THE TINLEY BEVERAGE COMPANY INC.
(formerly QUIA RESOURCES INC.)

Unaudited Interim Condensed Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three and nine month periods ended
September 30, 2016 and 2015

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim condensed consolidated financial statements of The Tinley Beverage Company Inc. (formerly Quia Resources Inc.), are the responsibility of the management and Board of Directors of the Company.

The unaudited interim condensed consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the date of the statement of financial position. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim condensed consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim condensed consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Jeffrey Maser", CEO	"Amy Stephenson", Interim CFO
Jeffrey Maser	Amy Stephenson

NOTICE TO READER

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim condensed consolidated financial statements for the three and six months ended September 30, 2016 and 2015 have not been reviewed by the Company's auditors.

The Tinley Beverage Company Inc. (formerly Quia Resources Inc.)
Unaudited Interim Condensed Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	September 30, 2016	(Audited) December 31, 2015
		$	$
Assets			
Current Assets			
Cash		**304,122**	1,011,944
Sales tax receivable		**45,713**	87,694
Account receivable		**1,709**	-
Promissory note receivable	6	**1,500**	-
Prepaid expenses		**67,433**	53,389
Inventory	7	**6,560**	-
		427,037	1,153,027
Intangible assets	4	**162,500**	162,500
		589,537	1,315,527
Liabilities			
Current Liabilities			
Sales tax payable		**74**	-
Deferred revenue		**1,700**	-
Trade and other payables		**101,981**	51,162
		103,755	51,162
Shareholders' Equity			
Share capital	8	**16,417,923**	16,251,633
Shares to be issued	8	**-**	150,000
Reserve for warrants	10	**5,633,110**	5,633,110
Reserve for share based payments	9	**1,625,574**	1,500,935
Reserve for foreign exchange losses		**(55,277)**	(20,676)
Accumulated deficit		**(23,135,548)**	(22,250,637)
		485,782	1,264,365
		589,537	1,315,527

Nature of Operations and Going Concern (Note 1)
Segmented Information (Note 10)

Approved on behalf of the Board of Directors on November 29, 2016:

"Jeffrey Maser" (signed) — *CEO and Director*

"David Posner" (signed) — *Director*

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

(Expressed in Canadian Dollars)

	Notes	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
		$	$	**$**	$
Revenue					
Sales		**6,892**	-	**6,892**	-
Cost of goods sold		**(4,586)**	-	**(4,586)**	-
Gross profit		**2,306**		**2,306**	
Expenses					
Sales and marketing		**49,746**	-	**150,352**	-
Finance and administration		**70,245**	199,674	**399,646**	550,294
Operations		**48,000**	-	**78,000**	-
Product development		**52,836**	-	**155,357**	-
Share based payments - options	9	**36,554**	-	**124,639**	4,950
Share based payments - shares	8	**3,125**	-	**7,292**	-
Foreign exchange (gain) loss		**(2,366)**	1,881	**(27,531)**	4,298
		(255,834)	(201,555)	**(885,449)**	(559,542)
Gain on forgiveness of debt	8 & 12		72,937	**538**	72,937
Net loss		**(255,834)**	(128,618)	**(884,911)**	(486,605)
Other comprehensive loss					
Exchange differences on translating foreign operations		**(1,684)**	-	**(34,601)**	(1,699)
Total comprehensive loss		**(257,518)**	(128,618)	**(919,512)**	(488,304)
Loss per share-basic and diluted					
Loss per share		**(0.006)**	(0.003)	**(0.021)**	(0.017)
Weighted average number of shares outstanding		**42,606,313**	42,082,721	**42,417,915**	29,370,346

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

The Tinley Beverage Company Inc. (formerly Quia Resources Inc.)
Unaudited Interim Condensed Consolidated Statements of Cash Flow
(Expressed in Canadian Dollars)

