Consolidated Financial Statements of

West Kirkland Mining Inc.

For the Years Ended December 31, 2016 and 2015
(Expressed in Canadian dollars)

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Independent Auditor's Report

To the Shareholders of
West Kirkland Mining Inc.

We have audited the accompanying consolidated financial statements of West Kirkland Mining Inc., which comprise the consolidated statements of financial position as at December 31, 2016 and December 31, 2015, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of West Kirkland Mining Inc. as at December 31, 2016 and December 31, 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company incurred a net loss of $1.1 million for the year ended December 31, 2016 and has incurred cumulative losses from inception in the amount of $23.9 million at December 31, 2016. In addition, external financing will be sought to finance the operations of the Company, however, there is no certainty that such funds will be available at terms acceptable to the Company. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about West Kirkland Mining Inc.'s ability to continue as a going concern.

/s/Deloitte LLP

Chartered Professional Accountants
Vancouver, British Columbia
May 1, 2017

West Kirkland Mining Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

		December 31, 2016		December 31, 2015
Assets				
Current:				
Cash	**$**	**1,021,407**	$	1,155,385
Accounts receivable		**20,269**		32,419
Prepaid expenses and other		**34,835**		41,453
Total current assets		**1,076,511**		1,229,257
Non-current assets:				
Reclamation bond (Note 3)		**275,587**		283,947
Property and equipment (Note 4)		**63,081**		91,334
Mineral properties (Note 5)		**39,651,216**		39,700,485
Total assets	**$**	**41,066,395**	$	41,305,023
Liabilities and Equity				
Current:				
Accounts payable and accrued liabilities	**$**	**462,222**	$	301,016
Total current liabilities		**462,222**		301,016
Non-current liabilities:				
Reclamation provision		**65,556**		67,035
Total liabilities	**$**	**527,778**	$	368,051
Equity:				
Share capital (Note 7)	**$**	**51,805,935**	$	50,187,973
Warrant reserve (Note 7)		**4,418,817**		4,418,817
Share based payment reserve (Note 7)		**882,870**		789,089
Foreign currency translation reserve		**7,340,613**		8,522,097
Deficit		**(23,909,618)**		(22,981,004)
Total shareholders' equity		**40,538,617**		40,936,972
Total liabilities and shareholders' equity	**$**	**41,066,395**	$	41,305,023

Going Concern (Note 1)
Commitments and contingencies (Note 12)
Subsequent Events (Note 13)

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

Approved by the Board of Directors and authorized for issue on May 1, 2017.

/s/ "R. Michael Jones" — Director

/s/ "Kevin Falcon" — Director

West Kirkland Mining Inc.
Consolidated Statements of Loss and Comprehensive (Income) Loss
(Unaudited - expressed in Canadian dollars)

		Year ended December 31, 2016		Year ended December 31, 2015
Expenses				
Professional Fees	**$**	**232,943**	$	353,413
Management and consulting fees		**230,129**		173,900
Salaries and benefits		**160,466**		236,701
Office and general		**93,439**		142,516
Filing and transfer agent fees		**47,910**		39,984
Shareholder relations		**29,857**		59,995
Travel		**27,407**		25,742
Rent		**20,009**		100,467
Property investigation costs		**833**		8,260
Share-based compensation expense		**248,072**		2,598
Depreciation		**8,969**		8,378
Loss from operations		**1,100,034**		1,151,954
Finance and Other Income				
Interest income		**(2,619)**		(12,678)
Net loss	**$**	**1,097,415**	$	1,139,276
Item that may be subsequently reclassified to net loss				
Exchange differences on translating foreign operations		**1,181,484**		(6,246,571)
Comprehensive loss (income) for the year	**$**	**2,278,899**	$	(5,107,295)
Basic and diluted loss per share	**$**	**0.00**	**$**	0.00
Weighted average number of common shares outstanding:				
Basic and diluted		**311,199,743**		294,172,525

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

West Kirkland Mining Inc.
Consolidated Statements of Changes in Equity
(Unaudited - expressed in Canadian dollars)

