EVERTON RESOURCES INC.

Consolidated Annual Financial Statements

For the years ended October 31, 2016 and 2015

(Expressed in Canadian Dollars)

Everton Resources Inc.

Table of Contents

Management's Responsibility for the consolidated financial statements

The consolidated financial statements of Everton Resources Inc. and the information contained in the Management Discussion and Analysis have been prepared by and are the responsibility of the Board of Directors. The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB), and, where appropriate, reflect management's best estimates and judgements based on currently available information.

Management has developed and is maintaining a system of internal controls to obtain reasonable assurance that the Company's assets are safeguarded, transactions are authorized and financial information is reliable.

The Company's independent auditors, UHY McGovern Hurley LLP, who were appointed by the shareholders, conduct an audit in accordance with Canadian generally accepted auditing standards. Their report outlines the scope of their audit and gives their opinion on the consolidated financial statements.

The Audit Committee of the Board of Directors meets periodically with management and the independent auditors to review the scope and results of the annual audit and to review the consolidated financial statements and the related financial reporting matters prior to approval of the consolidated financial statements.

"Andre Audet"
Chief Executive Officer
February 22, 2017

"Sabino Di Paola"
Chief Financial Officer

UHY McGovern Hurley LLP
Chartered Professional Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Everton Resources Inc.

We have audited the accompanying consolidated financial statements of Everton Resources Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at October 31, 2016 and 2015, and the consolidated statements of operations 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 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 Everton Resources Inc. and its subsidiaries as at October 31, 2016 and 2015, and their financial performance and 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 2 in the consolidated financial statements which indicates that Everton Resources Inc. had continuing losses during the year ended October 31, 2016 and a cumulative deficit as at October 31, 2016. These conditions along with other matters set forth in Note 2 indicate the existence of a material uncertainty that may cast significant doubt about Everton Resources Inc.'s ability to continue as a going concern.

UHY McGovern Hurley LLP

UHY McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

TORONTO, Canada
February 22, 2017

Everton Resources Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at	**October 31, 2016**	October 31, 2015
	$	$
ASSETS		
Current assets		
Cash (Note 4)	**272,204**	296,506
Marketable securities and warrants (Note 5)	**28,278**	25,100
Accounts receivable	**40,922**	39,688
Prepaid expenses	**63,979**	23,125
Total current assets	**405,383**	384,419
Non-current assets		
Mineral exploration properties (Note 6)	**2,815,841**	2,789,854
Exploration and evaluation assets (Note 6)	**10,692,631**	10,534,792
Total non-current assets	**13,508,472**	13,324,646
Total assets	**13,913,855**	13,709,065
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**478,682**	649,192
Flow through premium (Note 7)	**17,535**	-
Total liabilities	**496,217**	649,192
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	**41,466,821**	40,502,441
Warrants (Note 9)	**61,000**	20,300
Finder's options (Note 10)	**26,350**	43,787
Contributed surplus	**10,392,314**	9,918,977
	51,946,485	50,485,505
Accumulated deficit	**(38,528,847)**	(37,425,632)
Total shareholders' equity	**13,417,638**	13,059,873
Total liabilities and shareholders' equity	**13,913,855**	13,709,065

Contingencies and commitments (Note 18)
Events after the reporting date (Note 19)
Going concern (Note 2c)

On behalf of the Board

(signed) "Andre Audet"
Andre Audet, Director

(signed) "Steven Mintz"
Steven Mintz, Director

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

Everton Resources Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Year ended October 31, 2016	Year ended October 31, 2015
	$	$
Operating expenses		
Management fees	**173,600**	155,850
Salaries and benefits	**41,099**	37,081
Stock based compensation (Note 11)	**419,400**	-
Travel and promotion expense	**28,943**	29,634
Professional fees	**55,687**	102,906
General and administrative expense	**157,591**	126,808
Impairment of royalty	**-**	30,000
Loss on mineral property sold	**-**	1,214,355
Write-down of mineral exploration properties and exploration and evaluation assets (Note 6)	**281,230**	2,886,977
	(1,157,550)	(4,583,611)
Other income (loss)		
Interest and other income	**(3,508)**	(2,592)
Gain on sale of marketable securities	**-**	15,880
Unrealized loss on financial assets at fair value through profit or loss	**3,178**	9,220
	(330)	22,508
Net loss before tax	**(1,157,880)**	(4,561,103)
Tax recovery (Note 7)	**(54,665)**	(109,751)
Loss and comprehensive loss after tax	**(1,103,215)**	(4,451,352)
Basic and diluted loss per common share	**(0.02)**	(0.09)
Accounts payable and accrued liabilities common shares outstanding	**57,330,198**	49,067,797

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

Everton Resources Inc.
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share capital		Warrants	Finder's Options	Contributed surplus	Subtotal	Accumulated Deficit	Total
	# of shares	$	$		$	$	$	$
Balance, October 31, 2014	**48,388,345**	**40,472,441**	**290,060**	**43,787**	**9,718,343**	**50,524,631**	**(32,974,280)**	**17,550,351**
Shares issued for royalty	2,000,000	30,000	-	-	-	30,000	-	30,000
Impacy of expiry of warrants	-	-	(269,760)	-	269,760	-	-	-
Tax effect of expired warrants	-	-	-	-	(69,126)	(69,126)	-	(69,126)
Net loss and comprehensive loss	-	-	-	-	-	-	(4,451,352)	(4,451,352)
Balance, October 31, 2015	**50,388,345**	**40,502,441**	**20,300**	**43,787**	**9,918,977**	**50,485,505**	**(37,425,632)**	**13,059,873**
Shares issued for exploration data	1,700,000	76,500	-	-	-	76,500	-	76,500
Shares issued for mining rights	400,000	28,000	-	-	-	28,000	-	28,000
Shares issued on exercise of warrants	203,125	26,400	(10,150)	-	-	16,250	-	16,250
Shares issued on private placements	18,080,000	843,000	61,000	-	-	904,000	-	904,000
Share issue costs	-	(67,320)	-	26,350	-	(40,970)	-	(40,970)
Flow through premium	-	(72,200)	-	-	-	(72,200)	-	(72,200)
Expiry of finder's options	-	-	-	(43,787)	43,787	-	-	-
Expiry of warrants	-	-	**(10,150)**	-	10,150	-	-	-
Stock-based compensation	-	-	-	-	419,400	419,400	-	419,400
Shares to be issued	-	130,000	-	-	-	130,000		130,000
Net loss and comprehensive loss	-	-	-	-	-	-	(1,103,215)	(1,103,215)
Balance, October 31, 2016	**70,771,470**	**41,466,821**	**61,000**	**26,350**	**10,392,314**	**51,946,485**	**(38,528,847)**	**13,417,638**

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

Everton Resources Inc.
Consolidated Statements of Cash Flows
(*Expressed in Canadian dollars)*

	Year ended October 31, 2016	Year ended October 31, 2015
	$	$
OPERATING ACTIVITIES		
Net loss for the period	**(1,103,215)**	(4,451,352)
Adjustments for:		
Income tax recovery	**(54,665)**	(109,751)
Gain on sale of marketable securities	**-**	(15,880)
Stock based compensation	**419,400**	-
Impairment of royalty	**-**	30,000
Loss on sale of mineral property	**-**	1,214,355
Write-down of mineral exploration properties and exploration and evaluation assets	**281,230**	2,886,977
Unrealized loss on financial assets at fair value through profit and loss	**(3,178)**	(9,220)
Changes in working capital items (Note 12)	**(212,598)**	(53,861)
Net used in operating activities	**(673,026)**	(508,732)
INVESTING ACTIVITIES		
Sale of marketable securities	**-**	32,381
Sale of exploration and evaluation assets	**-**	400,000
Reimbursement of exploration expenditures		250,000
Exploration and evaluation costs	**(290,556)**	(324,121)
Option payments received	**60,000**	60,000
Net cash (used in) from investing activities	**(230,556)**	418,261
FINANCING ACTIVITIES		
Long-term accounts payable	**-**	-
Issuance of common share and warrants	**559,250**	-
Issuance of flow through shares	**361,000**	-
Share issue costs	**(40,970)**	-
Net cash provided by (used in) financing activities	**879,280**	-
Effect of exchange rate fluctuations on cash	**-**	(54,522)
Change in cash	**(24,302)**	(144,993)
Cash, beginning of the year	**296,506**	441,499
Cash, end of the year	**272,204**	296,506

Supplemental cash flow information is provided in Note 12

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

1. NATURE OF OPERATIONS

Everton Resources Inc. ("Everton", or the "Company") was incorporated under the Business Corporations Act (Alberta) on November 7, 1996 and commenced operations on December 19, 1996. In November 2002, the Company commenced its current nature of operations which involves the acquisition, exploration, and evaluation of mineral resource properties. Everton and its subsidiaries (the "Company") are in the exploration stage and do not derive any revenue from the exploration and evaluation of their properties. The address of the Company's corporate office is 5460 Canotek Road, Suite 99, Ottawa, Ontario, Canada, K1J9G9. The Company's common shares are listed for trading on the TSX Venture Exchange ("TSX-V"') under the symbol "EVR".

2. BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Standards Board ("IFRIC"). The accounting policies applied in these consolidated financial statements are presented in note 3 and have been applied consistently to all years unless otherwise noted.

The preparation of the consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgements in applying the Company's accounting policies. The areas involving a higher degree of judgements or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2(c).

These consolidated financial statements were authorized for issue by the Board of Directors on February 22, 2017.

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for the available-for-sale financial instruments and financial assets at fair value through profit or loss which are measured at fair value, and are expressed in Canadian dollars.

(c) Significant accounting judgements, estimates and assumptions

The preparation of these consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgments, estimates, and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the consolidated financial statements.

2. **BASIS OF PRESENTATION** (Cont'd)

Significant management judgments

The following are significant management judgments in applying the accounting policies of the Company and have the most significant effect on the consolidated financial statements.

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgments. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgments based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

The Company's business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will ultimately result in profitable mining operations. The recoverability of the carrying value of mineral property interests and the Company's continued existence is dependent upon the preservation of its interests in the underlying properties it acquires, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively, upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs to the carrying values of the Company's assets, in particular its mineral property interests. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has interests, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. The Company's properties may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims and non-compliance with regulatory and environmental requirements.

2. BASIS OF PRESENTATION (Cont'd)

These consolidated financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions.

As a result of limited working capital and continuing losses, the Company will require additional financing, through various means including but not limited to equity financing, to continue the exploration program on its properties and/or to acquire additional exploration properties, and to meet its general and administrative costs. There is no assurance that the Company will be successful in raising the additional required funds. These conditions represent a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern. In the event that the Company is not able to secure additional financing and continue as a going concern, material adjustments would be required to the carrying value of assets and liabilities and the statement of financial position classification used

Contingencies

By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential quantum of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgments to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

Functional currency

The functional currency for the parent entity, and each of its subsidiaries, is the currency of the primary economic environment in which the entity operates. The parent entity has determined the functional currency of each entity is the Canadian dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the parent entity reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

<u>Estimates and assumptions</u>

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of exploration and evaluation assets and mineral expenditures

Management determines at each reporting period whether there are any indicators of impairment. If there are indicators, the carrying value of the investment in exploration and evaluation assets and/or mineral exploration properties is compared to the recoverable amount to calculate the amount of impairment. If no indicators of impairment are identified, no impairment test is performed.

2. BASIS OF PRESENTATION (Cont'd)

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgments and a number of estimates and interpretations in many cases.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated.

In assessing impairment, the Company must make estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expense will be recovered from either future exploration or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

The total write-off of the exploration and evaluation assets recognized in profit or loss amounts to $281,230 for the year ended October 31, 2016 (October 31, 2015–$2,886,977). No reversal of impairment losses has been recognized in either year. All of the Company's secondary properties remain in the renewal process and the Company intends to continue exploration when, the concessions are granted and available funding is obtained. As a result, these properties remain fully impaired. During 2016, the renewal process was completed for the La Cueva (now Mermejal) Ampliación Pueblo Viejo (now Cabirmadel Cerro) and the Ponton (now Arroyo Carpintero) concessions. Should the Company be successful in raising capital for an exploration program on these properties, management will assess if a reversal of impairment is appropriate.

See note 6 for exploration and evaluation assets impairment analysis.

Warrants and share-based payments

The estimation of warrants and share-based payment costs requires the selection of an appropriate valuation model and data and consideration as to the volatility of the Company's share price, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model (note 11).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Everton Resources Inc. is the ultimate parent company of the consolidated group. Subsidiaries are consolidated from the date on which the Company obtains control and continue to be consolidated until control ceases. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

Where the ownership of a subsidiary is less than 100%, and a non-controlling interest thus exists, any losses of that subsidiary are attributed to the non-controlling interests even if that results in a deficit. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

An associate is an entity in which the Company or its subsidiaries have significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in, without having control over, the financial and operating policy decisions of the entity, and generally exists where between 20% and 50% of the voting power of the entity is held by the Company. As at October 31, 2016, and October 31, 2015, the Company did not have any associates.

During the year ended October 31, 2015, the Company transferred the ownership of Tropical Resources S.A. to an arms-length company for no consideration. At the time of the transfer the Company had no assets or liabilities, or concessions under renewal in it.

The subsidiaries of the Company at October 31, 2016, and their principal activities are described below:

Name of subsidiary	Place of incorporation	Ownership interest	Principal activity
Everton Minera Dominicana S.A.	Dominican Republic	100%	Exploration Company
Pan Caribbean Metals Inc.	British Virgin Islands	100%	Holding Company
Dominican Metals Inc.	British Virgin Islands	100%	Holding Company
Everton Dominicana (2014) Inc.	Canada	100%	Exploration Company
Linear Gold Caribe S.A.	Dominican Republic	100%	Exploration Company
Hays Lake Gold Inc.	Canada	100%	Exploration Company

Everton Minera Dominicana S.A., Linear Gold Caribe S.A. and Hays Lake Gold Inc. remain inactive exploration companies.

(b) Business combinations

Business combinations are accounted for using the acquisition method. For each business combination at the acquisition date, the Company recognizes at fair value all of the identifiable assets acquired, the liabilities assumed, the non-controlling interest in the acquiree and the aggregate of the consideration transferred, including any contingent consideration to be transferred. When the fair value of the consideration transferred and the amount recognized for non-controlling interest exceeds the net amount of the identifiable assets acquired and the liabilities assumed measured at fair value (the "net identifiable assets"), the difference is treated as goodwill. After initial recognition, goodwill is measured at its initial cost from the acquisition date, less any accumulated impairment losses. Goodwill is reviewed annually for impairment or when there is an indication of potential impairment. If the fair value of the Company's share of the net identifiable assets exceeds the fair value of the consideration transferred and non-controlling interest at the acquisition date, the difference is immediately recognized in net income (loss). If the business combination is achieved in stages, the acquisition date fair value of the previously held interest in the acquiree is re-measured to fair value as at the acquisition date through net income (loss). The Company does not currently have goodwill.

Acquisition costs are expensed as incurred in net income (loss). Costs associated with the issuance of equity are charged to the relevant account within equity.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, and attributed to the shareholders of the Company, through contributed surplus.

(c) Foreign currency translation

The consolidated financial statements are presented in Canadian dollars. The Company has foreign operations in the Dominican Republic.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Monetary assets and liabilities denominated in foreign currencies are translated to the spot rate of exchange ruling at the reporting date. All differences are taken to the statement of loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the initial transaction. Non-monetary items measured at a revalued amount in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Exchange differences resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss.

(d) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Loans and receivables;
- Financial assets at fair value through profit or loss;
- Held-to-maturity investments; and
- Available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income/(loss) (all income and expenses relating to financial assets that are recognized in profit or loss are presented within interest income or interest expenses).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and accounts receivable fall into this category of financial instruments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at fair value through profit or loss include financial assets that are either classified as held-for-trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. The Company's marketable securities and warrants fall into this category of financial instruments. Assets in this category are measured at fair value with gains or losses recognized in profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity. The Company has no financial assets in this category.

Held-to-maturity investments are measured subsequently at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company has no financial assets in this category.