For the nine month period ended September 30,	Notes	2016 $	2015 $
Operating Activities			
Net income (loss)		**(919,512)**	(486,605)
Adjustments to reconcile net loss to cash flow from operating activities:			
Share based payments - options	9	**124,639**	4,950
Share based payments - shares	8	**7,290**	-
Interest		**-**	45,898
Unrealized foreign exchange loss (gain)		**(301)**	793
Gain on forgiveness of debt		**-**	(72,937)
Net change in non-cash working capital items:			
Prepaid expenses		**(14,044)**	23,519
Promissory note receivable	6	**(1,500)**	-
Sales tax and trade receivable		**40,272**	(37,463)
Inventory		**(6,560)**	-
Trade and other payables		**52,894**	382,159
Cash flow used in operating activities		**(716,822)**	(139,686)
Financing Activities			
Issuance of share capital, net of share issue costs		**-**	380,000
Shares issued pursuant to agreement	8	**9,000**	225,000
Amount paid to related parties		**-**	(161,681)
Loans received (paid)		**-**	5,900
Cash flow provided from financing activities		**9,000**	449,219
Net increase (decrease) in cash		**(707,822)**	309,533
Cash, beginning of year		**1,011,944**	196
Cash, end of year		**304,122**	309,729

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

The Tinley Beverage Company Inc. (formerly Quia Resources Inc.)

Unaudited Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Notes	Share Capital		Reserves						
		Number of shares	Amount	Share based payments	Warrants	Foreign Exchange	Conversion component of convertible Debentures	Shares to be issued	Deficit	Total
Balance at December 31, 2014		**4,581,761**	**$ 14,011,456**	**$ 1,495,300**	**$ 5,080,491**	**$ (27,035)**	**$ 84,995**	**$ -**	**$ (21,520,180)**	**$ (874,973)**
Share based payments		-	-	4,950	-	-	-	-	-	4,950
Private placement		7,600,000	380,000					225,000		605,000
Share issued for settlement of debentures		4,721,873	389,754	-	(58,677)	-	(84,995)		-	246,082
Shares to be issued for settlement of debt		6,639,000	398,340	-	-	-	-		-	398,340
Shares issued for settlement of promissory notes		3,501,179	210,071							210,071
Fair value assigned to warrants			(22,100)		22,100					-
Exchange loss on translating foreign operation		-		-		(1,699)	-	-	-	(1,699)
Net loss for the year		-	-	-	-	-	-	-	(486,605)	(486,605)
Balance at September 30, 2015		**27,043,813**	**15,367,521**	**1,500,250**	**5,043,914**	**(28,734)**	**-**	**225,000**	**(22,006,785)**	**101,166**
Share based payments				685	-	-	-	-	-	685
Private placement			(120,011)	-	120,011	-	-	(225,000)	-	(225,000)
Shares issued for settlement of debentures			(39,202)	-	39,202	-	-	-	(37,679)	(37,679)
Shares issued for settlement of trade and other payables			-	-	-	-	-	-	-	-
Shares issued for settlement of promissory notes			-	-	-	-	-	-	-	-
Private placement		15,100,000	1,057,917	-	452,083	-	-	-	-	1,510,000
Contingent shares issued		166,667	8,333	-	-	-	-	-	-	8,333
Contingent shares to be issued		-	-	-	-	-	-	150,000	-	150,000
Cost of issuance		-	(45,025)	-	-	-	-	-	-	(45,025)
Fair value assigned to warrants			22,100		(22,100)					-
Exchange loss on translating foreign operation		-	-	-	-	8,058	-	-	-	8,058
Net loss for the year		-	-	-	-	-	-	-	(206,173)	(206,173)
Balance at December 31, 2015		**42,310,480**	**$ 16,251,633**	**$ 1,500,935**	**$ 5,633,110**	**$ (20,676)**	**$ -**	**$ 150,000**	**$ (22,250,637)**	**$ 1,264,365**
Shares issued pursuant to agreement		150,000	9,000	-	-	-	-	-	-	9,000
Share based payments		-	-	124,639	-	-	-	-	-	124,639
Contingent shares issued		145,833	7,290	-	-	-	-	-	-	7,290
Contingent shares escrowed		-	150,000	-	-	-	-	(150,000)	-	-
Exchange loss on translating foreign operation		-	-	-	-	(34,601)	-	-	-	(34,601)
Net loss for the year		-	-	-	-	-	-	-	(884,911)	(884,911)
Balance at Sep 30, 2016		**42,606,313**	**$ 16,417,923**	**$ 1,625,574**	**$ 5,633,110**	**$ (55,277)**	**$ -**	**$ -**	**$ (23,135,548)**	**$ 485,782**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

