

**FINORE MINING INC.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015  
(Expressed in Canadian Dollars)  
(Unaudited)

**FINORE MINING INC.****Unaudited Condensed Consolidated Interim Statements of Financial Position**

(Expressed in Canadian Dollars, unless stated otherwise)

	Note	September 30, 2016	December 31, 2015
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ -	\$ 32,050
Receivables		9,752	7,309
Prepaid expenses		3,839	4,509
Total Current Assets		13,591	43,868
Equipment	3	2,165	2,165
Exploration and evaluation assets	4	400,000	875,000
<b>TOTAL ASSETS</b>		<b>\$ 415,756</b>	<b>\$ 921,033</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Bank indebtedness		\$ 2,312	\$ -
Accounts payable and accrued liabilities	9	372,650	424,729
		374,962	424,729
<b>Shareholders' Equity</b>			
Share capital	5	17,181,663	16,981,663
Reserves	5	1,840,049	1,840,049
Deficit		(18,980,918)	(18,325,408)
Total Shareholders' Equity		40,794	496,304
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 415,756</b>	<b>\$ 921,033</b>

Nature of Operations and Going Concern	1
Subsequent Events	11

Approved and authorized for issue by the Board of Directors on November 28, 2016.

"Rav Mlait"  
Rav Mlait, Director

"Mohan Vulimiri"  
Mohan Vulimiri, Director

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

**FINORE MINING INC.****Unaudited Condensed Consolidated Interim Statements of Loss and Comprehensive Loss**

(Expressed in Canadian Dollars, unless stated otherwise)

		<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>Note</b>	<b>September 30,</b>		<b>September 30,</b>	
		<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>General and Administrative Expenses</b>					
Amortization		\$ -	\$ -	\$ -	\$ 132
Consulting fees	9	29,152	12,345	61,709	52,251
Office and general		141	166	1,039	755
Share-based compensation		-	-	-	6,017
Transfer agent and filing fees		10,158	4,159	18,185	15,307
Operating loss		(39,451)	(16,670)	(80,933)	(74,462)
Foreign exchange gain (loss)		2,375	(4,505)	7,397	(5,626)
Write-off of exploration and evaluation assets		(497,203)	-	(581,974)	-
<b>Loss and comprehensive loss for the period</b>		<b>\$ (534,279)</b>	<b>\$ (21,175)</b>	<b>\$ (655,510)</b>	<b>\$ (80,088)</b>
<b>Basic and diluted loss per share</b>		<b>\$ (0.02)</b>	<b>\$ (0.00)</b>	<b>\$ (0.02)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>		<b>35,511,153</b>	<b>25,493,653</b>	<b>29,149,675</b>	<b>21,406,406</b>

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

**FINORE MINING INC.****Unaudited Condensed Consolidated Interim Statements of Changes in Shareholders' Equity**

(Expressed in Canadian Dollars, unless stated otherwise)

	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Option Reserve</b>	<b>Warrant Reserve</b>	<b>Deficit</b>	<b>Total Shareholders' Equity</b>
<b>Balance – December 31, 2014</b>	<b>15,955,903</b>	<b>\$ 16,703,563</b>	<b>\$1,511,157</b>	<b>\$ 322,875</b>	<b>\$ (7,835,569)</b>	<b>\$ 10,702,026</b>
Shares issued – private placement	9,270,000	278,100	-	-	-	278,100
Shares issued – finders' fees	267,750	8,033	-	-	-	8,033
Share issue costs	-	(8,033)	-	-	-	(8,033)
Share-based compensation	-	-	6,017	-	-	6,017
Loss for the period	-	-	-	-	(10,489,839)	(10,489,839)
<b>Balance – December 31, 2015</b>	<b>25,493,653</b>	<b>\$ 16,981,663</b>	<b>\$1,517,174</b>	<b>\$ 322,875</b>	<b>\$ (18,325,408)</b>	<b>\$ 496,304</b>
Shares issued – private placement	10,000,000	200,000	-	-	-	200,000
Shares issued – finders' fees	17,500	634	-	-	-	634
Share issue costs	-	(634)	-	-	-	(634)
Loss for the period	-	-	-	-	(655,510)	(655,510)
<b>Balance – September 30, 2016</b>	<b>35,511,153</b>	<b>\$ 17,181,663</b>	<b>\$1,517,174</b>	<b>\$ 322,875</b>	<b>\$ (18,980,918)</b>	<b>\$ 40,794</b>