All available-for-sale financial assets are measured at fair value. Unrealized gains and losses are recognized in other comprehensive income/(loss), except for impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognized in other comprehensive income/(loss) is reclassified to profit or loss and presented as a reclassification adjustment within other comprehensive income/(loss). Interest calculated using the effective interest method and dividends are recognized in profit or loss within interest income.

Reversals of impairment losses are recognized in other comprehensive income/(loss).

Impairment of financial assets

All financial assets, except for those at fair value through profit or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

For available-for-sale financial investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of marketable securities designated as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Company evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available features of shared credit risk characteristics. The percentage of the write-down is then based on recent historical counterparty default rates for each identified group. Impairment of receivables are presented in profit or loss.

Financial liabilities

The Company's financial liabilities include accounts payable and accrued liabilities.

Financial liabilities are measured subsequently at amortized cost using the effective interest method.

All interest-related charges are reported in profit or loss within interest expense.

(e) Mineral exploration properties and exploration and evaluation assets

Mineral exploration properties include the cost of acquiring mining rights. Exploration and evaluation assets include expenses directly related to the exploration and evaluation activities. These costs are capitalized and are carried at cost less any impairment loss recognized.

Costs incurred before the legal right to undertake exploration and evaluation activities on a project was acquired, are expensed in the consolidated statement of comprehensive income/(loss).

Mining rights and expenses related to exploration and evaluation activities are capitalized on a property by property basis pending determination of the technical feasibility and commercial viability of the project. No amortization is recognized during the exploration and evaluation phase. Costs capitalized include drilling, project consulting, geophysical, geological and geochemical studies, as well as other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource.

Whenever a project is considered no longer viable or is abandoned, the capitalized amounts are written down to fair value less cost of disposal.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, mining rights and expenses related to exploration and evaluation activities of the related mining property are transferred to mining assets under construction. Before the reclassification, mineral exploration properties and exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

Upon transfer of exploration and evaluation assets into mining assets under construction, all subsequent expenditures on the construction, installation or completion of infrastructure facilities are capitalized with mining assets under construction. After the development stage, all assets included in mining assets under construction are transferred to mining assets and amortized over the expected productive lives of the assets.

Farm-outs in the exploration and evaluation phase

The Company does not record any expenditures made by the farmee on its account. It does not recognize any gain or loss on its exploration and evaluation farm-out arrangements, but redesignates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained. Any cash considerations received directly from the farmee is credited against costs previously capitalized in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Impairment of non-financial assets

Impairment assessment and testing is done at the level of a cash generating unit ("CGU"). The Company considers each mineral property to be a separate CGU, and therefore assesses for indicators of impairment individually for each mineral property.

The Company assesses non-financial assets including mineral property assets and exploration equipment for impairment when facts and circumstances suggest that the carrying amount of the asset may not exceed its recoverable amount, being the higher of the value in use and the fair value less costs to sell. In assessing value in use, the estimated future cash flows associated with the asset 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 the estimates of future cash flows have not been adjusted. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount with the impairment recognized immediately in net income (loss).

Where an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, subject to the amount not exceeding the carrying amount that would have been determined had impairment not been recognized for the asset in prior periods. Any reversal of impairment is recognized immediately in net income (loss).

(g) Cash and cash equivalents

Cash and cash equivalents includes cash in interest-bearing accounts with high credit quality financial institutions, and an original maturity of three months or less. As at October 31, 2016 and 2015, the Company did not have any cash equivalents.

(h) Provisions, contingent liabilities and contingent assets

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed — for example, under an insurance contract — the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs in the statement of loss.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Rehabilitation and environmental provision

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production 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 in the carrying amount of the asset at the start of each project as soon as the obligation to incur such costs arises. Discount rates using a pre-tax

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. The Company had no material provisions as at October 31, 2016, and October 31, 2015.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination. In a business combination, contingent liabilities are recognized in the course of the allocation of the purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognized, less any amortization.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

In the normal conduct of operations, the Company is party to litigation and potential litigation, the outcome of which is not determinable. It is in management's opinion that these matters will not materially affect the Company.

Any contingent liabilities or assets will be recorded by management in the period in which management has been able to reasonably quantify the asset or liability and the amount of cash inflow or outflow resulting from the contingent asset or liabilities can be reasonably assured.

(i) Equity-settled share-based payment transactions

The Company operates an equity-settled share-based remuneration plan (stock option plan) for directors, officers, employees and certain consultants. The Company's plan does not feature any options for a cash settlement. Occasionally, the Company may issue warrants to brokers. The Company also issues shares for goods or services.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values. Where employees, or consultants providing similar services, are rewarded using share-based payments, the fair values of the services rendered are determined indirectly by reference to the fair value of the equity instruments granted. The fair value is measured at the grant date and if applicable, recognized over the vesting period. 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. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting. Share-based payment expense incorporates an expected forfeiture rate.

Share-based payment arrangements in which the Company receives properties, goods or services as consideration for its own equity instruments are measured at the fair value of the properties, goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

All share-based payments under the plan are ultimately recognized as an expense in net loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to contributed surplus, in equity. Upon exercise of a stock option, the original value of the options plus any proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the share options recorded in contributed surplus are then transferred to share capital. Warrants issued to brokers are recognized as issuance cost of equity instruments with a corresponding credit to warrants, in equity.

Options Issued to key management and employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the expected term of the option.

Options Issued to service providers

Options issued to service providers, are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted, using a valuation model.

(j) Equity

Share capital represents the amount received on the issue of shares. Transaction costs directly attributable to the issuance of common shares are recognized as a reduction of share capital.

Proceeds from unit placements are allocated between shares and warrants issued according to their fair value using the proportional method.

Flow-through placements
Issuance of flow-through units represents in substance an issue of common shares, warrants and the sale of the right to tax deductions to the investors. When the flow-through shares are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the consolidated statement of financial position. The proceeds received from flow-through units are allocated between share capital, warrants, and the liability using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and then to warrants according to the estimated fair value of the warrants at the time of issuance and any residual in the proceeds is allocated to other liability. The fair value of the warrants is estimated using the Black-Scholes valuation model. When eligible expenses are incurred and the Company has the intention to renounce its right to tax deductions to the investors, the amount recognized in other liabilities is reversed and is recognized in profit or loss in reduction of deferred income tax expense. A deferred tax liability is also recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset and its tax basis.

Warrants include charges related to the issuance of warrants until such equity instruments are exercised or expire.

Contributed surplus includes charges related to stock-based compensation until such equity instruments are exercised. Contributed surplus also includes all expired options and warrants previously issued.

Accumulated other comprehensive income/(loss) includes the available-for-sale assets reserve. Unrealized gains and losses on available-for-sale financial assets are recognized in this reserve.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Accumulated deficit includes all current and prior period net income or losses.

(k) Income taxes

Tax expense recognized in net loss comprises the sum of deferred and current tax not recognized in other comprehensive loss or directly in equity.

Current income taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income taxes

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

Deferred tax assets and liabilities are recognized for all temporary differences except:

- Where the temporary difference arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, that affects neither the accounting profit nor taxable profit (loss).
- In respect of temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venture and it is probable that the temporary differences will not be reversed in the foreseeable future.

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

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

Deferred tax relating to items recognized in other comprehensive income or equity is recognized in other comprehensive loss or equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Sales tax

Revenues, expenses, assets and liabilities are recognized net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(l) Loss per share

Basic loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion or exercise of securities only when such conversion or exercise would have a dilutive effect on loss per share. The diluted loss per share is equal to the basic loss per share because the effect of warrants, finder's options and stock options (Notes 9, 10 and 11) is antidilutive.

(m) Segmented reporting

The Company is organized into business units based on mineral properties and has one business segment, being the acquisition, exploration and evaluation of mineral properties.

(n) Employee benefits

The cost of short-term employee benefits (including non-monetary benefits such as group medical and dental insurance) are recognized in the period in which the service is rendered and are not discounted.

(o) Standards, amendments and interpretations not yet effective

Future Changes in Accounting Policies Not Yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for the October 31, 2016 reporting period. Updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company is currently assessing the impact of these new standards, if any, on its consolidated financial statements.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

IFRS 11 - Joint Arrangements ("IFRS 11") was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality considerations apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016.

