key judgment. If deemed to be a business combination, applying the acquisition method to business combinations requires each identifiable assets and liability to be measured at its acquisition-date fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. If deemed to be an asset acquisition, acquisition considerations are allocated to assets acquired and liabilities assumed on a relative fair value basis and no goodwill is recognized.

Critical accounting estimates

i) Impairment of long-lived assets

Determining the amount of impairment of long lived assets requires an estimation of the recoverable amount, which is defined as the higher of fair value less the cost of disposal or value in use. Many of factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. These changes may result in future impairments in the Company' long-lived assets such as property, plant and equipment and exploration and evaluation assets.

ii) Depreciation

Depreciation of property, plant and equipment begins when it is available for use, which is defined as occurring when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. Significant assumptions are involved in the determination of useful lives and residual values and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

iii) Current and deferred taxes

Accounting for income taxes is a complex process requiring management to interpret frequently changing laws and regulations and make judgments relating to the application of tax law, the estimated timing of temporary difference reversals, and the estimated realization of tax assets. All tax filings are subject to subsequent government audits and potential reassessment. These interpretations, judgments and changes related to them impact current and deferred tax provisions, deferred income tax assets and liabilities and results of operations.

iv) Share-based payments

The fair value of stock options issued are subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

v) New Accounting Standards Issued But Not Yet Effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods noted below. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

(i) IFRS 9 Financial Instruments

This is a finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39. The standard contains requirements in the following areas:

- Classification and measurement - Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

- Impairment - The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.

- Hedge accounting - Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- Derecognition - The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 with early adoption permitted, and must be applied retrospectively with some exemptions permitted.

(ii) IFRS 16 Leases

On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted.

Lease obligations

The Company lease certain assets under finance lease arrangements. The finance lease has imputed interest rates ranging from 0.4284% to 0.7391% per annum and expire between October 2020 and December 2020. Finance lease liabilities are payable as follows:

At December 31, 2016	Future minimum lease payments	Interests	Present value of minimum lease payments
	$	$	$
Less than one year	218,205	47,073	182,657
Between one and five years	639,729	68,717	606,110
	857,934	115,790	788,767

Liabilities and income tax effect on flow-through shares

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds, less the qualified expenditures made to date, represent the funds received from flow-through share issuances that have not been spent.

On December 23, 2015, the Company completed a private placement of 3,250,000 units at a price of $0.20 per unit for gross proceeds of $650,000. Each unit consists of one flow through common share and one half share purchase warrant. The Company recognized a liability on flow-through shares of $86,052 as at December 31, 2015.

On September 21, 2016, the Company completed a private placement of 1,500,000 units at a price of $0.40 per unit for gross proceeds of $600,000. Each unit consists of one flow through common share and one half share purchase warrant. The Company recognized a liability on flow-through shares of $182,657 as at December 31, 2016. The total proceeds of $600,000 will be renounced effective December 31, 2016.

During the year ended December 31, 2016, the Canada Revenue Agency completed an audit for the Company's 2013 and 2014 BC Mining Exploration Tax Credit refund claims, and approximately 72% of the exploration expenditures were disallowed as Qualified Mining Exploration Expenses (QMEE) for the purposes of BC METC refund. Since the definition of QMEE is similar to the definition of Canadian Exploration Expense (CEE) incurred for the purposes of determining the existence, location, extent or quality of a mineral resource

in Canada, it is probable that a portion of the $661,783 exploration expenditure incurred in 2016 may not be eligible to fully satisfy the Company's December 23, 2015 flow-through commitment. As a result, at December 31, 2016 the Company has provided a tax reserve of approximately $232,212, net of $86,052 of flow-through share premium recovered in the current year, which has been recorded as other expenses and other liabilities, for the future indemnification expenses and taxes in respect of the December 23, 2015 flow-through commitment.