	Share Capital						
	Number	**Amount**	**Warrant Reserve**	**Share Based Payment Reserve**	**Foreign Currency Translation Reserve**	**Deficit**	**Total**
Balance at December 31, 2014	294,134,169	$ **49,517,633**	**$ 4,418,817**	**$ 1,171,921**	**$ 2,275,526**	**$ (22,227,158)**	**$ 35,156,739**
Share issuance - financing (Note 7)	14,000,000	700,000	-	-	-		700,000
Share issue costs (Note 7)	-	(29,660)	-	-	-		(29,660)
Share-based compensation expense	-	-	-	2,598	-		2,598
Expired stock options	-	-	-	(385,430)	-	385,430	-
Other comprehensive income	-	-	-	-	6,246,571		6,246,571
Net loss	-	-	-	-	-	(1,139,276)	(1,139,276)
Balance at December 31, 2015	**308,134,169**	**$ 50,187,973**	**$ 4,418,817**	**$ 789,089**	**$ 8,522,097**	**$ (22,981,004)**	**$ 40,936,972**
Share issuance – financing (Note 7)	16,500,000	1,650,000	-	-	-	-	1,650,000
Share issuance – cost	-	(32,038)	-	-	-	-	(32,038)
Share-based compensation expense	-	-	-	262,582	-	-	262,582
Expired stock options	-	-	-	(168,801)	-	168,801	-
Other comprehensive loss	-	-	-	-	(1,181,484)	-	(1,181,484)
Net loss	-	-	-	-	-	(1,097,415)	(1,097,415)
Balance at December 31, 2016	**324,634,169**	**$ 51,805,935**	**$ 4,418,817**	**$ 882,870**	**$ 7,340,613**	**$ (23,909,618)**	**$ 40,538,617**

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

West Kirkland Mining Inc.
Consolidated Statements of Cash flows
(Unaudited - expressed in Canadian dollars)

	Year ended December 31, 2016	Year ended December 31, 2015
Cash flows provided by (used in):		
Operating activities		
Net loss	**$ (1,097,415)**	$ (1,139,276)
Items not involving cash:		
Share-based compensation expense	**248,072**	2,598
Depreciation	**8,969**	8,378
Changes in non-cash working capital:		
Accounts receivable	**11,325**	(5,140)
Prepaid expenses and other	**5,855**	75,250
Accounts payable and accrued liabilities	**167,936**	(33,162)
Net cash used in operating activities	**(655,258)**	(1,091,352)
Investing activities		
Expenditures on mineral properties (Note 5)	**$ (1,103,243)**	$ (2,817,954)
Net cash used in investing activities	**(1,103,243)**	(2,817,954)
Financing activities		
Issuance of share capital	**$ 1,650,000**	$ 700,000
Share Issuance costs	**(32,038)**	(29,660)
Net cash used in financing activities	**1,617,962**	670,340
Decrease in cash	**(140,539)**	(3,238,966)
Effect of exchange rate changes on cash denominated in a foreign currency	**6,561**	2,443
Cash, beginning of year	**1,155,385**	4,391,908
Cash, end of year	**$ 1,021,407**	$ 1,155,385
Supplemental disclosure of cash flow information		
Non-cash investing and financing activities:		
Depreciation capitalized to mineral properties	**$ 17,552**	$ 23,191
Mineral property and deferred exploration expenditures included in accounts payable	**220,981**	170,507

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

1. Nature of Operations and Continuance of Operations

West Kirkland Mining Inc. ("West Kirkland" or the "Company") was incorporated on April 3, 2007, under the Company Act of the Province of British Columbia, Canada. The Company was a capital pool corporation, and on May 28, 2010, completed its Qualifying Transaction as that term is defined in TSX Venture Exchange Policy 2.4. The Company acquired all of the issued and outstanding shares of WK Mining Corp. ("WK Mining") which has been accounted for as a reverse takeover that does not constitute a business combination. As a result, these consolidated financial statements reflect the financial position, financial performance and cash flows of the Company's legal subsidiaries, WK Mining, WK Mining (USA) Ltd and WK-Allied Hasbrouck LLC. The address of the Company's head office is Suite 788 – 550 Burrard Street, Vancouver, BC, V6C 2B5.

The Company is an exploration and development company working on mineral properties it has staked or acquired, in Nevada and Utah. Apart from the Hasbrouck Project, where an updated pre-feasibility study and declaration of reserves was completed in September 2016, the Company has not yet determined whether its other mineral properties contain any economically recoverable ore reserves. The Company defers all acquisition, exploration and development costs related to the properties on which it is conducting exploration. The recoverability of these amounts is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary permitting and financing to complete the development of the interests, and future profitable production, or alternatively, upon the Company's ability to dispose of its interests on a profitable basis.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Since inception to December 31, 2016, the Company has incurred cumulative losses of approximately $23.9 million, which may cast significant doubt regarding the Company's ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts on the statements of financial position. External financing, predominantly by the issuance of equity to the public, will be sought to finance the operations of the Company; however, there is no certainty that such funds will be available at terms acceptable to the Company. These material uncertainties could cast doubt upon the Company's ability to continue as a going concern.

2. Significant Accounting Policies

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with accounting policies in full compliance with IFRS and were approved by the Board of Directors for distribution on May 1, 2017.

(b) Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Company and its subsidiaries.

(c) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned legal subsidiary, WK Mining Corp, its wholly owned legal subsidiary WK Mining (USA) Ltd and its wholly owned subsidiary WK-Allied Hasbrouck LLC all of which are controlled by the Company. Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. All material intercompany transactions, balances, revenues and expenses are eliminated on consolidation.