IAS 38, Intangible Assets and IAS 16, Property, Plant and Equipment were amended in May 2014 to introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. The amendment is effective for annual periods beginning on or after January 1, 2016.

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

4. Cash

On June 24, 2016 and July 14, 2016, the Company completed two private placements that included proceeds of $365,500 from the issuance of flow through shares. These proceeds are subject to the tax rules which require the money to be spent on eligible exploration expenditures (Note 18). As at October 31, 2016, the Company incurred $203,633 of eligible expenditures and is required to incur an additional $161,867 by December 31, 2017.

As at October 31, 2016, included in the Company's cash balance of $272,204 (2015 - $296,506) is $192,906 (2015 -$Nil) of cash reserved for eligible flow through expenditures.

5. MARKETABLE SECURITIES AND WARRANTS

All of the listed securities held by Everton, with the exception of the common shares and warrants in Majescor Resources Inc. ("Majescor"), were acquired through prior year's property option and sales transactions with the below listed companies. The Company does not normally purchase shares of publicly listed companies on the open market.

(Expressed in Canadian dollars)

5. MARKETABLE SECURITIES AND WARRANTS (Cont'd)

The following securities were included in marketable securities and warrants:

	October 31, 2016 Fair value	October 31, 2015 Fair value
	$	$
Augyva Inc. - 25,000 common shares	**3,000**	2,500
Majescor Resources Inc. - 250,000 common shares	**17,500**	12,500
Marketable securities	**20,500**	15,000
Majescor Resources Inc. - 250,000 warrants	**7,778**	10,100
Marketable securities and warrants	**28,278**	25,100

In July 2015, the Company sold 330,000 common shares in Electra Gold limited for gross proceeds of $33,000. The Company realized a gain on the sale of the investments of $15,880. The Company no longer holds any shares in Electra Gold Limited.

On July 29, 2015, Majescor Resources Inc. extended the 250,000 warrants for a period of three years. The warrants are exercisable at $0.10 and expire on August 12, 2018.

6. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS

	October 31, 2016		October 31, 2015	
	Mineral exploration properties	**Exploration and evaluation assets**	Mineral exploration properties	Exploration and evaluation assets
	$	**$**	$	$
Dominican Republic				
b) Cabirma del Cerro	**2,469,402**	**7,734,125**	2,469,402	7,717,585
Canada (Quebec)				
e) Opinaca	**260,450**	**2,817,207**	320,452	2,817,207
f) Detour Lake	**85,989**	**141,299**	-	-
	346,439	**2,958,506**	320,452	2,817,207
TOTAL	**2,815,841**	**10,692,631**	2,789,854	10,534,792

Dominican Republic

a) Mermejal (Formerly La Cueva), Dominican Republic

During the year ended October 31, 2015, a 100% impairment was taken on this property. As at October 31, 2016, there were no further exploration and evaluation expenditures incurred on the property and no reversal of impairments.

6. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS (Cont'd)

b) Cabirmadel Cerro ("CdC") (Formerly Ampliación Pueblo Viejo, La Lechoza), Dominican Republic

During the year ended October 31, 2014, the Company wrote down the cost of La Lechoza concessions to $Nil as there is no exploration program scheduled by management for this project. The Company has retained these concessions and fully intends to re-evaluate exploration activities on them in the future.

The Cabirmadel Cerro concession remains the Company's main property and will be further explored as soon as an exploration partner is identified.

c) Arroyo Carpintero (Formerly Ponton), Dominican Republic

Everton holds 100% of the Arroyo Carpintero concession.

During the year ended October 31, 2015, a 100% impairment was taken on this property. As at October 31, 2016, there were no further exploration and evaluation expenditures incurred on the property and no reversal of impairments.

As at October 31, 2016, the Company had prepaid $50,000 of exploration expenditures (2015 - $Nil).

d) Other

Other properties consist of several eastern Dominican Republic concessions under renewal. As of October 31, 2016, the Company incurred $130,000 (2015 - $3,204) in write-downs on other properties.

<u>Canada, Quebec</u>

e) Opinaca

On December 9, 2004, Everton signed an option agreement with Azimut Exploration ("Azimut") to initially earn a 50% undivided interest in the Opinaca property by incurring a minimum $2,800,000 in exploration work and making cash payments totaling $180,000 over 5 years. Everton has earned 50% of the property to date.

On November 15, 2011 (amended on November 1, 2013), the Company and Azimut executed an option agreement with Hecla Mining Company, formerly Aurizon Mines Ltd., ("Hecla") whereby Hecla can acquire an initial 50% ownership interest in the Opinaca property (leaving each of Everton and Azimut with 25%), in which Everton and Azimut currently each hold an undivided 50% interest, by making total cash payments of $580,000, ($290,000 payable to Everton), and incurring exploration expenditures of $6,000,000, including a minimum of 3,800 metres of drilling prior to November 15, 2013 and 1,200 metres of drilling prior to November 15, 2014. Hecla may then elect to earn an additional interest of 10%, for a total interest of 60% (leaving each of Everton and Azimut with 20%), by making cash payments totaling $300,000 ($150,000 payable to Everton) over three years from the election date, incurring exploration expenditures totaling $3,000,000 over three years

(Expressed in Canadian dollars)

6. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS (Cont'd)

from the election date, and delivering an independent pre-feasibility study on or before the fourth anniversary of the second option.

Hecla will be the operator during the earn-in period for the initial 50% interest in the property after which a joint venture will be formed.

In addition, in the event that, prior to the end of the eighth year of the initial option agreement, mineral resources of at least 2,000,000 ounces of gold, at an average grade of at least 6.0 g/t Au, are estimated with at least 1,000,000 ounces as measured or indicated, Hecla shall make a payment of $1,500,000 ($750,000 to Everton), payable in Hecla common shares, subject to regulatory approval.

Date		Cash payments		Exploration expenditures	Meters of drilling
On approval from the TSX Venture Exchange (received)	$	50,000	$	-	-
On November 15, 2012 (received and expenses incurred)	$	60,000	$	1,000,000	-
On November 15, 2013 (received and expenses incurred)	$	60,000	$	2,190,000	3,800
On November 15, 2014 (received and expenses incurred)	$	60,000	$	350,000	1,200
On November 15, 2015 (received and expenses incurred)	$	60,000	$	820,000	-
On November 15, 2016 (received and expenses incurred)	$	-	$	820,000	-
On November 15, 2017	$	-	$	820,000	-
	$	290,000	$	6,000,000	5,000

The cash payments in the table relate to the cash payments to be made by Hecla to Everton and do not include cash payments made by Hecla to Azimut.

f) Detour Lake

On April 27, 2016, the Company staked certain claims in the James Bay Region of Quebec.

Everton has purchased a list of targets on the areas of interest by issuing 1,700,000 common shares valued at $76,000 based on the trading price of the shares on the date of the transaction and by paying $100,000 to Diagnos Inc. ("Diagnos"), as well as, a 2% royalty on the net return of the smelting revenues associated with the minerals and concentrates to be extracted from the concessions identified by Diagnos. The purchase agreement stipulates that Everton may, at any time, reduce the royalty from 2% to 1% by paying $1,000,000.

g) Wildcat

On May 20, 2015, Hecla purchased Everton's remaining interest in the Wildcat property for $400,000. As part of the transaction Everton issued Hecla 2,000,000 common shares to retain a 1% NSR. Hecla reserved the right to purchase one half (1/2) of the NSR by paying Everton the sum of $500,000. The NSR was valued at $30,000 based on the fair value of the Company's common shares on the day of the sale. During the year ended October 31, 2015, the value of the NSR was considered fully impaired and an impairment of royalty was recorded in the consolidated statement of loss. A loss of $1,214,355, was recorded in the consolidated statement of loss related to the disposal of the Wildcat property in the year ended October 31, 2015 (2014 - $Nil).

6. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS (Cont'd)

On August 11, 2016, Helca Quebec transferred the Wildcat 1 and 2 properties, back to Everton. All the rights, titles, and interests in the property have been transferred to Everton in consideration of a 1.0% NSR on the properties. Everton reserves the right to purchase one half (1/2) of one percent (1%) of the NSR royalty, by paying to Hecla the sum of $500,000.