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

**FINORE MINING INC.****Unaudited Condensed Consolidated Interim Statements of Cash Flows**

(Expressed in Canadian Dollars, unless stated otherwise)

	<b>Nine Months</b>	
	2016	2015
<b>Operating Activities</b>		
Net loss for the period	\$(655,510)	\$(80,088)
Non-cash items included in net loss:		
Amortization	-	478
Shared-based compensation	-	6,017
Impairment of exploration and evaluation assets	581,974	-
Changes in non-cash working capital		
Prepaid expenses	670	381
Receivables	(2,443)	377
Accounts payable and accrued liabilities	(4,726)	(18,059)
Net cash used in operating activities	(80,035)	(90,894)
<b>Investing Activities</b>		
Disposal of equipment	-	
Exploration and evaluation assets	(154,327)	(173,587)
Net cash used in investing activities	(154,327)	(173,587)
<b>Financing Activities</b>		
Proceeds from share subscriptions	-	-
Proceeds from issuance of shares	200,000	278,100
Net cash provided by financing activities	200,000	278,100
<b>Increase (decrease) in cash</b>	<b>(34,362)</b>	<b>13,619</b>
<b>Cash, beginning of period</b>	<b>32,050</b>	<b>10,182</b>
<b>Cash, end of period</b>	<b>(\$ 2,312)</b>	<b>\$ 23,801</b>

**Supplemental cash flow information - Note 6**

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

**FINORE MINING INC.**  
**Notes to the Unaudited Condensed Consolidated Interim Financial Statements**  
**For the Three and Nine Months Ended September 30, 2016 and 2015**  
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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Finore Mining Inc. (the “Company” or “Finore”) was incorporated on November 29, 2006 pursuant to the *Business Corporations Act*, British Columbia. The Company’s principal business activity has been the exploration of exploration and evaluation assets. On September 26, 2011, the Company changed its name from Otterburn Ventures Inc. to Finore Mining Inc. and the Company’s common shares began trading on the Canadian National Stock Exchange, now known as Canadian Securities Exchange (“CSE”) under the new symbol of “FIN.” Effective January 1, 2014, the Company ceased trading on the OTC market.

The head office, principal address and registered office of the Company are located at Suite 890, 789 West Hastings Street, Vancouver, B.C., V6C-1H2.

The Company has been in the process of exploring its exploration and evaluation assets and has not yet determined whether they contain mineral reserves that are economically recoverable. The Company’s continuing operations, and the recoverability of the amounts shown for exploration and evaluation assets are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its exploration and evaluation assets, and on future profitable production or proceeds from the disposition of the exploration and evaluation assets.

The business of exploring for and mining of minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations.

The Company had a working capital deficiency and an accumulated deficit. These consolidated financial statements have been prepared under the assumption of a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations and the ability of the Company to raise additional capital. Specifically, the recovery of the Company’s investment in resource properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop the properties and establish future profitable production from the properties, or from the proceeds of their disposition. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. Subsequent to September 30, 2016, the Company raised additional financing and accordingly estimates it will have sufficient capital to continue operations for the upcoming year. Additionally the Company has entered into an agreement that would result in a change of business (Note 11(d)).

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of compliance**

These condensed interim consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRS as issued by the IASB.

The policies applied in these financial statements are based on IFRS issued and outstanding policies as of November 28, 2016, the date the Board of Directors approved these condensed interim financial statements.