The Tinley Beverage Company Inc. (the "Company" or "Tinley"), formerly Quia Resources Inc. was incorporated under the laws of the Province of Ontario, Canada by Articles of Incorporation dated October 26, 2007. On October 6, 2015, the Company completed the Change of Business (as hereinafter defined), and pursuant to the Articles of Amendment dated October 6, 2015, the Company changed its name to "The Tinley Beverage Company Inc". The Company's objective is to develop and launch a line of hemp oil-based functional beverages, and was up until the change in business, engaged in the acquisition, exploration and development of properties for the mining of agricultural minerals in North America and Colombia. The address of the Company's registered office is Suite 2905 – 77 King Street West Toronto, Ontario, M5K 1H1.

On October 6, 2015, the Company completed the consolidation of issued and outstanding common shares on the basis of 5:1. This has been reflected in the comparative figures presented.

As at September 30, 2016, the Company has working capital of $323,282 (December 31, 2015 – $1,101,865), accumulated deficit of $23,135,548 (December 31, 2015 - $22,250,637) and loss of $257,518 and $919,512 for the three and nine months ended September 30, 2016 (2015 – $128,618 and $488,304). The Company officially launched its first phase of retail channel sales on August 27, 2016 in a limited number of stores in California, and accordingly has limited revenues, therefore the ability of the Company to ensure continuing operations is dependent on the Company raising sufficient funds to finance development activities, and securing distribution channels. As of September 30, 2016, such circumstances may have cast substantial doubt as to the Company's ability to continue as a going concern and ultimately the appropriateness of the use of accounting principles applicable to a going concern. These financial statements have been prepared using accounting principles applicable to a going concern and do not reflect adjustments, which could be material, to the carrying values of the assets and liabilities.

On October 27, 2016, the Company completed a private placement with gross proceeds of $2,750,000 (Note 16). In addition, proceeds from warrants and options exercised subsequent to the quarter ended September 30, 2016 totaled $1,553,311. Accordingly, gross proceeds from financing activities subsequent to the quarter end totaled $4,303,311.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

The Company's unaudited interim condensed consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The statements do not include all of the information that would be required for full annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2015.

These unaudited interim condensed consolidated financial statements were authorized by the Board of Directors of the Company on November 29, 2016.

2.2 Basis of presentation

These unaudited interim condensed consolidated financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2015 annual financial statements.

2. BASIS OF PRESENTATION (continued)

2.3 Adoption of new and revised standards and interpretations

Standards and interpretations adopted

The IASB issued a number of new and revised International Accounting Standards, International Financial Reporting Standards, amendments and related interpretations which are effective for the Company's financial year beginning on or after January 1, 2015. For the purpose of preparing and presenting the Financial Information for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods.

3. NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

At the date of authorization of these consolidated financial statements, the IASB and IFRIC have issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted.

- IFRS 9 *'Financial Instruments: Classification and Measurement'* – as issued in 2010, reflects the first phase of the IASB's work on the replacement of International Accounting Standard 39, Financial Instruments: Recognition and Measurement ("IAS 39") and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. In subsequent phases, the IASB is addressing impairment of financial assets. In November 2013, IFRS 9 was amended to include new requirements for hedge accounting. The effective date is for annual periods beginning or after January 1, 2018. Entities may still choose to apply IFRS 9 immediately, but are not required to do so. The Company is currently analyzing the possible impact of this Standard on its consolidated financial statements.

- IFRS 15 '*Revenue From Contracts with Customers'* – was issued by IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company will adopt this new standard as of its effective date. The Company is currently analyzing the possible impact of this Standard on its consolidated financial statements.

- IAS 7 amendments include additional disclosures to enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. These amendments become effective for annual periods beginning on or after January 1, 2017. The Company will adopt the amendments as of the effective date. The Company is currently analyzing the possible impact of the amendments on its consolidated financial statements.

- IFRS 16 '*Leases*' – was issued in January 2016 and replaces the previous guidance on leases. This standard provides a single recognition and measurement model to be applied to leases, with required recognition of assets and liabilities for most leases. This standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if the Company is also applying IFRS 15, Revenue from Contracts with Customers. The Company is currently evaluating the impact of the adoption of this new standard on its consolidated financial statements.