During the year ended October 31, 2016, the Company had an impairment expense of $34,640 on this property.

Canada, Ontario

h) Blue Sky Jackpot Lithium Property

On May 17, 2016, the Company entered into an option agreement with an arm's length vendor to acquire a 100% interest in the Blue Sky Jackpot lithium property in the Thunder Bay Mining District of Ontario.

The Agreement also requires an aggregate issuance of 2,000,000 common shares of Everton over a two-year period and maintenance of all of the claims in good standing for the duration of the Agreement. Everton will issue the common shares as follows: 400,000 common shares on signing and TSX Venture Exchange approval of the Agreement (issued and valued at $28,000 based on the trading price of the shares on the date of the transaction), 600,000 common shares on the first anniversary thereof and 1,000,000 common shares on the second anniversary thereof.

Under the terms of the option to purchase agreement, the Blue Sky Jackpot lithium property is subject to a 2% NSR, 50% of which can be purchased by Everton for $1,000,000.

As at October 31, 2016, the Company had an impairment expense of $36,615 (2015 - $Nil) on this property.

i) Other

During the year ended October 31, 2016, the Company incurred exploration and evaluation expenditures of $49,078 (2015 - $Nil) on prospective properties that were not acquired by the Company.

(Expressed in Canadian dollars)

6. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS (Cont'd)

The following table reflects the changes to mineral exploration properties and exploration and evaluation assets for the year's ended October 31, 2016, and 2015:

	Year ended October 31, 2016	Year ended October 31, 2015
	$	$
Balance, beginning of the year	**13,324,646**	17,748,385
Additions		
Assaying	**4,593**	(3,335)
Project consulting	**-**	1,155
Geological survey	**24,500**	360,176
Geophysical survey	**79,300**	-
Date and report preparation	**52,750**	-
Renewal of licenses and permits	**15,151**	26,354
General field expenses	**93,879**	3,243
	270,173	387,593
Acquisition of mineral exploration properties	**254,883**	-
Write-down of exploration properties and evaluation assets	**(281,230)**	(2,886,977)
Loss on mineral property sold	**-**	(1,214,355)
Recovery of prior years exploration expenditures	**-**	(250,000)
Proceeds from mining properties sold	**-**	(400,000)
Option payments received	**(60,000)**	(60,000)
	(86,347)	(4,811,332)
Balance, end of the year	**13,508,472**	13,324,646
Mineral exploration properties	**2,815,841**	2,789,854
Exploration and evaluation assets	**10,692,631**	10,534,792
Exploration properties and evaluation assets	**13,508,472**	13,324,646

7. FLOW THROUGH SHARE PREMIUM LIABILITY

The Company periodically issues flow through shares, to fund Canadian exploration programs, with any resulting flow through premium recorded as a flow through share premium liability. The liability is subsequently reduced when the required exploration expenditures are made, and accordingly, a recovery of flow through premium is recorded as income. Based on Canadian tax law, the Company is required to spend the amounts raised on eligible exploration expenditures by the end of the year subsequent to the date of the expenditures were renounced (Note 4).

The Company indemnifies the subscriber of flow-through shares for certain tax related amounts that may become payable as a result of the Company not fulfilling its obligations related to incurring flow-through funds on qualified expenditures

(Expressed in Canadian dollars)

7. FLOW THROUGH SHARE PREMIUM LIABILITY (Cont'd)

The following is a continuity schedule of the liability portion of the flow-through share issuances.

	Issued on June 24, 2016	Issued on July 14, 2016	Total
Balance November 1, 2015	**$ -**	**$ -**	**$ -**
Premium liability incurred on flow-through shares (Note 8)	12,100	60,100	72,200
Reduction of flow-through share liability on incurred qualifying expenditures (Note 4 and 18)	(12,100)	(28,125)	(40,225)
Balance October 31, 2016	**$ -**	**$ 31,975**	**$ 31,975**

8. SHARE CAPITAL

Authorized

The authorized capital of the company consists of unlimited common shares without par value.

The holders of common shares are entitled to receive dividends (if any) which may be declared from time to time, and are entitled to one vote per share at Everton's shareholder meetings. All shares are ranked equally with regards to the Company's residual assets.

Issued

Balance, October 31, 2014	**48,388,345**	**40,472,441**
Shares issued for the acquisition of the Wildcat royalty	2,000,000	30,000
Balance, October 31, 2015	**50,388,345**	**40,502,441**
Shares issued for exploration data (i)	1,700,000	76,500
Shares issued for mining rights (iii)	400,000	28,000
Shares issued on private placement (ii,iv,v)	18,080,000	843,000
Shares issued on exercise of warrants (vi)	203,125	26,400
Shares to be issued	-	130,000
Share issue costs	-	(67,320)
Flow through premium	-	(72,200)
Balance, October 31, 2016	**70,771,470**	**41,466,821**

<u>2016 issuance</u>

(i) On April 27, 2016, the Company issued 1,700,000 common shares as part of the purchase price of a list of exploration targets on the areas of interest on the Detour Lake property (Note 6(f)).

(ii) On June 24, 2016, the Company announced the closing of the first tranche of its non-brokered private placement by issuing 8,070,000 units for gross proceeds of $403,500. Each unit consisted of one common share at a price of $0.05 and one-half common share purchase warrant. Each whole warrant entitles the holder thereof to acquire one additional common share at a price of $0.07 per common share for a period of twenty-four months.

8. SHARE CAPITAL (Cont'd)

The 4,035,000 warrants issued in connection to the private placements listed above have been recorded at a value of $48,000 based on the proportional method based on the Black-Scholes option pricing model, using the following assumptions: share price of $0.0375, an average exercise price of $0.07, risk free interest rate of 0.57%, expected life of warrants of 2 years, annualized volatility rate of 151.90% (based on the Company's historical volatility for 2 years up to the issuance date) and dividend rate of 0%.

The Company has also issued 1,210,000 flow through common shares at a price of $0.05 per share for gross proceeds of $60,500 of which $45,980 was recorded in share capital and the remaining $14,520 was recorded as a flow through share premium liability (Note 7).

In connection with the private placement, the Company paid a cash finder's fee of $36,120. A total of 722,400 broker warrants were issued to the finders, with each broker warrant entitling the finder to purchase a broker unit of the Company at a price of $0.05 per broker unit for a period of two years from the date of closing of the private placement. Each broker unit comprises one common share and one half of a broker unit warrant. Each broker unit warrant entitles the finder to purchase one common share at an exercise price of $0.07 per common share for a period of twenty-four months from the closing date.

The finders' warrants have been recorded at a value of $26,000 based on the proportional method based on the Black Scholes option pricing model, using the following assumptions: share price of $0.036, an average exercise price of $0.05, risk free interest rate of 0.57%, expected life of warrants of 2 years, annualized volatility rate of 151.90% (based on the Company's historical volatility for 2 years up to the issuance date) and dividend rate of 0%.

(iii) On June 30, 2016, the Company issued 400,000 common shares as part of the Blue Sky Jackpot Lithium option agreement (Note 6(h)).

(iv) On July 14, 2016, the Company announced the closing of the second and final tranche of its non-brokered private placement by issuing 2,400,000 units for gross proceeds of $120,000. Each unit consisted of one common share at a price of $0.05 and one-half common share purchase warrant. Each whole warrant entitles the holder thereof to acquire one additional common share at a price of $0.07 per common share for a period of twenty-four months.

The 1,200,000 warrants issued in connection to the private placements listed above have been recorded at a value of $13,000 based on the proportional method based on the Black-Scholes option pricing model, using the following assumptions: share price of $0.0384, an average exercise price of $0.07, risk free interest rate of 0.58%, expected life of warrants of 2 years, annualized volatility rate of 132.10% (based on the Company's historical volatility for 2 years up to the issuance date) and dividend rate of 0%.

The Company has also issued 6,010,000 flow through common shares at a price of $0.05 per share for gross proceeds of $300,500 of which $228,380 was recorded in share capital and the remaining $51,285 was recorded as a flow through share premium liability (Note 7).