**FINORE MINING INC.**  
**Notes to the Unaudited Condensed Consolidated Interim Financial Statements**  
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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of presentation**

These financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting.

**Basis of Consolidation**

The subsidiary of the Company is as follows:

Name of Subsidiary	Principal Activity	Place of Incorporation and Operation	Portion of Ownership Interest and Voting Power Held	
			September 30, 2016	September 30, 2015
Nortec Minerals Oy ("NMO")	Mineral Property Exploration	Finland	100%	100%

These financial statements include the accounts of the Company and its subsidiary company. Intercompany balances and transactions, and any unrealized income and expense arising from inter-company transactions are eliminated in preparing these financial statements.

**Foreign Currencies**

The Company's reporting and functional currency is the Canadian dollar. The Company considered indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

Transactions in foreign currencies are initially recorded at the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange in effect at the end of the reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

**Financing Costs**

The costs related to equity transactions are deferred until the closing of the equity transactions. These costs are accounted for as a deduction from equity. Transaction costs of abandoned equity transactions are expensed in income (loss).

**Cash**

Cash comprises cash deposited at Canadian banks and demand deposits which are readily convertible into a known amount of cash. Cash is denominated in Canadian dollars.

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Exploration and evaluation assets**

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims and crediting all revenues received against the cost of the related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to profit or loss at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditures are not expected to be recovered, they are charged to income (loss). Exploration areas where reserves have been discovered, but require major capital expenditures before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

**Equipment**

Exploration equipment is recorded at cost less accumulated depreciation.

Where an item of plant and equipment comprises significant components with different useful lives, the components are accounted for as separate items of plant and equipment.

The Company depreciates its assets as follows:

Category	Method	Useful life
Exploration equipment	Straight-line	5 years

The depreciation method, useful life and residual values are assessed annually.

**Decommissioning and restoration liability**

The Company recognizes the fair value of a decommissioning and restoration liability the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the decommissioning and restoration liability due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in profit or loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. The Company did not have any significant decommissioning and restoration obligations for the periods presented.



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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

**Share-based payments**

The share option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based payments with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

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

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payments. Otherwise, share-based payments are measured at the fair value of the goods or services received.

**Warrants issued in equity financing transactions**

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction.

The Company uses the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the share issuance date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

From time to time in connection with private placements, the Company issues compensatory warrants to agents ("Agent Warrants") as commission for services. Awards of Agent Warrants are accounted for in accordance with the fair value method of accounting and result in share issue costs and a credit to reserves when Agent Warrants are issued. Any consideration received upon exercise of Agent Warrants is credited to share capital. The application of the fair value based method requires the use of certain assumptions regarding the risk-free market interest rate, expected volatility in the price of the underlying stock, and expected life of the Agent Warrants.

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Comprehensive loss**

Comprehensive loss is defined as the change in equity (net assets) from transactions and other events from non-owner sources. Other comprehensive income is defined as revenues, expenses, gains and losses that are recognized in comprehensive income, but excluded from net income. This would include holding gains and losses from financial instruments classified as available-for-sale. The Company does not have any items representing comprehensive income or loss.

**Earnings (loss) per share**

Basic earnings (loss) per share is computed by dividing net earnings (loss) attributable to common shareholders by the weighted average number of outstanding common shares for the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of the exercise of stock options and warrants. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. In periods where a net loss is reported outstanding options and warrants are excluded from the calculation of diluted loss per share, as they are anti-dilutive. Diluted loss per share is equal to the basic loss per share as net losses were reported during the periods presented.

**Current and deferred income taxes**

(a) Current Tax

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 end of each reporting period.

(b) Deferred Tax

Deferred income tax is provided for based on temporary differences, at the end of each reporting period, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward or unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Current and deferred income taxes (Continued)**

The carrying amount of deferred income 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 income 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 allow the deferred tax asset to be recovered.

Deferred income 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 at the end of each reporting period.

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

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

**Financial instruments – recognition and measurement**

All financial assets are initially recorded at fair value and designated upon inception into one of the following categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss (“FVTPL”).