(d) Foreign Currency

Items included in the consolidated financial statements are measured in each entity's functional currency. Each entity's functional currency is determined by the primary environment the entity operates in. The functional currency of the Company's subsidiaries, WK Mining (USA) Ltd. and WK-Allied Hasbrouck LLC, is the United States Dollar and the functional currency of WK Mining Corp. and the ultimate parent company is the Canadian Dollar.

The presentation currency of the Company is the Canadian Dollar. For the purpose of presenting the financial statements, assets and liabilities of the Company's foreign subsidiaries are expressed in Canadian dollars using the closing rates at the date of the statement of financial position being presented. The exchange differences that arise on translation are recognized as a component of other comprehensive income or loss and recorded in equity as "foreign currency translation reserve". Accumulated amounts in the foreign currency translation reserve will be recognized as profit or loss in the period when the foreign operation is disposed of.

Transactions in currencies which are not the entity's functional currency are translated to the functional currency at exchange rates at the date of the transaction. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated. Revenue and expense items are translated at average exchange rates of the reporting period.

(e) Property and Equipment

Property and equipment are stated at cost and are depreciated on a declining balance basis at the following rates with one half of annual depreciation recorded in the year of acquisition:

Field Equipment	30%
Leasehold Improvements	20%
Vehicles	30%
Computer Software	100%

The depreciation rates, useful lives and residual values are assessed annually.

(f) Exploration and Evaluation Expenditures

The Company is in the exploration stage with respect to its investment in mineral properties and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims. Such costs include, but are not exclusive to, geological and geophysical studies, exploratory drilling and sampling. Capitalization of costs commences once the Company has obtained legal rights to explore a specific area. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

(g) Development and Production Costs

When technical feasibility and commercial viability of a property is established and the Company determines that it will proceed with development, all exploration and evaluation costs attributable to that area are reclassified to construction in progress within property and equipment or as intangible assets depending on the nature of the expenditure. If economically recoverable ore deposits are developed, the capitalized costs of the related property will be amortized using the unit-of-production method following the commencement of production.

(h) Impairment of Non-Financial Assets

Non-financial assets are reviewed each reporting period for any indicators that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether an impairment exists. Where the asset does not generate cash inflows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill, any intangible asset with an indefinite useful life or any intangible asset not yet available for use is tested for impairment annually and whenever there is an indication that the asset may be impaired.

An asset or cash-generating unit's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash inflows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in profit or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. Impairment of goodwill cannot be reversed.

Industry specific indicators for an impairment review arise typically when one of the following circumstances applies:

- Substantive expenditure on further exploration and development activities is neither budgeted nor planned;
- Title to the asset is compromised;
- Adverse changes in commodity prices and markets; and
- Adverse variations in the exchange rate for the currency of operation.

(i) Financial Instruments

The Company classifies its financial instruments into one of the following categories: fair value through profit or loss ("FVTPL") (assets and liabilities), assets available-for-sale, loans and receivables, assets held-to-maturity and other financial liabilities. All financial instruments are measured at fair value on initial recognition.

Financial assets and liabilities designated as FVTPL are subsequently measured at fair value with changes in fair value recognized in net earnings. Financial assets designated as "available-for-sale" are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (loss), net of tax. Transaction costs for FVTPL financial assets and liabilities are recognized in income when incurred.

Financial assets designated as "loans and receivables" or "held-to-maturity", and financial liabilities designated as "other financial liabilities" are recorded at amortized cost. Transaction costs from loans and receivables and other financial liabilities offset the carrying amount of the related financial assets or liabilities.

The Company has classified cash and accounts receivable as "loans and receivables", reclamation bonds as "assets held-to-maturity", and accounts payable, accrued liabilities and notes payable as "other financial liabilities".

(j) Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares and share options are recognized as a deduction from equity, net of any tax effects. The proceeds from the issuance of units are allocated between common shares and purchase warrants based on the relative fair value method. Under this method, the proceeds are allocated to the components in proportion to their relative fair values. The market price on the date of the issuance of the shares and the market price of the publicly traded warrants on their first day of trading are used to determine the relative fair values.

(k) Share-based Payments

The share option plan allows the Company's board of directors to grant options to Company employees and consultants to acquire shares of the Company. The fair value of options granted to employees is measured by the Black-Scholes formula options pricing model and is recognized as a share-based compensation expense and recognized over the length of the vesting period of each tranche, while the corresponding amount is recognized in the share-based payments reserve. At each financial reporting date, the number of options recognized as an expense is adjusted to reflect the number of options actually expected to vest going forward. Upon cancellation or expiry, the fair value of the applicable options is transferred to deficit. An individual is classified as an employee when they are an employee for legal purposes, or primarily performing services similar to the services that would be provided by a legal employee.