(Expressed in Canadian dollars)

8. SHARE CAPITAL (Cont'd)

(v) On August 4, 2016, the Company announced the closing of its non-brokered private placement by issuing 300,000 units for gross proceeds of $15,000. Each unit consisted of one common share at a price of $0.05 and one-half common share purchase warrant. Each whole warrant entitles the holder thereof to acquire one additional common share at a price of $0.07 per common share for a period of twenty-four months.

In connection with the private placement, the Company paid a cash finder's fee of $1,200. A total of 24,000 broker warrants was issued to the finders, with each broker warrant entitling the finder to purchase a broker unit of the Company at a price of $0.07 per broker unit for a period of two years from the date of closing of the private placement. Each broker unit comprises one common share and one half of a broker unit warrant. Each broker unit warrant entitles the finder to purchase one common share at an exercise price of $0.07 per common share for a period of twenty-four months from the closing date

The finders' warrants have been recorded at a value of $350 based on the proportional method based on the Black Scholes option pricing model, using the following assumptions: share price of $0.037, an average exercise price of $0.07, risk free interest rate of 0.58%, expected life of warrants of 2 years, annualized volatility rate of 166.53% (based on the Company's historical volatility for 2 years up to the issuance date) and dividend rate of 0%.

(vi) On August 10, 2016, 203,125 common share purchase warrants were exercised for gross proceeds of $16,250. The warrants had an exercise price of $0.08 and an expiry date of September 30, 2016.

<u>2015 issuances</u>

On May 20, 2015, the Company announced the sale of its 50% interest in the Wildcat Property in Quebec to Hecla for $400,000. Everton was also granted a 1% NSR on ore produced and sold from the property, in exchange for 2,000,000 common shares of the Company (Note 6(g)).

9. WARRANTS

The following table reflects the continuity of warrants:

		$
Balance, October 31, 2014	**2,999,634**	**0.64**
Expired	(698,384)	1.75
Balance, October 31, 2015	**2,301,250**	**0.30**
Issued as part of a private placement (Note 8)	5,385,000	0.07
Exercised	(203,125)	0.08
Expired	(203,125)	0.08
Balance, October 31, 2016	**7,280,000**	**0.10**

On March 6, 2016, the Company extended and repriced 1,895,000 common share purchase warrants with a new expiry date of March 6, 2018. The warrants were originally set to expire on March 6, 2016, and had an exercise price of $0.35. Of the 1,895,000 warrants, a total of 1,319,500 of the warrants have been repriced and have a new exercise price of $0.10, while the remaining 575,500 warrants remain exercisable at $0.35.

(Expressed in Canadian dollars)

9. WARRANTS (Cont'd)

As at October 31, 2016, the following warrants were issued and outstanding:

Number of warrants	Carrying Value	Exercise price	Expiry date
	$	$	
150,000	-	0.07	August 4, 2018
1,319,500	-	0.10	March 6, 2018
575,500	-	0.35	March 6, 2018
4,035,000	48,000	0.07	June 24, 2018
1,200,000	13,000	0.07	July 14, 2018
7,280,000	**61,000**		

10. FINDER'S OPTIONS

A summary of changes of the Company's finder's options issued as compensation is presented below:

	October 31, 2016		October 31, 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Balance, beginning of the year	151,600	0.20	151,600	0.20
Expired	(151,600)	0.20	-	-
Issued on private placement	746,400	0.07	-	-
Balance, end of the year	**746,400**	**0.07**	**151,600**	**0.20**

11. STOCK OPTION PLAN

Under the terms of the Company's stock option plan (the "Plan"), all options are granted with an exercise price not lower than the closing market price on the day immediately preceding the date of grant. The term of options is determined by the Board of Directors with a maximum term of 5 years These options may be granted to the Company's employees, officers, directors, and persons providing ongoing services to the Company, and are subject to regulatory approval.

On August 16, 2016, the shareholders approved an amendment to the stock option plan. Under the "rolling" 10% Stock Option Plan, the number of common shares which may be reserved under the Plan is limited to 10% of the aggregate number of common shares of the Corporation issued and outstanding, as the case may be.

Options are cancelled 12 months following the termination of the optionee's employment, office, directorship, or consulting arrangement. Vesting of options is made at the discretion of the Board of Directors at the time the options are granted. A summary of changes of the Company's options is presented below:

(Expressed in Canadian dollars)

11. STOCK OPTION PLAN (Cont'd)

	October 31, 2016		**October 31, 2015**	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
		$		**$**
Balance at beginning of the year	1,745,000	0.33	2,357,400	0.60
Expired	(160,000)	1.60	(215,000)	1.22
Cancelled	-	-	(397,400)	0.94
Issued	1,000,000	0.05	-	-
Issued	2,960,000	0.13	-	-
Balance at end of the year	**5,545,000**	**0.18**	**1,745,000**	**0.33**

On February 15, 2016, 160,000 stock options expired unexercised. The stock options had an exercise price of $1.60.

On April 14, 2016, the Company granted 1,000,000 stock options to directors, officers and consultants of the Company. The options have an exercise price of $0.05 and expire on April 14, 2021. The stock options have a Black-Scholes option pricing value of $60,500.

On August 16, 2016, the Company granted 2,960,000 stock options to officers, directors, consultant, and an employee of the Company at a price of $0.13 per share for a period of five years ending August 15, 2021.The stock options have a Black-Scholes option pricing value of $358,900.

During the year ended October 31, 2016, the Company realized $419,400 (2015 - $Nil) of stock based compensation expense. The stock options have a Black-Scholes option pricing value of $60,500 and $358,900 based on the assumptions below:

	April 14, 2016	August 16, 2016
Average share price at date of grant	$0.07	$0.14
Expected dividend yield	0.00%	0.00%
Expected share price volatility	124%	132%
Risk-free interest rate	0.89%	0.66%
Expected life of options	5 years	5 years
Average exercise price at date of grant	$0.05	$0.13
Stock options granted	1,000,000	2,960,000
Black-Scholes fair value	$0.06	$0.12
Vesting	Immediately	Immediately

The Company records a charge to the statement of comprehensive loss or exploration and evaluation assets using the Black-Scholes fair valuation option pricing model. The valuation is dependent on a number of estimates, including the risk free interest rate, the level of stock volatility, together with an estimate of the level of forfeiture. The level of stock volatility is calculated with reference to historic traded daily closing share prices at the date of issuance.

Option pricing models require the inputs of highly subjective assumptions including the expected price volatility. Changes to the subjective input assumptions can materially affect the fair value estimate and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's share options.

(Expressed in Canadian dollars)

11. STOCK OPTION PLAN (Cont'd)

The underlying expected stock price volatility is based on historical data of the Company's shares over a period the same length as the life of the stock options issued. The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of grant with an expiry commensurate with the expected life of the options.

The following table shows the stock options which were outstanding and exercisable as at October 31, 2016:

Outstanding			Exercisable	
Exercise price	**Options**	**Remaining contractual life** (in years)	**Options vested**	**Expiry date**
$1.00	180,000	0.66	180,000	7/30/2017
0.50	100,000	0.66	100,000	7/30/2017
0.50	80,000	1.08	80,000	11/30/2017
0.50	100,000	1.44	100,000	3/21/2018
0.20	1,125,000	2.36	1,125,000	3/11/2019
0.05	1,000,000	4.45	1,000,000	4/14/2021
0.13	2,960,000	4.79	2,960,000	08/15/2021
$ 0.18	**5,545,000**	**3.91**	**5,545,000**	

12. SUPPLEMENTAL CASH FLOW INFORMATION

	Year ended October 31, 2016	2015
		$
Changes in working capital are as follows:		
Accounts receivable	**(1,234)**	94,558
Prepaid expenses	**(40,854)**	12,659
Accounts payable and accrued liabilities	**(170,510)**	(161,078)
	(212,598)	(53,861)
Exploration and evaluation costs included in accounts payable and accrued liabilities	**73,189**	39,967
Shares issued for acqusition of exploration data	**76,500**	-
Shares issued for mineral exploration properties	**28,000**	-
Shares issued for net smelter royalty	**-**	30,000

During the year ended October 31, 2016 and October 31, 2015, the Company paid interest and income taxes of $Nil (October 31, 2015 - $Nil).