(Expressed in Canadian Dollars)

4. BUSINESS COMBINATION

On October 29, 2015, the Company acquired all of the intangible assets from Jeff Maser (Maser) for $162,500 payable in cash and shares. The consideration transferred includes the following:

Consideration transferred	$
Cash	12,500
Consideration shares	150,000
Total	162,500

The arrangement between the parties provides for the payment of consideration shares of 3,000,000 common shares at a price of $0.05 per share, issued on December 23, 2015 and subject to performance escrow based on Tinley meeting an earnings target within five years of closing. Over these five years, the Company will release consideration of 1,500,000 consideration shares if sales exceed $1 million over any four consecutive quarters. An additional 1,500,000 consideration shares will be released if sales exceed $3 million over any four consecutive quarters.

Goodwill calculated in this acquisition represents the expected synergies from combining the operations of Maser with the Company, revenue growth, future market development and customer relations. These benefits are not recognized separately from goodwill since the resulting future economic benefits cannot be measured reliably. Goodwill from this acquisition represents a negligible amount at the acquisition date:

Consideration transferred	$
Consideration transferred	162,500
Fair value of net assets acquired	(162,500)
Goodwill	-

The fair value of net assets acquired from Maser is broken down as follows:

	$
Intangible assets	162,500
Total assets	162,500
Total liabilities	-
Net assets acquired	162,500

The fair value of the net assets acquired was determined using management’s estimates. There is no impact of the acquisition on revenues and gross margin.

5. INTEREST IN MINERAL PROPERTIES

<u>Murdock Mountain Property:</u>

On November 11, 2013, the Company acquired 2243734 Ontario Limited ("2243734") which holds an option to earn a 65% interest in the Murdock Mountain phosphate project in Nevada. Under the terms of the option agreement and subject to closing the acquisition, the Company will have the right to earn an initial 65% interest by investing an aggregate of $1,000,000 into the development of the project and have 2 years from the date of the option agreement to complete the earn-in with two extensions to the earn-in period of 6 months each for a total of 3 years, by paying $30,000 for each extension. The Company has since fulfilled its initial funding obligation and earned its 65% interest in the property.

(Expressed in Canadian Dollars)

5. INTEREST IN MINERAL PROPERTIES (continued)

The option agreement has been amended on October 9, 2014 to extend the earn-in time by 6 months and provides for further automatic extensions based upon the timelines for the Bureau of Land Management to conclude their sage grouse study being conducted for the State of Nevada, and Northeastern California, which encompasses the Murdock Mountain area. On October 9, 2014, the Company contributed $26,500 towards the aforementioned option agreement.

On March 3, 2016, the Company completed the sale of its interest in the Murdock Mountain properties to a company, in which a former Director of the Company and the wife of a Director, are owners, as described in note 11.

6. PROMISSORY NOTE RECEIVABLE

On February 25, 2016, the Company advanced $1,500 to a consultant and in return for a promissory note. The promissory is unsecured without interest and payable on demand.

7. INVENTORY

As at September 30, 2016, inventory consists of the following:

	September 30, 2016	December 31, 2015
	$	$
Finished goods	6,213	-
Freight & delivery	231	-
Packaging costs	116	-
	6,560	-

During the three and nine months ended September 30, 2016, inventory recognized as an expense in cost of sales amounted to $4,586 and $4,586 (2015 - $Nil and $Nil).

8. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value

(b) Issued

(i) On September 30, 2015, the Company converted $398,340 of trade and other payables, $210,071 of promissory notes and $389,754 of convertible debentures into 6,639,000, 3,501,179 and 4,721,873 post-consolidation common shares respectively. In addition, 591,339 warrants were issued on conversion of debentures.

(ii) In August 2015, the Company closed two tranches of a non-brokered private placement consisting of an aggregate of 38,000,000 (7,600,000 post-consolidation) units for aggregate gross proceeds of $380,000. Each units is comprised of one (1) Common Share and one half (1/2) of one Common Share purchase warrant, with each whole Warrant exercisable into one (1) Common Share at a price of $0.02 ($0.10 post-consolidation) per Common Share for a period of 24 months after the closing date. The term of the Private Placement Warrants is subject to an acceleration right at the option of

8. SHARE CAPITAL (continued)

the Company, provided that the Common Shares trade at or above $0.05 ($0.25 post-consolidation) and the Company has provided the warrant holders with a 30 days prior written notice of the accelerated warrant exercise date.