Property, Plant and Equipment

Cost	Land	Buildings	Mills	Equipment	Vehicles	Total
	$	$	$	$	$	$
December 31, 2014	-	-	-	570,052	-	570,052
Additions	-	-	-	122,850	409,031	531,881
Disposals	-	-	-	(65,000)	-	(65,000)
Acquisition of FortyTwo	139,922	396,542	2,988,224	774,339	-	4,299,027
Decommissioning Obligations	-			492,330	-	492,330
December 31, 2015	139,922	396,542	2,988,224	1,894,571	409,031	5,828,290
Additions	-	-	-	521,852	1,133,760	1,655,612
Disposals	-	-	-	(12,500)	-	(12,500)
Impairment	-	-	-	(155,572)	-	(155,572)
Decommissioning Obligations	-	-	-	(71,784)	-	(71,784)
December 31, 2016	139,922	396,542	2,988,224	2,176,567	1,542,791	7,244,046
Accumulated amortization	**Land**	**Buildings**	**Mills**	**Equipment**	**Vehicles**	**Total**
	$	$	$	$	$	$
December 31, 2014	-	-	-	2,173	-	2,173
Additions	-	-	-	692	1,266	1,958
December 31, 2015	-	-	-	2,865	1,266	4,131
Additions	-	-	-	80,764	109,061	189,825
December 31, 2016	-	-	-	83,629	110,327	193,956
Carrying amount	**Land**	**Buildings**	**Mills**	**Equipment**	**Vehicles**	**Total**
	$	$	$	$	$	$
December 31, 2015	139,922	396,542	2,988,224	1,891,706	407,765	5,824,159
December 31, 2016	139,922	396,542	2,988,224	2,092,938	1,432,464	7,050,090

Reclamation Bonds

As at December 31, 2016, reclamation bonds totalling $730,600 (2015: $741,590) were held with the British Columbia Ministry of Energy and Mines. As at December 31, 2016 the Company had recorded accrued interest receivable thereon in the amount of $600 (2015: $11,590).

Decommissioning Obligations

The Company's assets retirement obligations related to the restoration and rehabilitation of the MAX Mine and Mill. The expected timing of the cash flows in respect of the provision is based on the estimated life of the mining operations.

As at December 31, 2016, the Company estimated that the total undiscounted cash flows required to settle its decommissioning obligations was approximately $1,313,403 (2015: $1,339,668). Decommissioning liabilities of $1,372,234 as at December 31, 2016 (2015: $1,431,421) have been calculated using an inflation rate of 2% (2015: 2%) per annum and discounted using a risk-free rate of 1% (2015: 1%).

Credit Facility

The Company entered into a definitive loan agreement with a Company controlled by its Chief Executive Officer (the "Lender") on June 10, 2015 (subsequently amended on July 8, 2015), whereby the Lender has agreed to provide two secured credit facilities to the Company: a $2 million convertible credit facility (the "Convertible Credit Facility") and a $5 million credit facility (the "$5M Credit Facility), collectively referred as the "Credit Facilities". Any funds drawn down on the Convertible Credit Facility will be convertible at the option of the Company or the Lender into units (each, a "Unit") of the Company at a price of $0.10 per Unit.

Each Unit will consist of one common share of the Company and one warrant, with each warrant entitling the Lender to purchase an additional common share at a price of $0.15 per share for a period of three years. Any conversion that would result in the Lender owning more than 20% of the issued and outstanding shares of the Company would be subject to the Company obtaining shareholder approval of the Credit Facilities.

The Convertible Credit Facility matures and is payable in cash on the date which is the earlier of: (a) two years from each draw down date; or (b) an event of default. The $5M Credit Facility matures and is payable in cash on the date which is the earlier of (a) three years from each draw down date; or (b) an event of default.

The Credit Facilities bear interest at a rate of 6% per annum. The Credit Facilities may be repaid by the Company at any time. The proceeds from the Credit Facilities will be used to fund the advancement of the Company's mining properties and working capital needs. 6,000,000 share of the Company and all shares in the capital of FortyTwo has been pledged to the Lender.

Off-Balance Sheet Arrangements

The Company has not entered into any off balance sheet arrangements, other than previously disclosed, that has, or is reasonably likely to have, an impact on the current or future results of operations or the financial condition of our company.

Financial Instruments

Fair value of financial instruments

The Company classifies its fair value measurements in accordance with the three level fair value hierarchies as follows:

Level 1 - quoted prices (unadjusted) 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 for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments include cash and cash equivalents, due from related party, reclamation bonds, and accounts payable and accrued liabilities, lease obligation and due to related parties. The carrying amounts of cash and cash equivalents, due from related party, reclamation bonds, and accounts payable and accrued liabilities, current lease obligation and due to related parties approximate their fair values because of the short term nature of these instruments. The carrying amount of long term lease obligation approximates its fair value as the interest rates applied to the bank loan is not considered to be materially different from market rates.