(Expressed in Canadian dollars)

13. INCOME TAXES

A) Provision for income taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2015 - 26.5%) were as follows:

	2016	2015
	$	$
Net loss before income tax	**(1,157,880)**	(4,561,103)
Statutory tax rate	**26.50%**	26.50%
Expected recovery of income tax	**(307,000)**	(1,209,000)
Non-deductible expenses	**165,000**	126,000
Change in benefits not recognized	**219,000**	(1,078,000)
Change in estimate and adjustments	**88,000**	295,000
Other	**(219,665)**	1,756,249
Income tax expense (recovery)	**(54,665)**	(109,751)
Current income tax (recovery) expense	**(54,665)**	(109,751)
Deferred income tax expense	**-**	-
Income tax expense (recovery)	**(54,665)**	(109,751)

B) Deferred income taxes

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

Canada

	2016	2015
	$	$
Unrecognized deferred tax assets:		
Non-capital losses carry forward	**11,672,000**	11,042,000
Mineral exploration properties and exploration and evaluation assets	**1,861,000**	1,654,000
Other temporary differences	**197,000**	176,000
Total unrecognized deductible temporary differences	**13,730,000**	12,872,000

(Expressed in Canadian dollars)

13. INCOME TAXES (Cont'd)

Dominican Republic

	2016	2015
	$	$
Recognized deferred tax assets and liabilities:		
Non-capital losses carry forward	**2,166,000**	2,161,000
Mineral property costs	**(2,166,000)**	(2,161,000)
Deferred income tax liability	**-**	-
Unrecognized deferred tax assets:		
Non-capital losses carry forward	**1,089,000**	1,117,000
Mineral property costs	**-**	-
Other temporary differences	**-**	-
Total unrecognized deductible temporary differences	**1,089,000**	1,117,000

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

Non-Capital Losses Carryforwards

The Company has non-capital losses for income tax purposes of approximately $11,673,000 (2015 - $11,042,000) in Canada and $8,652,000 (Dominican Peso $301,349,324) (2015 - $8,835,000, Dominican Peso $309,221,209) in Dominican Republic, which may be carried forward and offset against future taxable income.

As at October 31, 2016, the Company has income tax loss carry forwards of approximately $11,673,000 in Canada and $8,652,000 in the Dominican Republic. These losses expire as follows:

Expires in	Canada	Dominican Republic
	$	$
2017	-	653,000
2018	-	867,000
2019	-	1,007,000
2020	-	5,865,000
2026	1,022,000	260,000
2027	1,504,000	-
2028	1,308,000	-
2029	1,476,000	-
2030	1,678,000	-
2031	1,049,000	-
2032	1,162,000	-
2033	830,000	-
2034	686,000	-
2035	517,000	-
2036	441,000	-
	11,673,000	8,652,000

(Expressed in Canadian dollars)

14. SEGMENT REPORTING

The Company has one reportable operating segment being that of acquisition and exploration and evaluation activities. The Company has the following noncurrent assets located in the Dominican Republic and in Canada:

	October 31, 2016	October 31, 2015
Canada	**$**	$
Mineral exploration properties	**346,439**	320,452
Exploration and evaluation assets	**2,958,506**	2,817,207
Total	**3,304,945**	3,137,659
Dominican Republic		
Mineral exploration properties	**2,469,402**	2,469,402
Exploration and evaluation assets	**7,734,125**	7,717,585
Total	**10,203,527**	10,186,987

All Dominican Republic exploration mineral claims are held by the Company's Dominican Republic subsidiaries with all costs incurred in the subsidiaries capitalized to exploration and evaluation properties.

15. RISK MANAGEMENT AND CAPITAL MANAGEMENT

Risk management

The nature of the exploration process exposes the Company to risks associated with fluctuations in commodity prices and foreign currency exchange rates. To date, the Company has not used derivative financial instruments to manage these risks. Other risks include credit risk, liquidity risk, interest rate risk, and political risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(i) Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's financial assets exposed to credit risk are primarily composed of cash and accounts receivable, and maximum exposure is equal to the carrying values of these assets. The Company's cash is held at several large financial institutions. It is management's opinion that the Company is not exposed to significant credit risk. None of the Company's financial assets are secured by collateral or other credit enhancements.

(ii) 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 its liquidity needs by carefully monitoring cash outflows due in day-to-day business. The Company's working capital deficit, excluding marketable securities, totals $101,577 as at October 31, 2016 (deficit - $289,873 as at October 31, 2015), including $272,204 in cash as at October 31, 2016 ($296,506 as at October 31, 2015) and current liabilities totalling $478,682 ($649,192 as at October 31, 2015), excluding the flow through premium liability of $17,535 ($Nil as at October 31, 2015). The Company's financial liabilities are all due within 12 months. The Company anticipates having sufficient funds to discharge its current liabilities, subject to raising additional funding. The Company will require additional financing, through various means including but not limited to equity financing, to continue the exploration program on its properties and/or to acquire additional exploration properties and to meet its general and administrative costs. There is no assurance that the Company will be successful in raising the additional required funds.

15. RISK MANAGEMENT AND CAPITAL MANAGEMENT (Cont'd)

All current liabilities are due on demand.

(iii) Foreign currency risk

The Company has exposure to financial risk arising from fluctuations in exchange rates (US dollars "US$" and Dominican Peso "DOP") and the degree of volatility of these rates. The Company currently does not have significant future commitments denominated in foreign currencies. The Company does not use forward exchange contracts to reduce exposure to foreign currency risk. As at October 31, 2016 the Company did not hold significant assets or liabilities in foreign currencies and, as a result, a reasonably possible change in US dollars or DOP's with all other variables held constant would not have a material impact on the net loss.

(iv) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not entered into any derivative contracts to manage this risk. The Company's policy as it relates to its cash balances is to invest excess cash in highly liquid, low-risk, short-term interest-bearing investments (such as investment savings accounts and guaranteed investment certificates) with maturities of 360 days or less from the original date of acquisition. The Company has limited exposure to financial risk arising from fluctuations in interest rates earned on cash and short-term investments and the volatility of these rates. As at October 31, 2016, cash totaled $272,204 ($296,506 as at October 31, 2015) and interest income derived from these investments during the year ended October 31, 2016 was $550 (October 31,2015- $2,592). A reasonably possible change in interest rates with all other variables held constant would not have a material impact on the net loss.

(v) Market risk

The Company holds shares and warrants of publicly listed companies in the mineral exploration industry. The Company is exposed to market risk in the value of these shares and warrants and unfavourable market conditions could result in the disposal at less than their value at October 31, 2016. At October 31, 2016, the value of these publicly listed shares is $28,278 ($25,100 as at October 31, 2015). At October 31, 2016, had the bid price for these shares been 10% lower, the comprehensive income for the period would have been approximately $2,828 lower ($2,510 at October 31, 2015). Conversely, had the bid price been 10% higher, the comprehensive income for the period would have been approximately $2,828 higher ($2,510 at October 31, 2015).

Investments in common shares of publicly listed companies are subject to fluctuation as a result of market volatility. As such, the fair value of the investments may increase or decrease materially in subsequent periods resulting in material gains or losses in other comprehensive income (loss) or in profit or loss.

(vi) Political risk

The Company carries out some of its exploration activities in the Dominican Republic. These activities may be subject to political, economic, or other risks that could influence the Company's exploration activities and future financial situation.

(vii) Commodity price risk

The Company is exposed to price risk with respect to commodity and equity prices. The Company closely monitors commodity prices, as it relates to silver and gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Commodity price risk is remote as the Company is currently not a producing entity.

15. RISK MANAGEMENT AND CAPITAL MANAGEMENT (Cont'd)

Capital management

The Company manages its capital to ensure its ability to continue as a going concern in order to maintain its properties in good standing, support normal operating requirements, continue the exploration and evaluation of its mineral properties and support any expansionary plans, and to provide an adequate return to its shareholders. In the management of capital, the Company includes the components of shareholders' equity.