(l) Revenue

Revenue will be recorded when the fair value of the consideration is received or receivable and will be recognized to the extent that it is probable that the economic benefits will flow to the Company and when the revenue can be reliably measured.

Interest income is recognized monthly as earned.

(m) Loss Per Share

Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as options granted to employees. During the years ended December 31, 2016 and 2015 all outstanding share options and warrants were anti-dilutive.

(n) Income Taxes

Income tax expense comprises current and deferred income taxes. Income tax expense is recognized in profit and loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred taxes are recorded using the liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to unused tax losses and unused tax credits and differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The following temporary differences are not provided for: initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable loss and is not a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits and temporary differences can be utilized.

(o) Restoration, Rehabilitation and Environmental Obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when the environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operation license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using the unit-of-production method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degrees by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

(p) Measurement Uncertainties

i) Resource estimates

The Company relies on appropriately qualified persons to estimate mineral resources. The information relating to the geological data on the size, depth and shape of the ore body requires complex geological judgments to interpret the data. Changes in the indicated and inferred mineral resources estimates may impact the carrying value of the mining properties.

ii) Share-based payments

The Company follows accounting guidelines in determining the fair value of share-based compensation. The computed amount is not based on historical cost, but is derived based on subjective assumptions input into an option pricing model. The model requires that management make forecasts as to future events, including estimates of the average future period of issued stock options before exercise, expiry or cancellation; future volatility of the Company's share price in the life of the options (using historical volatility as a reference); and the appropriate risk-free rate of interest. Share-based compensation also incorporates an expected forfeiture rate. The expected forfeiture rate is estimated annually based on historical forfeiture rates and expectations of future forfeiture rates.

The resulting value calculated is not necessarily the value that the holder of the options could receive in an arm's length transaction, given that there is no market for the options and they are not transferable. It is management's view that the value derived is highly subjective and dependent entirely upon the input assumptions made.

iii) Deferred income taxes

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company and/or its subsidiaries will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company and/or its subsidiaries to realize the net deferred tax assets recorded at the statement of financial position date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company and its subsidiaries operate could limit the ability of the Company to obtain tax deductions in future periods.

iv) Impairment of mineral properties

The Company assesses its mineral properties quarterly to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance.

(q) Significant Accounting Judgments

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations (Note 2(p)), that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are related to the economic recoverability of the mineral properties, the determination of functional currency for the Company and its subsidiaries and the assumption that the Company will continue as a going concern.

(r) Recent Accounting Pronouncements

Several new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the current accounting period and have not been applied in preparing these consolidated financial statements. These include:

IFRS 9 Financial Instruments, which replaces the current standard, IAS 39 *Financial Instruments*: *Recognition and Measurement*. The new standard replaces the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value. The new standard is effective for annual periods beginning on or after January 1, 2018, with an early adoption permitted. The Company is still in the process of assessing the impact, if any, on the financial statements of the new standard.

IFRS 15 Revenue from Contracts with Customers. The final standard on revenue from contracts with customers was issued on May 8, 2014 and is effective for annual reporting periods beginning after January 1, 2017 for public entities with early application permitted. Entities have the option of using either a full retrospective or a modified retrospective approach to adopt the guidance. The Company is still in the process of assessing the impact, if any, on the financial statements of the new standard.

IFRS 16 Leases. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract based on whether the customer controls the asset being leased. IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current financial lease accounting, with limited exceptions for short-term leases or leases of low value assets. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that apply IFRS 15. The Company is still in the process of assessing the impact, if any, on the financial statements of the new standard.

(Expressed in Canadian dollars)

3. Reclamation Bonds

The Company's US subsidiary, WK Mining (USA) Ltd. ("WK Mining (USA)"), has posted a total statewide bond of $208,118 (US$155,000) to the Bureau of Land Management (the "BLM") in the state of Nevada for disturbance of ground required to complete exploration work on projects in Nevada under the jurisdiction of the BLM. This bond is applicable to work done on any property in Nevada and the funds are held in the State of Nevada's reclamation performance bond pool.

WK Mining (USA) has also posted a statewide bond of $67,135 (US$50,000) to the Division of Oil, Gas and Mining of Utah ("DOGM") for disturbance of ground required to complete exploration work on the TUG Project. This is applicable to work done on any property in Utah under the jurisdiction of the BLM or DOGM. The funds are held in the State of Utah's reclamation performance bond pool. They are held in an interest-bearing account and will be returned with interest when the projects are successfully reclaimed. Total interest of $334 (US$248) has been earned on this bond.