The following table summarizes the carrying values of the Company's financial instruments:

	December 31, 2016	December 31, 2015
	$	$
Financial assets at fair value through profit or loss (i)	2,109,976	1,256,669
Loans and receivables (ii)	730,600	756,733
Other financial liabilities (iii)	3,099,462	3,561,563

(i) Cash and cash equivalents, restricted cash
(ii) Due from related party and reclamation bonds
(iii) accounts payable and accrued liabilities, credit facilities, lease obligations, and due to related parties

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

Cash and cash equivalents & Restricted cash	Level 1	Level 2	Level 3	Total
	$	$	$	$
As at December 31, 2016	2,109,976	-	-	2,109,976
As at December 31, 2015	1,256,669	-	-	1,256,669

Financial Risk Management and Objectives and Policies

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash and cash equivalents, restricted cash and reclamation bonds are subject to credit risk for a maximum of the amounts shown on the statements of financial position. The Company monitors its credit risk management practices continuously to evaluate their effectiveness. At December 31, 2016, the Company held cash and cash equivalents of $777,840 (December 31, 2015: $1,256,669) and reclamation deposit of $730,600 (December 31, 2015: $741,590) in GIC's with Canadian chartered banks. The Company mitigates credit risk on these financial instruments by adhering to its investment policy that outlines credit risk parameters and concentration limits.

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's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company uses cash to settle its financial obligations as they fall due. The ability to do this relies on the Company collecting its trade receivables in a timely manner and by maintaining sufficient cash on hand through equity financing and bank loans.

Significant commitments in years subsequent to December 31, 2016 are as follows:

	Carrying value	Contractual Cash flows	Within 1 year	1 - 5 Years
	$	$	$	$
Lease obligations	788,767	857,934	218,205	639,729
Accounts payable and accrued liabilities	2,054,608	2,054,608	2,054,608	-
Due to related parties	256,087	256,087	256,087	-
	3,099,462	3,168,629	2,528,900	639,729

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's credit facilities bear a fixed interest rate; therefore, is not exposed to significant interest risk.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its resource properties and to maintain flexible capital structure which optimizes the cost of capital within a framework of acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, and/or dispose of assets. To meet these objectives the Company monitors its financial position on an ongoing basis.

The Company is dependent on the capital markets and debt as its source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. There were no changes in the Company's approach to capital management during the year.

Outstanding Share Data

(a) Authorized: Unlimited number of comm. Shares with no par value

(b) Issued and outstanding:

	Number of shares
December 31, 2014	66,419,998
Shares issued for mineral properties	10,000,000
Shares issued pursuant to conversion of credit facilities	6,497,220
Shares issued pursuant to settlement of debt	1,062,500
Shares issued upon acquisition of FortyTwo Metal Inc.	3,000,000
Flow-through units issued for cash	3,250,000
Shares issued for cash pursuant to non-brokered private placement	8,145,000
December 31, 2015	98,374,718
Shares issued pursuant acquisition of mineral properties	3,000,000
Shares issued pursuant to conversion of credit facilities	10,384,340
Shares issued pursuant to settlement of debt	1,666,667
Flow-through units issued for cash	1,500,000
Shares issued for cash pursuant to non-brokered private placement	44,202,157
Shares issued for cash pursuant to the exercise of options and warrants	3,078,083
December 31, 2016	162,205,965

As at the date of the MD&A, the Company has 188,577,193 common shares issued and outstanding.

Stock Options

The Company has a stock option plan whereby it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. The exercise price of each option granted under the Plan is determined at the discretion of the Board. Options granted under the Plan generally expire no later than the fifth anniversary of the date the options were granted and vesting provisions for issued options are determined at the discretion of the Board although the Company has a practice of having options vest every three months in four equal installments.