As long as the Company is exploring and evaluating its mining properties, it is not the intention of the Company to contract additional debt obligations to finance its work programs. 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 or acquire or dispose of assets. In order to facilitate the management of its capital requirements, management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company prepares annual budgets that are updated as necessary depending on various factors including successful capital deployment and general industry conditions.

As at October 31, 2016, the Company's optioned properties are in the exploration and evaluation stage, as such, the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and evaluation and pay for administrative costs, the Company will be required to raise additional financing. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

There were no significant changes to capital management policies of the Company during the years ended October 31, 2016, and 2015.

The Company and its subsidiaries are not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

As at October 31, 2016, the Company was in violation of the above TSXV requirement. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

16. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, marketable securities and warrants, accounts receivable and accounts payable and accrued liabilities. The fair value of cash, accounts receivable and accounts payable and accrued liabilities approximate their carrying value due to their short-term nature.

IFRS 7 Financial Instruments: Disclosure requires classification of fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 – includes unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 – includes inputs other than quoted prices in level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 – includes inputs for the asset or liability that are not based on observable market data

(Expressed in Canadian dollars)

16. FINANCIAL INSTRUMENTS (Cont'd)

The fair value of marketable securities are classified as level 1 and warrants are classified as level 2 and valued using the Black-Scholes option pricing model. There were no transfers between levels during the years ended October 31, 2016 and 2015.

The classification of financial instruments is as follows:

	October 31, 2016	October 31, 2015
	$	$
Financial assets		
Financial assets at FVTPL		
Marketable securities (non-derivative)	**20,500**	15,000
Warrants	**7,778**	10,100
Loans and receivables		
Cash	**272,204**	296,506
Accounts receivable (excluding sales taxes receivable)	**-**	11,811
Financial liabilities		
Other financial liabilities		
Accounts payable and accrued liabilities	**(478,682)**	(649,192)
Net financial instruments	**(178,200)**	(315,775)

17. RELATED PARTY TRANSACTIONS

Key management compensation

The following table reflects compensation of key management personnel, including the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO") and Directors:

	Year ended	
	October 31, 2016	October 31, 2015
	$	$
Salaries and contractor fees (1)	**200,971**	171,450
Benefits	**5,392**	4,919
Share-based compensation	**386,366**	-
	592,729	176,369

(1) Includes directors' fees which have been included in *Management and consulting fees* in the consolidated statements of comprehensive loss.

Transactions with related companies

Everton entered into the following transactions with related companies:

17. RELATED PARTY TRANSACTIONS (Cont'd)

a) Under an agreement, which was signed on March 25, 2013 between the Majescor Resources Inc. and Everton, the Company reimbursed the cost of shared salaries and benefits, rent and office expenses paid by Everton (which shares common management). During the year ended October 31, 2016, Majescor reimbursed Everton $17,956 of shared costs (October 31, 2015 - $15,678).

b) Tetra Bio-Pharma Inc. ("Tetra") (formerly GrowPros Cannabis Ventures Inc.) reimburses Everton for the cost of shared salaries and benefits, rent and office expenses paid by Everton (which shares common management) on a month by month basis. During the year ended October 31, 2016, Tetra reimbursed Everton $17,728 of shared costs (October 31, 2015 - $15,102).

18. CONTINGENCIES AND COMMITMENTS

The Company's operations are governed by governmental laws and regulations regarding environmental protection. These laws and regulations are continually changing and generally becoming more restrictive. At the present time and to the best knowledge of its management, the Company is in conformity with the laws and regulations in effect. Restoration costs will be accrued in the consolidated financial statements only when they will be reasonably estimated and will be charged to the exploration and evaluation assets at the time.

<u>Flow through expenditure commitment</u>
The Company is partially financed through the issuance of flow-through shares and, according to tax rules regarding this type of financing, the Company is engaged in realizing mining exploration work.

These tax rules also set deadlines for carrying out the exploration work which must be performed no later than the earlier of the following dates:
– Two years following the flow-through placements;
– One year after the Company has renounced the tax deductions relating to the exploration work.

However, there is no guarantee that the Company's exploration expenses will qualify as Canadian exploration expenses even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors.

During the year ended October 31, 2016, the Company raised $365,600 through flow-through placements. Management is required to fulfill its commitment within the stipulated deadline of December 31, 2017. As of October 31, 2016, Management has incurred $172,500 of this commitment leaving $193,000 to be spent by December 31, 2017.

The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

<u>Management commitments</u>
The Company is party to certain management and employee contracts. These contracts contain clauses requiring additional payments of up to $450,000 be made upon the occurrence of certain events such as change of control. As the triggering events have not taken place, the contingent payments have not been reflected in these consolidated financial statements. Minimum management contract commitments remaining under these contracts are approximately $120,000, due within one year.

18. CONTINGENCIES AND COMMITMENTS (Cont'd)

Lease Commitments
During July 2014, the Company entered into a lease to rent office space for the Company's head office in Ottawa. The term of the lease commenced on July 1, 2014. The thirty-six month term of the lease expires on June 30, 2017.The lease obligation for 2017 is $13,711.

During year ended October 31, 2016, the Company made lease payments of $2,399 (October 31, 2015 - $6,513) net of recoveries from related companies sharing the office (Note 17).

Promissory Note
Everton issued Primero Mining Corp. ("Primero") a promissory note equal to the greater of $5 million or the value of 1,000,000 common shares of Everton payable in cash. The promissory note is subject to completion of a National Instrument 43-101 ("NI 43-101") compliant measured and indicated resource estimate on the concessions in the Dominican Republic of a minimum 1 million ounces of gold equivalent ("AuEq") (at an average grade of 2.5 g/t AuEq or higher for APV and 1.5 g/t AuEq or higher for Ponton and La Cueva) or actual gold production from the concessions in the Dominican Republic plus an NI 43-101 compliant measured and indicated resource estimate (at an average grade of 2.5 g/t AuEq or higher for APV and 1.5 g/t AuEq or higher for Ponton and La Cueva) exceeding 1 million ounces of gold equivalent.

As at October 31, 2016, the Company has not completed a NI 43-101 compliant measured and indicated resource estimate on the concessions in the Dominican Republic of a minimum 1 million ounces of gold equivalent and as such the triggering event has not yet occurred and as such no promissory note has been recorded in these financial statements.

Contingently issuable shares
As part of the acquisition of 234802 Ontario Inc. (now Everton Dominicana (2014) Inc.), Everton has reserved a total of 4,000,000 common shares, 2,000,000 of which may be issued to the shareholders of 2342802 Ontario Inc., on a pro-rata basis, on September 28, 2015 and a further 2,000,000 on March 28, 2016, or earlier if the concessions are granted prior to those dates. The total number of reserved shares to be issued is reduced in the event that a concession is denied or Everton opts to drop the concession. As there is no certainty that the concessions will be granted and since Everton can forfeit the concessions and not be required to issue these shares, no amount has been recorded related to the 4,000,000 contingently issuable common shares. The shares will be recognized as mineral property acquisition costs and attributed to the properties acquired when, and if, the concessions are granted.

As at October 31, 2016, none of the concessions have been granted and as a result none of the contingent shares have been issued. On September 28, 2015, Everton notified the former shareholders of 2342802 Ontario Inc. that it would like to extend the contingent share deadlines to reflect the delays in getting concessions renewed. The Company is currently in the process of drafting the extension with the former shareholders of 2342802 Ontario Inc.

19. EVENTS AFTER THE REPORTING PERIOD

On February 6, 2017, the Company announced the closing of the 1st tranche of its non-brokered private placement by issuing 9,995,000 units of the Corporation for gross proceeds of $499,750. Each Unit consisted of one common share of the Corporation at a price of $0.05 per Common Share and one-half common share purchase warrant (the “Warrant”). Each whole Warrant entitles the holder thereof to acquire one additional common share in the capital of the Corporation at a price of $0.07 per common share for a period of twenty-four (24) months to expire February 6, 2019.

In connection with the closing of the 1st tranche of this private placement, the Corporation will pay cash finder’s fees of $23,700. A total of 148,000 Common Shares and 252,000 finder’s warrants were also issued. Each finder’s warrant entitling the finder to purchase one common share in the capital of the Corporation at a price of $0.07 per finder’s warrant for a period of twenty-four (24) months to expire February 6, 2019.

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