(iii) On October 6, 2015, the Company completed the consolidation of issued and outstanding common shares on the basis of 5:1.

(iv) On October 29, 2015, the Company issued 500,000 common shares at $0.05 per share as compensation for services, 375,000 of which are subject to performance escrow requirements, 41,667 of which were released from escrow at December 31, 2015.

(v) On November 3, 2015, the Company closed the first tranche of a non-brokered private placement for gross proceeds of $1,170,500, issuing a total of 11,705,000 units of the Issuer at a price of $0.10 per Unit. Each Unit consists of one (1) Common Share and one half (1/2) of one Common Share purchase warrant. Each full Warrant entitles the holder to acquire one (1) Common Share at a price of $0.20 per Common Share for a period of 24 months from the closing date. The First Tranche forms a part of a broader non-brokered private placement of up to $1,500,000, whereby up to 15,000,000 Units are offered.

(vi) On December 11, 2015, the Company closed the second tranche of a non-brokered private placement for gross proceeds of $284,500, issuing a total of 2,845,000 units of the Issuer at a price of $0.10 per Unit. Each Unit consists of one (1) Common Share and one half (1/2) of one Common Share purchase warrant. Each full Warrant entitles the holder to acquire one (1) Common Share at a price of $0.20 per Common Share for a period of 24 months from the closing date. The Second Tranche forms a part of a broader non-brokered private placement of up to $1,500,000, whereby up to 15,000,000 Units are offered.

(vii) On December 18, 2015, the Company closed the third tranche of a non-brokered private placement for gross proceeds of $55,000, issuing a total of 550,000 units of the Issuer at a price of $0.10 per Unit. Each Unit consists of one (1) Common Share and one half (1/2) of one Common Share purchase warrant. Each full Warrant entitles the holder to acquire one (1) Common Share at a price of $0.20 per Common Share for a period of 24 months from the closing date. The Third Tranche forms a part of a broader non-brokered private placement of up to $1,500,000, whereby up to 15,000,000 Units are offered.

(viii) On December 23, 2015, the Company issued 3,000,000 common shares at $0.05 per share to satisfy the asset purchase agreement, signed on October 29, 2015, subject to regulatory escrow requirements and additional performance escrow requirements (note 4).

(ix) On December 23, 2015, the Company issued 500,000 performance common shares at $0.05 per share, subject to performance escrow requirements to be released on a quarterly basis. As at March 31, 2016, 187,500 shares were released.

(x) On April 13, 2016, the Company issued 150,000 common shares at a deemed price of $0.06 per share, pursuant to a consulting agreement with Creatrix Labs LLC and Madflower Creative Group LLC (the "Consultants") whereby the Consultants will provide the Company with marketing and business development, events and sales management services to the Company.

(Expressed in Canadian Dollars)

9. SHARE BASED PAYMENTS

Tinley established a stock option plan to provide additional incentive to its officers, directors, employees and consultants in their effort on behalf of the Company in the conduct of its affairs. Options issued before 2014 vest immediately. Options issued in 2014 and 2015 vest evenly over five years and two years, respectively. All options expire on the fifth anniversary from the date of issue unless otherwise specified.

A summary of stock options issued and outstanding is as follows:

	September 30, 2016		December 31, 2015	
	Weighted Average Exercise Price	**Number of Options**	Weighted Average Exercise Price	Number of Options
Outstanding at beginning of year	**$ 0.46**	**2,084,500**	$ 2.40	329,190
Granted	**0.11**	**2,058,000**	0.11	1,810,500
Granted	**0.08**	**600,000**		
Expired	**31.32**	**(19,000)**	0.50	(55,190)
Cancelled	**0.24**	**(755,000)**	-	-
Outstanding at end of period/year	**$ 0.11**	**3,968,500**	$ 0.46	2,084,500
Exercisable at end of period/year	**$ 0.11**	**1,801,479**	$ 2.95	196,000

The following table provides additional information about outstanding stock options at September 30, 2016:

Exercise Price Range	Number of Options Outstanding	Weighted Average Remaining Life (Years)
$0.08	600,000	4.67
$0.11	3,368,500	4.24
$32.50	-	-
$0.08 - $0.11	3,968,500	4.30