A summary of stock option activities for the years is as follows:

	Number of options	Weighted-average exercise price
		$
December 31, 2014	6,081,999	0.25
Granted	3,300,000	0.15
Cancelled	(1,840,000)	0.17
Forfeited/expired	(250,000)	0.14
December 31, 2015	7,291,999	0.17
Granted	4,200,000	0.16
Exercised	(1,250,000)	0.16
Cancelled	(500,000)	0.15
Forfeited/expired	-	
December 31, 2016	9,741,999	0.16

As December 31, 2016, the Company has the following options outstanding and exercisable:

	Outstanding as at December 31, 2016			Exercisable as at December 31, 2016		
Exercise Prices	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
$		$			$	
0.12	2,400,000	0.12	4.46	2,400,000	0.12	4.46
0.15	5,841,999	0.15	2.94	5,841,999	0.15	2.94
0.25	1,500,000	0.25	3.53	750,000	0.25	2.57
	9,741,999	0.16	3.41	8,991,999	0.15	3.31

As at the date of the MD&A, the Company has 18,341,999stock options outstanding and 17,591,999 stock options exercisable.

Warrants:

A summary of warrants activity for the periods is as follows:

	Number of Warrants	Weighted Average Exercise Price
		$
Balance, December 31, 2014	27,313,320	0.33
Expired	(5,065,740)	0.40
Issued	19,267,220	0.18
Issued as finder's fee	150,000	0.30
Balance, December 31, 2015	41,664,800	0.26
Exercised	(1,828,083)	0.30
Expired	-	-
Issued	51,116,497	0.29
Issued as finder's fee	194,269	0.49
Balance, December 31, 2016	91,147,483	0.28

As at December 31, 2016, the warrants outstanding and exercisable were as follows:

Number of Warrants	Weighted Average Exercise Price ($)	Weighted Average Remaining Contractual Life (Years)	Expiry Date
9,568,000	0.35	0.92	November 30, 2017
810,600	0.35	0.93	December 7, 2017
2,037,125	0.30	0.25	April 2, 2017
361,455	0.30	0.25	April 2, 2017
3,057,584	0.30	0.50	July 2, 2017
213,500	0.30	0.50	July 2, 2017
4,192,833	0.30	0.55	July 21, 2017
171,000	0.30	0.55	July 21, 2017
32,400	0.30	0.55	July 21, 2017
1,625,000	0.30	0.98	December 23, 2017
150,000	0.30	0.98	December 23, 2017
1,170,000	0.15	1.55	July 21, 2018
1,227,220	0.15	1.65	August 27, 2018
4,100,000	0.15	1.77	October 7, 2018
3,000,000	0.15	3.76	October 5, 2020
8,120,000	0.20	3.95	December 11, 2020
33,333,333	0.20	3.48	June 22, 2020
6,164,340	0.15	2.49	June 28, 2019
5,160,000	0.75	2.61	August 12, 2019
30,600	0.75	2.61	August 12, 2019
5,708,824	0.50	2.67	August 31, 2019
73,669	0.50	2.67	August 31, 2019
90,000	0.40	2.72	September 21, 2019
750,000	0.75	1.72	September 21, 2018
91,147,483	0.28	2.55	

As at the date of the MD&A, there are 112,344,625 warrants outstanding and exercisable.

Related Party Transactions

During the Year ended December 31, 2016 the Company entered into the following transactions with related parties:

a) Paid or accrued professional, management and consulting fees of $509,799 (2015: $153,500) to directors and senior officers.

b) Included in due from related party as at December 31, 2016 is $nil (2015: $15,143) of funds paid in advance to an officer and director for credit card and out of pocket expenses.

c) Included in amounts due to related parties as at December 31, 2016 is $82,564 (2015: 38,825) due to the Company's officers, directors and/or entities controlled by officers or directors for management fees, professional fees and/or expenses incurred on behalf of the Company. During the year ended December 31, 2016, Trappers Transport Ltd, which is controlled by the Company's CEO charged a total amount of $599,619 (2015: $154,754) to the Company for goods and services provided. As at December 31, 2016, $173,523 was due to Trappers Transport Ltd. (2015: $381,109).

These transactions are in the normal course of operations and have been valued in these consolidated financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related party. Please also see Credit Facilities provided by related parties.

Liquidity and Capital Resources

The Company has financed its operations primarily from proceeds from the sale of shares.

As at December 31, 2016 the Company had working capital deficiency of $10,469 compared to working capital deficiency of $1,891,237 as at December 31, 2015.