4. Property and Equipment

The Company holds the following property and equipment at December 31, 2016:

Cost	**Field Equipment**	**Leasehold Improvements**	**Vehicles**	**Total**
Balance December 31, 2014	$ 91,769	$ 55,554	$ 93,452	$ 240,775
Foreign exchange movement	15,836	-	18,036	33,872
Balance December 31, 2015	107,605	55,554	111,488	274,647
Foreign exchange movement	(2,921)	-	(3,327)	(6,248)
Balance December 31, 2016	**$ 104,684**	**$ 55,554**	**$108,161**	**$268,399**
Accumulated Depreciation				
Balance December 31, 2014	$ 52,742	$ 11,014	$ 66,207	$ 129,963
Additions	13,881	7,936	9,751	31,568
Foreign exchange movement	8,588	-	13,194	21,782
Balance December 31, 2015	75,211	18,950	89,152	183,313
Additions	11,963	7,936	6,622	26,521
Foreign exchange movement	(1,933)	-	(2,583)	(4,516)
Balance December 31, 2016	**$ 85,241**	**$ 26,886**	**$ 93,191**	**$ 205,318**
Carrying amount, December 31, 2016	**$ 19,443**	**$ 28,668**	**$ 14,970**	**$ 63,081**
Carrying amount, December 31, 2015	$ 32,394	$ 36,604	$ 22,336	$ 91,334

During the year ended December 31, 2016 and 2015, the Company capitalized depreciation of $17,552 and $23,191 respectively to mineral properties.

(Expressed in Canadian dollars)

5. Mineral Properties

		Hasbrouck Project and Hill of Gold		Fronteer & TUG		Total
Acquisition costs of mineral rights						
Balance December 31, 2015	$	27,996,522	$	52,133	$	28,048,655
Incurred during the year		296,774		115,618		412,392
Foreign exchange movement		(835,445)		(1,556)		(837,001)
Balance December 31, 2016	$	27,457,851	$	166,195	$	27,624,046
Deferred exploration costs						
Balance December 31, 2015	$	7,160,457	$	4,491,373	$	11,651,830
Engineering		169,357		-		169,357
Permitting		46,234		-		46,234
Drilling – non-exploration		40,895		-		40,895
Drilling – exploration		14,008		-		14,008
Salaries and Wages		246,951		-		246,951
Other		200,617		4,978		205,595
Foreign exchange movement		(213,674)		(134,025)		(347,699)
Balance December 31, 2016	$	7,664,845	$	4,362,325	$	12,027,170
Total December 31, 2016	**$**	**35,122,696**	**$**	**4,528,520**	**$**	**39,651,216**

Acquisition costs of mineral rights						
Balance December 31, 2014	$	23,525,321	$	26,922	$	23,552,243
Incurred during the period		(69,200)		20,015		(49,185)
Foreign exchange movement		4,540,401		5,196		4,545,597
Balance December 31, 2015	$	27,996,522	$	52,133	$	28,048,655
Deferred exploration costs						
Balance December 31, 2014	$	3,789,166	$	3,692,359	$	7,481,525
Engineering		905,524		938		906,462
Permitting		867,170		-		867,170
Drilling – non-exploration		41,052		-		41,052
Drilling – exploration		85,620		-		85,620
Salaries and Wages		544,489		-		544,489
Other		196,084		85,449		281,533
Foreign exchange movement		731,352		712,627		1,443,979
Balance December 31, 2015	$	7,160,457	$	4,491,373	$	11,651,830
Total December 31, 2015	**$**	**35,156,979**	**$**	**4,543,506**	**$**	**39,700,485**

(a) Hasbrouck and Three Hills

On January 24, 2014, the Company signed a purchase agreement with Allied Nevada Gold Corp. ("ANV") to acquire ANV's Hasbrouck and Three Hills properties (together the "Hasbrouck Project") for consideration of up to US$30 million. The Company was required to pay an aggregate of US$20 million to acquire a 75% interest in the properties with a US$500,000 non-refundable cash deposit made upon execution of the letter agreement. The additional US$19.5 million was paid April 23, 2014 at which time the Company purchased a 75% interest in the properties.

On March 10, 2015, ANV announced that it had filed for Chapter 11 bankruptcy protection in the U.S. and was implementing a financial restructuring of its debt. On June 19, 2015, Waterton Precious Metals Fund ("Waterton") acquired all of ANV's exploration properties and related assets (excluding the Hycroft operation) for US$17.5 million. The bankruptcy of ANV and the subsequent acquisition of the 25% interest in the

Hasbrouck Project by Waterton does not alter the Company's legal rights or interests in the Hasbrouck Project.

As outlined in the purchase agreement, 100% title to the mineral rights underlying the Hasbrouck Project has been transferred into a Limited Liability Corporation (the "LLC") for ownership and operating purposes. Effective September 1, 2016, the Company transferred a 25% interest in the LLC to Waterton and retained the remaining 75% interest. Subsequent to year end a formal operating agreement has been executed. Please see subsequent events (Note 14) for further details. The transfer of rights into the LLC and the execution of a formal operating agreement has not altered or affected the existing royalty structure on the Hasbrouck Project, being approximately an aggregate 3.9% over the claims hosting the Hasbrouck Project's proven and probable reserves.