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

Financial assets and liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Held-to-maturity instruments, loans and receivables and financial liabilities not at FVTPL are measured at amortized cost using the effective interest rate method.

The Company has implemented the following classifications for its financial instruments:

- a) Cash has been classified as FVTPL.
- b) Receivables have been classified as loans and receivables.
- c) Accounts payable and accrued liabilities have been classified as other financial liabilities.

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Impairment of financial assets**

The Company assesses at the end of each reporting period whether a financial asset is impaired.

If there is objective evidence that there is an impairment loss on assets carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade and other receivables, a provision for impairment is made and an impairment loss is recognized in profit or loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

**De-recognition of financial assets and financial liabilities**

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

**Impairment of non-financial assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Impairment of non-financial assets (Continued)**

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, however the increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

**Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

**Significant accounting judgments and estimates**

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. Financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both the current and future periods.

*Critical accounting estimates*

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

- the carrying value and the recoverability of exploration and evaluation assets;
- the inputs used in the accounting for share-based compensation; and
- income taxes

*Critical accounting judgments*

Examples of significant judgments, apart from those involving estimation, include:

- the accounting policies for exploration and evaluation assets;
- classification of financial instruments; and
- determination of functional currency.

**FINORE MINING INC.**

**Notes to the Unaudited Condensed Consolidated Interim Financial Statements**

**For the Three and Nine Months Ended September 30, 2016 and 2015**

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**New Standards, Interpretations and Amendments Adopted**

**a) New Standards, Amendments and Interpretations Effective for the first time from January 1, 2016**

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning on or after January 1, 2016 or later periods.

***Amended standard IFRS 11, Accounting for Acquisitions of Interests in Joint Operations***

The amendments provide specific guidance on accounting for the acquisition of an interest in a joint operation that is a business.

***New Standard IFRS 14, Regulatory Deferral Accounts***

IFRS 14 specifies the financial reporting requirements for regulatory deferral account balances that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation.

***Amended Standards IAS 16 & IAS 38, Clarification of Acceptable Methods of Depreciation and Amortization***

The amendments clarify that the use of a revenue-based depreciation and amortization method is not appropriate and provide a rebuttable presumption for intangible assets.

***Amended Standard IAS 27, Equity Method in Separate Financial Statements***

The amendment restores the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

***Amended Standard IAS 1, Presentation of Financial Statements***

The amendments are part of an overall disclosure initiative to improve the effectiveness of disclosure in financial statements.

None of the above adopted standards had a significant effect on these financial statements.

**b) Standards, Amendments and Interpretations Not Yet Effective**

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are not mandatory for accounting periods beginning before January 1, 2017. They have not been early adopted in these consolidated financial statements, and are expected to affect the Company in the period of initial application. In all cases the Company intends to apply these standards from application date as indicated below:

**Effective for annual periods beginning on or after January 1, 2017**

***Amended standard IAS 7, Statement of Cash Flows***

The amendments to improve information provided to users of financial statements about an entity's changes in liabilities arising from financing activities.

***Amended standard IFRS 10, Consolidated Financial Statements***

The amendments deal with the sale or contribution of assets between an investor and its associate or joint venture.

***Amended standard IAS 28, Investments in Associate and Joint Venture***

The amendments deal with the sale or contribution of assets between an investor and its associate or joint venture.

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) Standards, Amendments and Interpretations Not Yet Effective (Continued)**

*Amended standard IAS 12, Income Taxes*

The amendments relate to the recognition of deferred tax assets for unrealized losses associated with debt instruments measured at fair value.

**Effective for annual periods beginning on or after January 1, 2018**

*Amended standard IFRS 2, Share-based Payment*

The amendments clarify the classification and measurement of share-based payment transactions.

*Amended standard IFRS 9, Financial Instruments – Classification and Measurement*

IFRS 9 is the first step in the process to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities and carries over from the requirements of IAS 39.