The estimated fair value of share based compensation the nine months ended September 30, 2016 was determined using the Black-Scholes option pricing model with the following assumptions:

Grant date	January 27, 2016	March 3, 2016	August 4, 2016
Number of options	2,058,000	250,000	350,000
Exercise price	$0.110	$0.080	$0.080
Share price	$0.060	$0.070	$0.050
Expected life of options	5 years	5 years	5 years
Expected volatility	250%	250%	250%
Risk-free interest rate	0.68%	0.68%	0.62%
Expected dividend yield	0%	0%	0%

(Expressed in Canadian Dollars)

9. SHARE BASED PAYMENTS (continued)

The estimated fair value of share based compensation during the year ended December 31, 2015 was determined using the Black-Scholes option pricing model with the following assumptions:

Grant date	October 29, 2015	December 23, 2015
Number of options	900,000	910,500
Exercise price	$0.110	$0.110
Share price	$0.050	$0.050
Expected life of options	5 years	5 years
Expected volatility	250%	250%
Risk-free interest rate	0.75%	0.65%
Expected dividend yield	0%	0%

Share based payments

(i) During the nine months ended September 30, 2016, $97,616 of share based payments expense was recognized in relation to the vesting of the options issued on January 27, 2016, March 3, 2016 and Aug 4, 2016.

(ii) During the nine months ended September 30, 2016, $27,023 of share based payments expense was recognized in relation to the vesting of the options issued on October 29, 2015 and December 23, 2015 respectively.

Period ended	September 30, 2016	December 31, 2015
Balance at beginning of year	$ 1,500,935	$ 1,495,300
Options granted	124,639	5,635
Balance at end of period	$ 1,625,574	$ 1,500,935

(Expressed in Canadian Dollars)

10. WARRANTS

Month of Expiry	**No. of Warrants**	**Weighted Average Exercise Price**
		($)
June 17, 2017	453,738	0.75
August 13, 2017	3,200,000	0.10
August 23,2017	600,000	0.10
September 30, 2017	591,339	0.20
November 3, 2017	5,852,500	0.20
December 11, 2017	1,422,500	0.20
December 18, 2017	275,000	0.20
	12,395,077	0.19

The following table summarizes the assumptions used with the Black-Scholes valuation model during the year ended December 31, 2015:

Date Issued	**August 13, 2015**	**August 23, 2015**	**September 30, 2015**	**November 3, 2015**	**December 11, 2015**	**December 18, 2015**	**Totals**
No. of warrants	3,200,000	600,000	591,339	5,852,500	1,422,500	275,000	11, 941,339
Exercise price	$ 0.10	$ 0.10	$ 0.20	$ 0.20	$ 0.20	$ 0.20	
Expected life in years	2	2	2	2	2	2	
Volatility	250%	250%	250%	250%	250%	250%	
Risk-free interest rate	0.41%	0.33%	0.52%	0.59%	0.48%	0.50%	
Dividend yield	-	-	-	-	-	-	-

The following table summarizes the assumptions used with the Black-Scholes valuation model during the year ended December 31, 2014:

Date Issued	**June 17, 2014**
No. of warrants	453,738
Exercise price	$ 0.75
Expected life in years	3
Volatility	100%
Risk-free interest rate	1.20%
Dividend yield	-

Volatility on the above warrant valuations were based on the volatility of similar companies.

Period ended	**No. of Warrants**	**September 30, 2016**	No. of Warrants	December 31, 2015
Balance at beginning of year	**12,558,710**	**$ 5,633,110**	683,515	$ 5,080,491
Warrants issued	**-**	**-**	11,941,339	552,619
Warrants expired	**(163,633)**	**-**	(66,144)	-
Balance at end of period	**12,395,077**	**$ 5,633,110**	12,558,710	$ 5,633,110

(Expressed in Canadian Dollars)

11. SEGMENTED INFORMATION

For the periods ending,	**September 30, 2016**	December 31, 2015
	$	$
Net (income) loss		
Canada	**(848,629)**	-
United States of America	**(73,246)**	-
	(921,875)	-
Significant non-cash items		
Share based payments - options	**124,639**	-
Share based payments - shares	**7,292**	-
	131,931	-

As at,	**September 30, 2016**	December 31, 2015
Total assets		
Canada	**507,301**	-
United States of America	**82,237**	-
	589,538	-
Total Liabilities		
Canada	**89,957**	-
United States of America	**13,798**	-
	103,754	-

There were no reportable segments in 2015.

12. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

During the nine-month period ended September 30, 2016, $6,840 (2015 - $12,150) was incurred for rent to FMI Capital Advisory Inc. (formerly Foundation Opportunities Inc.) (“FMICAI”), a company in which the Secretary and Director of the Company, has an indirect interest, through a family trust for the benefit of the minor children of the director. The Company and FMICAI also entered into a consulting agreement on May 15, 2015. In consideration for services, the Company agreed to pay a monthly fee of $10,000 inclusive of rent. For the nine months ended September 30, 2016, $81,000 (2015 - $55,500) was incurred. At September 30, 2016, included in accounts payable is $8,791 (December 31, 2015 - $nil) payable to FMICAI.

During the nine months ended September 30, 2016, $17,808 (2015 - $61,540) in legal fees were incurred for services provided by a law firm in which the Secretary and Director of the Company is a partner. At September 30, 2016, included in accounts payable is $nil (December 31, 2015 - $2,403) payable to this law firm.

During the nine months ended September 30, 2016, $117,000 (2015 - $30,000) was paid for services to the chief executive officer (the “CEO”).

During the nine months ended September 30, 2016, $nil (2015 - $42,500) was paid for services to the former chief executive officer (the “CEO”). As at September 30, 2016, $nil (December 31, 2015 - $nil) is payable to the former CEO and is included in due to related parties.

(Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (continued)

The Company and Branson Corporate Services ("Branson") entered into a management services agreement which includes the services of the Company's Chief Financial Officer. Branson is an entity in which Foundation Financial Holdings Corp owns 49% of the shares. During the nine months ended September 30, 2016, $45,000 (2015 - $50,000) in management, accounting and administrative services were provided by Branson. As at September 30, 2016 $nil (December 31, 2015 - $nil) is included in accounts payable.

During the nine months ended September 30, 2016, $45,000 (2015 – $nil) was paid for services to a Director. As at September 30, 2016, $11,300 (December 31, 2015 - $nil) is included in accounts payable.

In 2014, the Company issued $340,286 in convertible debentures. Of this amount, $79,000 in debentures was purchased by directors of the Company, $75,000 was purchased by a company in which one of the directors is the chief executive officer, and, $80,000 in debentures was issued to an individual who is related to a director. The terms of these debentures can be found in note 12. The debentures were converted into post-consolidation 2,654,395 common shares and 508,735 warrants on September 30, 2015.

Pursuant to the debt settlement agreement as described in Note 7, $245,675 of the trade and other payables, $268,017 of the debentures, and $210,071 of the promissory notes owing to related parties has been converted to common shares and warrants.

On March 3, 2016, the Company completed the sale its interest in the Murdock Mountain properties (note 5) to a Company, in which a former Director of the Company and the wife of a Director, are owners, in exchange for an assumption of accounts payable in the amount of $17,340 and other contingent liabilities.

Key Management compensation

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors. Compensation provided to key management is as follows:

		Nine months ended September 30,
	2016	2015
Short-term employee benefits, including salaries and fees	290,340	180,150
Share-based compensation	24,490	3,960
Professional fees	17,808	61,540
	332,638	245,650

13. CONVERTIBLE DEBENTURES

On June 17, 2014, the Company closed its non-brokered private placement of secured convertible debentures (the "Debentures") for total gross proceeds of $340,286. These debentures were issued at face value and are convertible, at the option of the holder, at any time prior to the maturity date, into common shares of the Company at a conversion price equal to $0.50 per common share (post-consolidation). The debentures mature 3 years from the closing date. The debentures are secured by the shares currently owned by the Company in the capital stock of 2243734 Ontario Ltd which owns the Company's interest in the Murdock Mountain property.

The rate of interest on the Debentures is 14% per annum, payable semi-annually in common shares of the Company on December 31, and June 30, of each year beginning on December 31, 2014.

As an incentive for purchasing Debentures, the Company issued to subscribers 1333 post-consolidation bonus warrants for every $1,000 of Debentures purchased, which resulted in the issuance 453,738 post-consolidation bonus warrants. Each bonus warrant is exercisable into shares at a price of $0.75 per share (post-consolidation), for a period of 3 years from the closing date and had a value of $58,677 (see note 8 for estimates used in the valuation of warrants). The warrant value of $58,677 has been recognized in equity for the year ended December 31, 2014.