(b) Hill of Gold

On November 29, 2016 the Company announced that it had signed a ten-year lease for a 100% interest in the Hill of Gold property near Tonopah, Nevada. The Hill of Gold property is located midway between the Three Hills Mine and the Hasbrouck Mine. The lease terms allow for mining, and involve annual lease payments as pre-payments on a 2% NSR royalty of US$25,000 for the first three years and thereafter US$30,000 per year, with the option of buying the mining claims and royalty for US$500,000 at any time during the lease term. The lease is for 25 mining claims on approximately 500 acres of unpatented land.

(c) Fronteer / TUG

On December 14, 2010, the Company entered into an agreement with Fronteer Gold Inc. ("Fronteer") to option 11 properties comprising approximately 234 km^2 in north eastern Nevada and Utah. Newmont Mining Corporation ("Newmont") later acquired Fronteer on February 3, 2011. The acquisition of Fronteer had no effect on the agreement with the Company. In the agreement, the Company had the option of earning in on a number of designated properties and earned a 60% interest on the TUG property in 2013. The Company has no further earn-in requirements on the TUG property and retains its 60% interest. The deferred acquisition and exploration costs for all other properties within the Fronteer agreement were written off in a prior period and all further earn-in rights have been relinquished.

6. Reclamation Provision

The reclamation provision represents the estimated costs required to provide adequate restoration and rehabilitation of drilling activities in Nevada and Utah. The Company measures the reclamation costs at fair value, which is based on the net present value of future cash expenditures upon reclamation of drilling sites and related lands. Reclamation costs are capitalized mineral properties and will be amortized over the life of the related mine once the mine commences commercial production.

At December 31, 2016 the provision of $65,556 (2015 - $67,035) for reclamation cost obligations has been adjusted to reflect risk and foreign exchange. The estimate has been discounted at its present value at a rate of approximately 2.07% per annum (2015 – 1.98%) being an estimate of the long-term, risk-free, pre-tax cost of borrowing. The undiscounted balance of the reclamation provision is $60,422 (2015 - $62,280) and is expected to be incurred between 2022 and 2028.

7. Share Capital

The authorized share capital consists of an unlimited number of common shares without par value. At December 31, 2016, the Company had 324,634,169 shares outstanding.

In December 2015, the Company closed a non-brokered private placement of 14,000,000 common shares at a price $0.05 per share for gross proceeds of $700,000. Total share issuance costs were $29,660.

On October 28, 2016, the Company closed a private placement of 16,500,000 common shares for aggregate gross proceeds of $1,650,000. There were no finders' fees or commissions paid as the financing was arranged by management with two of the Company's major shareholders.

(Expressed in Canadian dollars)

Subsequent to year end, on February 28, 2017 the Company issued 1,454,778 common shares (worth US$100,000) to Liberty Moly in consideration for water rights on the Hasbrouck Project.

Warrant Reserve

In 2014, the Company issued 220,940,833 warrants. Each warrant is exercisable for one common share at a price of $0.30 at any time prior to April 17, 2019. The $4,418,817 fair value of these warrants was estimated using the relative fair value method using the share price on the date of issue of the shares and the warrant price from the first day of public trading.

Share based payment reserve

The Company established a stock option plan (the "Plan") on May 1, 2007, whereby options can be granted to directors, officers, employees and consultants at the discretion of the Board of Directors. The number of options that can be granted is limited to 10% of the total shares issued and outstanding.

The following table summarizes the Company's outstanding share options:

Exercise Price	Number Outstanding at December 31, 2016	Weighted Average Remaining Contractual Life (Years)	Number Exercisable at December 31, 2016
$0.22	500,000	1.18	500,000
$0.15	6,200,000	2.48	6,200,000
$0.10	3,900,000	4.25	3,900,000
	10,600,000	3.07	10,600,000

The weighted average remaining contractual life of the options outstanding at December 31, 2016 is 3.07 years.

The following table summarizes the Company's share based payment reserve:

Balance December 31, 2014	**$ 1,171,921**
Share-based compensation expense	2,598
Share options cancelled	(385,430)
Balance December 31, 2015	**789,089**
Share-based compensation expense	262,582
Share options cancelled	(168,801)
Balance September 30, 2016	**$ 882,870**

On April 12, 2016, 3,800,000 incentive stock options were granted to various officers and employees of the Company. Each option is exercisable at a price of $0.10 per share for a period of five years and vest immediately. The Company expensed $248,072 related to these options and capitalized $14,510 to mineral properties. The Company estimated the fair value of these options using the Black-Scholes model using the following assumptions:

Expected life	5 years
Risk-free interest rate	0.68%
Expected volatility[1]	90%
Expected dividends	-

[1]Expected volatility is based on the trading history of the Company and companies with a similar corporate structure and operating in similar regions as the Company. The Company's expected volatility is similar to this comparable peer group.