*New standard IFRS 15, Revenues from Contracts with Customers*

IFRS 15 provides guidance on how and when revenue from contracts with customers is to be recognized, along with new disclosure requirements in order to provide financial statement users with more information and relevant information.

**Effective for annual periods beginning on or after January 1, 2019**

*New standard IFRS 16, Leases*

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties of a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

**3. EQUIPMENT**

	<b>Exploration equipment</b>	<b>Total</b>
Balance at December 31, 2014	\$ 3,221	\$ 3,221
Additions	-	-
<b>Balance at December 31, 2015 and September 30, 2016</b>	<b>\$ 3,221</b>	<b>\$ 3,221</b>
Balance at December 31, 2014	\$ 587	\$ 587
Depreciation/reduction	469	469
<b>Balance at December 31, 2015 and September 30, 2016</b>	<b>\$ 1,056</b>	<b>\$ 1,056</b>
<b>Carrying amounts</b>		
<b>Balance at December 31, 2015 and September 30, 2016</b>	<b>\$ 2,165</b>	<b>\$ 2,165</b>

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**4. EXPLORATION AND EVALUATION ASSETS****Läntinen Koillismaa Mineral Claims, North-eastern Finland**

<b>Balance December 31, 2014</b>	<b>\$</b>	<b>11,035,197</b>
Exploration costs		
Landowner costs		110,330
Professional fees – legal		51,200
Professional fees – accounting		10,065
Camp expenses		19,065
Project administration and general		4,511
Impairment of exploration and evaluation assets		(10,355,368)
<b>Balance December 31, 2015</b>	<b>\$</b>	<b>875,000</b>
Landowner costs		64,117
Professional fees – legal		20,462
Camp expenses		11,452
Project administration and general		10,943
Impairment of exploration and evaluation assets		(581,974)
<b>Balance September 30, 2016</b>	<b>\$</b>	<b>400,000</b>

On July 21, 2011, the Company entered into a binding letter of intent with Nortec Minerals Corp. (“Nortec”), whereby Nortec would grant the Company the right to acquire up to an undivided 80% interest in the Läntinen Koillismaa Project (the “LK Project”). The binding letter of intent was replaced and superseded by the option agreement with Nortec (the “Nortec Option Agreement”) dated August 24, 2011. The effective date of the Nortec Option Agreement is September 6, 2011 (the “Effective Date”), which is the date the CSE accepted the filing of the option agreement. On September 7, 2011, the Company issued 185,000 common shares at \$4.50 per share for a total of \$832,500 as finders’ fees in connection with the option.

On September 10, 2012, the Company entered into an amendment to the Nortec Option Agreement (the “Nortec Option Amendment”), whereby Nortec granted the Company the right to acquire 70% interest in the LK Project by: a) issuing an additional 2,700,000 shares of the Company (issued at a value of \$3,240,000); b) paying in full the amount owed by the Company on account of the conduct of exploration work within 60 days from the date of the Nortec Option Amendment (full amount not paid on time); and c) granting Nortec the right to nominate two persons for appointment or election to the Company’s board of directors. As the result, the remaining outstanding option obligations under the Nortec Option Agreement were not fulfilled.

On February 19, 2013, the Company entered into a second amendment agreement (the “Second Amendment Agreement”) with Nortec, whereby Nortec and the Company agreed to such amendments that the Company has the sole and exclusive right and option to earn 100% interest in and to the LK Project for, among other things, 4,100,000 shares of the Company. On February 19, 2013, the Company issued 4,100,000 shares valued at \$1,025,000 to Nortec. As at December 31, 2013, Nortec held a total of 8,322,721 shares of the Company which equated to a 54% interest.

Effective May 6, 2014, the Company acquired a 100% interest in the Läntinen Koillismaa Project from Nortec through the acquisition of Nortec Minerals OY (“NMO”), the subsidiary that holds title to the LK property. The Company made the final payment to Nortec, comprising 91,771 shares in Finore valued at \$9,177, pursuant to Second Amendment Agreement. As at December 31, 2014, Nortec held a total of 8,614,492 shares of the Company which equated to a 54% interest. During fiscal 2015, Nortec’s ownership interest was diluted to 34%.