Cash provided by the issuance of units pursuant to a non-brokered private placement, exercise of warrants, agent's warrants and stock options for new common shares during the year ended December 31, 2016 was $8,233,146 and during the fiscal year ended December 31, 2015 was $1,697,205. Cash provided from the drawdown of credit facility during year ended December 31, 2016 was $968,435 and during the fiscal year ended December 31, 2015 was $719,722.

The Company believes that funds on hand will be sufficient to fund its cash requirements through 2017. However, the Company plans to issue more securities at such time as it believes additional capital could be obtained on favorable terms. There can be no assurance that such funds can be available on favorable terms, if at all.

Commitments

The Company's contractual obligations, not recorded on the balance sheet, at December 31, 2016 include:

	2017	2018	2019	2020 and later
	$	$	$	$
Operating leases	49,138	45,433	34,318	28,208
Management fees	120,000	70,000	-	-
	169,138	115,433	34,318	28,208

Legal Action

In 2007, Gladiator Equipment Inc. ("Gladiator") took legal action against the Company, seeking rental and repair payments for a generator that was used on the Company's property for total amount of $34,272. The Company defended by making a statement that all required payments had been made and no liability was owing to Gladiator. The last legal step taken was an affidavit sworn in response to interrogatories delivered by Gladiator on May 20, 2009. No meaningful steps have been taken by both parties since then, leaving the litigation dormant. The Company believe the claim has no merit and no provision was recorded at December 31, 2016.

Finning International Inc. ("Finning") was claiming damages of $77,576 and accrued interest calculated in accordance with the agreed interest rate of 1.5% per month against the Company for failing to pay its parts and services account when due and owing. Judgment was granted in Finning's favour on March 1, 2013. The judgment amount of $77,567, plus pre-judgment interest in the amount of $16,933 and costs as Scale B were registered on title of the Company's properties on June 7, 2013. As at December 31, 2016, the judgment amount of $77,567 and interests in amount of $20,570 has not been paid and has been recorded as accounts payable.

A Notice of Claim dated December 11, 2012 was filed by united Rentals of Canada Inc. ("united Rentals") against the Company and numerous other defendants in the Nelson Registry of the BC Supreme Court whereby united Rentals seeks $26,841 for equipment rentals and other relief. Judgment was granted in united Rental's favour on June 1, 2015. The judgment amount of $26,841, plus pre-judgment interest in the amount of 24% per year from October 15, 2011 to the date of judgement and costs in the amount of $3,526 were registered on title of the Company's properties on June 11, 2015. As at December 31, 2016, the judgment amount of $26,841 and interests in amount of $22,494 has not been paid and has been recorded as accounts payable.

During the year ended December 31, 2016, the Company has settled several small claims on its payable balances to various vendors and realized a gain of $57,623 (2015: $208,004).

Subsequent Events

Subsequent to December 31, 2016, the Company completed a private placement of 20,800,000 units at $0.125 per unit for $2,600,000. Each unit consists of one common share of the Company and one non-transferable common share purchase warrant, entitling the holder to purchase one share at $0.20 for three years from the closing date. The Company had $950,000 subscription received in advance prior to the year-end for this private placement.

Pursuant to a consulting services agreement dated October 20, 2016, the Company issued 1,148,562 common shares to a consultant as a finder's fee subsequent to December 31, 2016 in connection with the Company's earn-in of a 50% participating ownership interest and 45% net profit participating interest in the Magistral Project in Mexico.

Subsequent to December 31, 2016, the Company entered into a binding option agreement with American Metal Mining S.A. de C.V., whereby the Company would acquire 50% of the shares of a private Mexican corporation that holds a mineral project upon making a total payment of USD$1,525,000. The Company has

paid USD$1,075,000 of the USD$1,525,000 total amount required to acquire 50% of the shares of the corporation subsequent to December 31, 2016.

Financing Risks

The Company has limited financial resources and there is no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfil its obligations under applicable agreement. 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 delay or indefinite postponement of further exploration and development of the property interest of the Company with the possible dilution or loss of such interest. Further, revenues, financings and profits, if any, will depend upon various factors, including the success, if any, of exploration programs and general market conditions for natural resources. There is no assurance that the Company can operate profitably or that it will successfully implement its plans.