The debentures are classified as a liability, with the exception of the portion relating to the conversion feature, resulting in the carrying value of the debenture being less than face value.

On September 30, 2015, the Company converted the convertible debentures into 4,721,873 common shares and 591,339 warrants (see note 6 and 8). As at December 31, 2015 and September 30, 2016, the Company has no convertible debentures outstanding.

14. CAPITAL RISK MANAGEMENT

The Company considers its capital structure to consist of share capital, shares to be issued, reserve for warrants and reserve for share based payments. When managing capital, the Company's objective is to ensure the entity continues as a going concern, support the Company's normal operating requirements and achieve its growth objectives. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business.

As at September 30, 2016, the Company considers its capital to be share capital, shares to be issued, reserve for warrants, reserve for share based payments, reserve for foreign exchange gains (losses), totaling $485,782 (2015 – deficit of $1,264,365).

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the nine months ended September 30, 2016. The Company is not subject to externally imposed capital requirements.

15. FINANCIAL AND OTHER RISK FACTORS

Fair Value

The carrying amount of due to related parties and trade and other payables approximates fair value due to the relatively short term maturity of these financial instruments. The carrying value of loans and interest payable approximate the fair value based on discounted cash flows. Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price if one exists.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Cash is held with reputable Canadian and United States chartered banks which are closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at September 30, 2016, the Company had a cash balance of $304,122 (December 31, 2015 - $1,011,944) to settle current liabilities of $103,755 (December 31, 2015 - $51,162).

All of the Company's financial liabilities have contractual maturities of less than 365 days and are subject to normal trade terms. The Company feels there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holding cash.

Foreign Currency Risk

The Company operates in Canada and the United States, giving rise to market risks from changes in foreign exchange rates. The Company believes that its results of operations and cash flows would be affected by a sudden change in foreign exchange rates, but would not impair or enhance its ability to pay its U.S. dollar denominated obligations.

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve-month period:

(i) The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash, accounts payable, due to related parties, loans and interest payable that are denominated in US dollars. As at September 30, 2016, had the Canadian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Company's comprehensive loss for the period ended September 30, 2016 would have been approximately $2,212 higher/lower respectively as a result of foreign exchange losses/gains on translation of US dollar denominated financial instruments.

(ii) Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities, amounts payable for financing activities and payroll liabilities. The usual credit period taken for trade purchases is between 30 to 90 days.

(Expressed in Canadian Dollars)

15. FINANCIAL AND OTHER RISK FACTORS (continued)

The following is an aged analysis of the trade and other payables:

	September 30, 2016	December 31, 2015
Less than 1 month	**$83,703**	$24,258
1 to 3 months	**549**	22,648
Over 3 months	**6,558**	4,256
Total Trade and Other Payables	**$90,810**	$51,162

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation. Net loss previously reported has not been affected by this reclassification.

17. SUBSEQUENT EVENTS

Subsequent to the quarter ended September 30, 2016, the Company has the following financing activities resulting in total gross proceeds of $4,303,311:

a. 2,975,000 warrants exercisable at $0.10 and 5,663,104 warrants exercisable at $0.20 were exercised for a total proceed of $1,430,121.

b. Option activities subsequent to the quarter ended September 30, 2016 as follows:

   i) 1,025,001 options exercisable at $0.11 per share were cancelled.
   ii) 125,000 options exercisable at $0.08 and 1,028,999 options exercisable at $0.11 were exercised totally $123,190.
   iii) 600,000 options were granted exercisable at 0.33 per share for a period of 5 years. 25% of the options were vested immediately, and 25% every six month thereafter on the first date of such month.

c. On October 27, 2016, 16,176,470 units were issued in a private placement at $0.17 per unit, for gross proceeds of $2,750,000. Each unit includes one common share, and one half of a warrant with an exercise price of $0.25 for 18 months. In connection with the private placement, the company issued broker options equal to 9% of the number of units sold. Each broker option is exercisable into one common share, and one half of one common share purchase warrant at an exercise price of $0.17 for a period of 18 months. Each broker warrant will be exercisable into one common share at a price of $0.25 for a period of 18 months.