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**4. EXPLORATION AND EVALUATION ASSETS (Continued)****Läntinen Koillismaa Mineral Claims, North-eastern Finland (Continued)**

Due to unfavourable market conditions, the Company determined that there was an indicator of impairment in relation to the LK Property and therefore during the year ended December 31, 2015, the Company wrote down the carrying value from \$11,230,368 to \$875,000 and recognized an impairment loss of \$10,355,368.

During the nine months ended September 30, 2016, the Company incurred an additional \$106,974 of expenditures on the LK Property. The Company determined that there was an indicator of further impairment on the LK Property and therefore during the nine months ended, the Company wrote down the carrying value to \$400,000, recognizing an impairment loss of \$581,974. The value was determined based on fair value less costs to sell.

**5. SHARE CAPITAL AND RESERVES**

a) **Authorized:** Unlimited common shares without par value.

b) **Issued and Outstanding:** As at September 30, 2016, there were 35,511,153 common shares issued and outstanding (December 31, 2015 – 25,493,653).

**Details of common shares are as follows:**

- On June 22, 2016, the Company closed a non-brokered private placement and issued 10,000,000 units of the Company at \$0.02 per unit for gross proceeds of \$200,000. Each unit comprised one common share of the Company and one common share purchase warrant, exercisable at \$0.05 per share for the first two years from grant date and \$0.10 per share during the third year. Associated with the private placement, the Company issued 17,500 units, valued at \$634, as finders' fees. There has been no value attributed to the warrants issued.
- On June 5, 2015, the Company closed a non-brokered private placement and issued 9,270,000 units of the Company at a price of \$0.03 per unit for gross proceeds of \$278,100. Each unit comprised one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at \$0.08 per share for the first two years after the date of issue, and at an exercise price of \$0.10 per share during the third year after the date of issue. The Company paid a commission comprising 267,750 units in connection with a portion of the private placement valued at \$8,033. There was no value attributed to the warrants associated with the units issued.

**c) Share Purchase Warrants**

A summary of the Company's share purchase warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2014	-	\$ -
Issued	9,537,750	\$ 0.08
Balance, December 31, 2015	9,537,750	\$ 0.08
Issued	10,017,500	\$ 0.05
Balance, September 30, 2016	19,555,250	\$ 0.06

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**5. SHARE CAPITAL AND RESERVES (Continued)****c) Share Purchase Warrants (Continued)**

As at September 30, 2016, the Company had the following warrants outstanding:

Number	Exercise Price		Average Contractual Life	Expiry Date
9,537,750	\$0.08	Year 1 & 2	1.68 Years	June 4, 2018
	\$0.10	Year 3		
10,017,500	\$0.05	Year 1 & 2	2.73 Years	June 22, 2019
	\$0.10	Year 3		

**d) Stock Options**

The Company has a stock option plan (the "Stock Option Plan") whereby the Company is authorized to grant options to officers and directors, insiders, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company's shares as calculated on the date of grant. The options are exercisable for a maximum term of 5 years.

The continuity of stock options for the nine months ended September 30, 2016 and for the year ended December 31, 2015 is as follows:

	September 30, 2016		December 31, 2015	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Options outstanding, beginning of the year	1,500,000	\$0.05	20,000	\$ 4.60
Granted	-	-	1,500,000	\$ 0.05
Cancelled or expired	-	-	(20,000)	\$ 4.60
Options outstanding and exercisable, end of the period	1,500,000	\$0.05	1,500,000	\$ 0.05

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**5. SHARE CAPITAL AND RESERVES (Continued)****d) Stock Options (Continued)**

The options outstanding and exercisable as at September 30, 2016 and December 31, 2015 are as follows