(Expressed in Canadian dollars)

During the period ended December 31, 2016 a total of 790,000 share purchase options were cancelled at a fair value amount of $168,801. The fair value of these options was transferred from share based payment reserve to deficit.

During the year ended December 31, 2015 a total of 1,910,000 share purchase options were cancelled at a fair value amount of $385,430. The fair value of these options was transferred from share based payment reserve to deficit.

On February 16, 2015, 100,000 share purchase options were granted to an employee of the Company. Each option is exercisable at a price of $0.10 per share for a period of five years and vests immediately. The Company expensed $2,598 related to these options and used the Black-Scholes model to determine the grant date fair value using the following assumptions:

Expected life	5 years
Risk-free interest rate	0.60%
Expected volatility[1]	80%
Expected dividends	-

[1]Expected volatility is based on the trading history of the Company. Given the limited trading history for the Company, this volatility was then compared to the historical volatility of a peer group of companies with a similar corporate structure and operating in similar regions as the Company. The Company's expected volatility is similar to this comparable peer group.

As at December 31, 2016, the weighted average fair value per option outstanding was $0.08

Details of the weighted average exercise price of outstanding share options is as follows:

	Number	Weighted average exercise price
Balance December 31, 2014	**9,400,000**	**$0.25**
Granted	100,000	$0.10
Cancelled	(1,910,000)	$0.52
Balance December 31, 2015	**7,590,000**	**$0.18**
Granted	3,800,000	$0.10
Cancelled	(790,000)	$0.97
Balance December 31, 2016	**10,600,000**	**$0.13**

The weighted average exercise price for both the outstanding and exercisable share purchase options at December 31, 2016 was $0.13.

8. Capital Risk Management

The Company's objectives in managing its liquidity and capital are to safeguard the Company's ability to continue as a going concern and to provide financial capacity to meet its strategic objectives. The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued share capital, reserves and accumulated deficit.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt and acquire or dispose of mineral rights.

As at December 31, 2016, the Company does not have any long-term debt and is not subject to any externally imposed capital requirements.

9. Financial Risk Management

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks.

(a) Fair Value

As at December 31, 2016 the Company's financial instruments consist of cash, accounts receivable, reclamation bonds, accounts payable and accrued liabilities. The fair values of accounts receivable and accounts payable approximate their carrying values due to the short-term nature of these instruments and the fair value of the reclamation bonds approximates their fair value due to the fact they earn interest at rates approximating market rates.

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to the short-term interest rates through the interest earned on cash balances; however, management does not believe this exposure is significant.

(c) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations. The Company is exposed to credit risk through its cash, which is held in large Canadian financial institutions and accounts receivable. The Company believes this credit risk is insignificant.

(d) Foreign Currency Risk

Foreign currency risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company operates in Canada and the United States and is therefore exposed to foreign currency risk arising from transactions denominated in U.S. dollars. Certain amounts of the Company's accounts payable and accrued liabilities are denominated in U.S. dollars. A 10% change in the exchange rate between the Canadian and United States dollar would have an effect on the loss before income taxes as at December 31, 2016 of approximately $10,560. The Company monitors its net exposure to foreign currency fluctuations and adjusts its cash held in U.S. dollars accordingly. The following table lists the Canadian dollar equivalent of financial instruments and other current assets denominated in U.S. dollars as of December 31, 2016:

	December 31, 2016	December 31, 2015
Cash	$ 103,545	$ 179,569
Accounts receivable	4,511	10,380
Prepaid expenses and other	18,800	25,579
Reclamation bond	275,587	283,947
Accounts payable and accrued liabilities	232,381	182,867

(e) 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 manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities are due within the current operating period.

(Expressed in Canadian dollars)

10. Segmented Information

The Company currently operates in one segment, being the exploration of mineral properties in Nevada and Western Utah, USA. The Company's executive and head office is located in Vancouver, British Columbia, Canada.