The Company has only recently commenced operations and has no operating earnings. The likelihood of success of the Company must be considered in light of the problems, expenses and difficulties, complications and delays frequently encountered in connection with the establishment of any business. The Company operates at a loss and there is no assurance that the Company will ever be profitable.

Risk and uncertainties

Exploration for minerals is a speculative venture necessarily involving some substantial risk. The program proposed by the Company is an exploratory search for ore. There is no certainty that the expenditures to be made by the Company in the acquisition and exploration of the interests will result in discoveries of commercial quantities of ore. The property of the Company does not contain any known body of commercial ore.

Resource exploration and development is a speculative business and involves a high degree of risk. The marketability of natural resources, which may be acquired or discovered by the Company, will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

The grade of any ore ultimately mined from a mineral deposit may differ from that produced from drilling results. Production volumes and costs can be affected by such factors as the proximity and capacity of processing facilities, permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. Short-term factors relating to ore reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on the results of operations. Moreover, there can be no assurance that minerals recovered in small-scale laboratory tests will be achieved under production scale conditions. Although precautions to minimize risks will be taken, processing operations are subject to hazards such as equipment failure or failure of tailings impoundment facilities, which may result in environmental pollution and consequent liability.

Mining operations generally involve a high degree of risk. Hazards such as unusual or unexpected formations and other conditions are involved. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material adverse effect on the Company's financial position.

There is a degree of uncertainty attributable to the calculation of reserves, resources and corresponding grades being dedicated to future production. Until reserves or resources are actually mined and processed, the quantity of reserves or resources and grades must be considered as estimates only. In addition, the quantity of reserves or resources may vary depending on metal prices. Any material change in the quantity of reserves, resource grade or stripping ratio may affect the economic viability of the Company's properties. In addition, there can be no assurance that mineral recoveries in small-scale laboratory tests will be duplicated in large tests under on-site conditions or during production.

While the Company has obtained the usual industry standard title report with respect to its properties, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. The Company must expend monies to carry out further work on the properties in order to keep in good standing.

The Company's properties include mineral claims, which have not been surveyed, and therefore, the precise location of the mineral claims may be in doubt.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge; title to all of its properties is in good standing.

The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources that the Company, in the search for and the acquisition of attractive mineral properties. The ability of the Company to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable properties or prospects for mineral exploration. There is no assurance that the Company will continue to be able to compete successfully with its competition in acquiring such properties or prospects.

The current or future operations of the Company, including exploration and development activities and commencement of production on its properties, require permits from various levels of government. Such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. The Company believes it is in substantial compliance with all material laws and regulations that currently apply to its activities. There can be no assurance however, that all permits which the Company may require for construction of mining facilities and conduct of mining operations, particularly environmental permits, will be obtainable on reasonable terms or that compliance with such laws and regulations would not have an adverse effect on the profitability of any mining project that the Company might undertake.

Failure to comply with applicable laws, regulations and permit requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Mining, like many other extractive natural resource industries, is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Environmental liability may result from mining activities conducted by others prior to the Company's ownership of its properties. To the extent the Company is subject to uninsured environmental liabilities, the payment of such liabilities would reduce funds otherwise available of the Company and could have a material adverse effect on the Company. Should the Company be unable to fund fully the cost of remedying an environmental problem, the Company might be required to suspend operations or enter into interim compliance measures.

Summary of Quarterly Results

The following table sets out selected quarterly information for the eight most recent quarters ended December 31, 2016:

Quarters ended in 2016 fiscal year	**December 31 $**	**September 30 $**	**June 30 $**	**March 31 $**
Loss	(1,474,660)	(2,047,169)	(1,145,540)	(480,421)
Loss per common share	(0.01)	(0.02)	(0.01)	(0.00)
Quarters ended in 2015 fiscal year	**December 31 $**	**September 30 $**	**June 30 $**	**March 31 $**
Loss	(2,279,981)	(190,110)	(447,983)	(288,468)
Loss per common share	(0.03)	(0.00)	(0.01)	(0.00)

MX Gold Corp.

CORPORATE DATA

May 1, 2017

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CAPITALIZATION

Authorized:	Unlimited number of common shares, no par value
Issued:	162,205,965
Warrants:	91,147,483
Options:	7,291,999

LISTINGS

TSX Venture Exchange
Trading Symbol: MXL.V
CUSIP #: 25470R