Range of Exercise Prices	Number Outstanding	Weighted Average Exercise Price	Weighted Remaining Contractual Life	Expiry Date
\$ 0.05	*1,500,000	\$ 0.05	0.38	February 17, 2017

*\*Subsequent to September 30, 2016, 550,000 of these stock options were exercised.*

The Company uses the Black-Scholes option pricing model to determine the fair value of the options granted with the following weighted average assumption:

	Year Ended December 31, 2015
Dividend rate	0%
Risk-free interest rate	0.46%
Expected life	2
Expected volatility	253.88%

The fair value of the options granted and vested on February 17, 2015 as determined by the Black-Scholes pricing model was \$6,017.

**6. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

Non-cash investing and financing includes:

	September 30, 2016	September 30, 2015
Exploration and evaluation assets in accounts payable	48,911	143,482
Units issued as finders fees	634	4,853

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**7. CAPITAL MANAGEMENT**

Capital comprises the Company's shareholders equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company in order to support its operations and business development. 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 to sustain future development of the business.

The Company has not generated any revenues or cash flows since its inception; therefore, the Company is dependent on external financing to fund its future intended business plan. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements.

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.

**8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

As at September 30, 2016 and 2015, the Company's financial instruments consist of cash, receivables and accounts payable and accrued liabilities. Cash is measured at fair value using level 1 as the basis for measurement in the fair value hierarchy. The carrying value of receivables and accounts payable and accrued liabilities approximates the fair values due to the relatively short-term to maturity. The Company classifies its cash as FVTPL, its receivables as loans and receivables and accounts payable and accrued liabilities as other financial liabilities.

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest risk, liquidity risk, and foreign exchange rate risk.

(a) Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding demand deposits in high credit quality banking institutions in Canada. The Company does not have any asset-backed commercial paper included in cash. Management believes that the credit risk with respect to receivables is remote.

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash is limited because of its short-term investment nature.

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**8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)**

## (c) Foreign Exchange Rate Risk

The Company has certain consulting fees and exploration and evaluation assets that are denominated in US dollars, European Euros and other operating expenses that are mainly in Canadian dollars. The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian dollar, the US dollar and the European Euro. The exposure to foreign exchange rate risk is considered low. The Company has not entered into any derivative instruments to manage foreign exchange fluctuations.

As at September 30, 2016 and December 31, 2015, the Company's US dollars and European Euros denominated monetary assets and liabilities are as follows:

	<b>September 30, 2016</b>		<b>December 31, 2015</b>	
<b>Monetary Assets</b>				
Cash	EURO €	91	EURO €	626
Receivables	EURO €	775	EURO €	904
<b>Monetary Liabilities</b>				
Account payables and accrued liabilities	USD \$	4,116	USD \$	4,116
	EURO €	33,180	EURO €	64,052

## (d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient capital to meet liabilities when due after taking into account the Company's holdings of cash that might be raised from equity financings. The Company has raised additional capital subsequent to September 30, 2016.

**9. RELATED PARTY TRANSACTIONS**

Key management personnel include senior officers and directors of the Company.

Compensation to key management personnel is as follows:

	<b>Nine Months Ended September 30, 2016</b>	Nine Months Ended September 30, 2015
Consulting fees – key management personnel	<b>\$ 24,000</b>	\$ 22,750

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**9. RELATED PARTY TRANSACTIONS (Continued)**

Other related party compensation is as follows:

	<b>Nine Months Ended September 30, 2016</b>	Nine Months Ended September 30, 2015
Consulting fees – other	\$ 12,750	\$ 17,370

Accounts payables and accrued liabilities of the Company include the following amounts due to related parties:

	<b>September 30, 2016</b>	December 31, 2015
Key management personnel	\$ 100,280	\$ 83,293
Other related parties	\$ 65,506	\$ 65,878
	<b>\$ 165,786</b>	<b>\$ 149,171</b>

**10. SEGMENTED INFORMATION**

The Company has one reportable operating segment, being the acquisition and exploration of exploration and evaluation assets. Geographic information of the Company's capital assets comprising exploration and evaluation assets and equipment is as follows:

	<b>September 30, 2016</b>	<b>December 31, 2015</b>
<b>Exploration and evaluation assets</b>		
Finland	\$ 400,000	\$ 875,000
	<b>\$ 400,000</b>	<b>\$ 875,000</b>

**11. SUBSEQUENT EVENTS**

Subsequent to September 30, 2016 the Company:

- a) issued 2,000,000 incentive share purchase stock options to directors, consultants and advisors. Each stock option has an exercise price of \$0.15 per share and is exercisable at any time prior to October 4, 2018;
- b) signed an option agreement with Utah Mineral Resources LLC ("UMR") to acquire 100% interest on the Panther Creek Cobalt ("Co") property, East-Central Idaho. On October 20, 2016, the Company terminated the Panther Creek cobalt property option agreement;
- c) signed a letter agreement with Nickel One Resources Inc. ("Nickel One") in connection with the acquisition by Nickel One of all the issued and outstanding shares of NMO, the wholly-owned subsidiary of Finore, which holds a 100% interest in the LK Project located in north-central Finland. Pursuant to the terms of the letter agreement, upon closing of the transaction, Nickel One will issue to Finore 5,000,000 common shares in the Capital of Nickel One and will issue 2,500,000 common share purchase warrants exercisable to acquire additional common shares of Nickel One at a price of \$0.12 per share for a period of 24 months from the closing of the transaction. In addition, Nickel One has paid the Company \$50,000 upon signing the letter agreement, which funds are expected to be applied to a subscription by Nickel One in a future private placement by the Company. This transaction is subject to due diligence and approval;

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**11. SUBSEQUENT EVENTS (Continued)**

- d) signed a letter agreement (the “Assignment Agreement”) with an arm’s length private British Columbia company (the “Assignor”), pursuant to which the Assignor has assigned to the Company the rights and obligations of a letter agreement dated October 25, 2016 (the “Letter Agreement”) between the Assignor and Kushtown USA, LLC (“Kushtown”), a private California limited liability company, engaged in the business of producing cannabis infused edible products. Pursuant to the terms of the Letter Agreement, the Company will acquire all of the issued and outstanding securities of Kushtown (the “Transaction”). The Company will make certain cash payments and advances and issue to Kushtown shareholders an aggregate of 8,440,845 common shares in the capital of the Company (the “Payment Shares”). Upon closing of the Transaction, the Company will issue 2,500,000 common shares to the Assignor at a deemed price of CDN\$0.15 per share and shall grant the Assignor a 2% net profits interest royalty on all Kushtown branded products sold by the Company. The Transaction remains subject to certain closing conditions, including, completion of due diligence, the negotiation and signing of a definitive agreement and obtaining all necessary approvals, including, approval of the respective boards, the approval of the CSE, and if applicable, shareholders of the Company. The Company made a first cash payment to the shareholders of Kushtown for US\$50,000 on November 3, 2016;

Concurrent with the closing of the Transaction, the Company will apply to have its name changed to Kushtown USA LLC and its trading symbol in Canada changed to KSH to better reflect the change of the Company’s business.

- e) completed a private placement for gross proceeds of \$2,200,000 through the issuance of 14,666,664 Units. Each Unit consisted of one common share at \$0.15 per share and one share purchase warrant exercisable at \$0.25 per share for a period of 24 months from the date of closing. All warrants are subject to an early acceleration provision. The Company paid a cash finders’ fee of \$56,412 and issued 376,080 broker warrants which are exercisable at \$0.25 cents per common share for a period of 24 months from the date of closing;
- f) issued 1,055,000 common shares on the exercise of stock options for proceeds of \$102,500;
- g) issued 4,067,500 common shares on the exercise of warrants for proceeds of \$213,875; and
- h) settled \$156,346 in accounts payable as at September 30, 2016 for \$52,500, resulting in a gain on debt of \$103,846.