Details of the geographic location of assets, liabilities and net loss are as follows:

As at December 31, 2016	Canada	United States	Total
Current Assets	$ 1,014,461	$ 62,051	$ 1,076,511
Mineral Properties	-	39,651,216	39,651,216
Other Assets	28,667	310,001	338,668
Total Assets	1,043,128	40,023,268	41,066,395
Accounts Payable and accrued liabilities	229,841	232,381	462,222
Net loss	991,817	105,598	1,097,415

As at December 31, 2015	Canada	United States	Total
Current Assets	$ 1,000,253	$ 229,004	$ 1,229,257
Mineral Properties	-	39,700,485	39,700,485
Other Assets	37,637	337,644	375,281
Total Assets	1,037,890	40,267,133	41,305,023
Accounts Payable and accrued liabilities	118,149	182,867	301,016
Net loss	901,703	237,573	1,139,276

11. Related Party Transactions

The Company paid remuneration for the following items with companies related by way of directors in common:

	12 months ended December 31, 2016	12 months ended December 31, 2015
Administration fees	$ 24,000	$ 42,000
Professional fees	48,000	60,000
Rent	25,200	54,428
Directors Fees	114,750	126,250
Total Related Party Transactions	$ 211,950	$ 282,678

For the year ended December 31, 2016, the Company accrued and paid $24,000 (December 31, 2015 - $42,000) for day-to-day administration, reception and secretarial services and $48,000 (December 31, 2015 - $60,000) for accounting services; and $25,200 (December 31, 2015 - $54,428) for rent to Platinum Group Metals Ltd., a company related by virtue of common directors and officers. Amounts payable at year end include an amount of $28,638 to Platinum Group Metals (December 31, 2015 - $8,801).

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the parties.

(Expressed in Canadian dollars)

Compensation of Key Management Personnel

	December 31, 2016	December 31, 2015
Salaries and management fees	$ 334,979	$ 465,660
Directors fees	111,750	126,250
Share-based payments	186,572	-
Total compensation of key management personnel	$ 633,301	$ 591,910

12. Commitments and Contingencies

To acquire certain other mineral property interests in Nevada the Company must make optional acquisition and exploration expenditures in order to satisfy the terms of existing option agreements, failing which the rights to such mineral properties will revert to the property vendors. For details of the Company's mineral property acquisitions and optional expenditure commitments see Note 5. The Company has no other identified commitments or contingencies.

13. Deferred Taxes

The income tax expense differs from what would have been computed using the combined Canadian federal (15%) and provincial (11%) statutory income tax rate of 26% in 2015 (2014 – 26%). The reconciliation of total income tax expense for the years ended December 31 was as follows:

	2016	2015
Net loss before income taxes	$ (1,097,416)	$ (1,139,276)
Canadian federal and provincial income tax rates	26%	26%
Income tax expense based on Canadian federal and provincial income tax rates	(285,328)	(296,212)
Increase (decrease) attributable to:		
Non-deductible expenditures	2,065	2,047
Non-deductible share based payments	64,499	675
Changes in unrecognized deferred tax assets	108,989	950,405
Effects of different statutory tax rates on earnings of subsidiaries	8,455	19,006
Effect of foreign currency exchange rate change	126,390	(710,334)
Other	(25,070)	34,413
Income tax recovery	$ -	$ -

(Expressed in Canadian dollars)

The significant components of the Company's deferred tax assets and liabilities are as follows:

		December 31, 2016		December 31, 2015
Deferred tax assets				
Non-capital and net operating loss carry forwards	$	3,456,373	$	2,972,770
Total deferred tax assets		3,456,373		2,972,770
Deferred tax liabilities				
Mineral properties	$	(3,456,373)	$	(2,972,770)
Total deferred tax liabilities		(3,456,373)		(2,972,770)
Net deferred taxes	$	-	$	-

Unrecognized deductible temporary differences, unused tax losses, and unused tax credits are attributable to the following:

		2016		2015
Non-capital and net operating loss carry forwards[1]	$	34,633,626	$	32,882,281[(2)]
Share issuance costs		1,339,096		2,070,177
Mineral properties		1,771,919		1,771,919
Pre-production investment tax credits		86,537		86,537
Tax value of property and equipment in excess of book		121,817		112,848
Other temporary differences		80,838		81,226
	$	38,033,833	$	37,004,988

[1]The unrecognized tax losses and investment tax credits will expire between 2029 and 2036.

[2] During 2016 the Company identified that the balance of non-capital and net operating loss carry forwards as reported in Note 13 of the 2015 consolidated financial statements should have been recorded as $32,882,281 instead of $25,245,672. This error was identified in the 2015 comparative note disclosure above. The correction had no effect on the reported assets, liabilities net loss or shareholders' equity in either 2015 or 2016.

14. Subsequent Events

On March 30, 2017 a formal LLC agreement, effective as at September 1, 2016, was executed between the Company and Waterton. Under the terms of the LLC agreement Waterton is required to fund their 25% share of expenditures on the Hasbrouck Project incurred subsequent to September 1, 2016. Waterton has indicated their intention to fund their 25% share of expenditures. However, should Waterton choose not to fund their share of expenditures, their interest will be diluted according to a prescribed formula in the LLC agreement. Upon execution of the agreement, the Company recorded an amount of US$41,023 as Waterton's 25% share of LLC expenses incurred from September 1, 2016 to December 31, 2016.