

FINORE MINING INC.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

(Expressed in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Finore Mining Inc.

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Finore Mining Inc. to continue as a going concern.

Other Matter

The financial statements of Finore Mining Inc. as at December 31, 2015 and for the year then ended were audited by another firm of independent auditors who expressed an unmodified opinion on those statements in their report dated July 18, 2016.

Jackson & Company
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, British Columbia
March 22, 2017

FINORE MINING INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	December 31, 2016	December 31, 2015
ASSETS			
Current			
Cash		\$ 3,140,798	\$ 32,050
Accounts receivables		23,762	7,309
Prepaid expenses	4	179,443	4,509
Asset held for sale	6	370,313	-
Total Current Assets		3,714,316	43,868
Equipment	5	1,793	2,165
Exploration and evaluation assets	6	-	875,000
TOTAL ASSETS		\$ 3,716,109	\$ 921,033
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	11	\$ 161,483	\$ 424,729
		161,483	424,729
Shareholders' Equity			
Share capital	7	21,067,216	16,981,663
Reserves	7	2,149,757	1,840,049
Deficit		(19,662,347)	(18,325,408)
Total Shareholders' Equity		3,554,626	496,304
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 3,716,109	\$ 921,033

Nature of Operations and Going Concern	1
Subsequent Events	14

Approved and authorized for issue by the Board of Directors on March 22, 2017.

"Rav Mlait"
Rav Mlait, Director

"Mohan Vulimiri"
Mohan Vulimiri, Director

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

FINORE MINING INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Notes	Years Ended December 31,	
		2016	2015
General and Administrative Expenses			
Amortization	5	\$ 372	\$ -
Consulting fees	11	73,633	71,101
Office and general		19,163	1,087
Marketing		137,982	-
Professional fees		151,274	25,190
Share-based compensation	7	239,608	6,017
Transfer agent and filing fees		57,626	19,267
Operating loss		<u>679,658</u>	122,662
Foreign exchange loss		607	11,809
Project investigation	14	141,909	-
Gain on settlement of debt	11	(118,309)	-
Impairment of exploration and evaluation assets	6	633,074	10,355,368
Loss and comprehensive loss for the year		<u>\$ 1,336,939</u>	<u>\$ 10,489,839</u>
Basic and diluted loss per share		<u>\$ 0.02</u>	<u>\$ 0.49</u>
Weighted average number of common shares outstanding		<u>60,187,850</u>	<u>21,417,245</u>

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

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

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Option Reserve	Warrant Reserve	Deficit	Total Shareholders' Equity
Balance – December 31, 2014	15,955,903	\$ 16,703,563	\$1,511,157	\$ 322,875	\$ (7,835,569)	\$ 10,702,026
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 year	-	-	-	-	(10,489,839)	(10,489,839)
Balance – December 31, 2015	25,493,653	\$ 16,981,663	\$1,517,174	\$ 322,875	\$ (18,325,408)	\$ 496,304
Shares issued – private placement	29,844,043	3,823,779	-	-	-	3,823,779
Shares issued – warrants exercised	4,617,825	243,801	-	-	-	243,801
Shares issued – stock options exercised	1,750,000	305,850	(118,350)	-	-	187,500
Shares issued – finders' fees	17,500	634	-	-	-	634
Share issue costs – non cash	-	(189,084)	-	188,450	-	(634)
Share issue costs – cash	-	(99,427)	-	-	-	(99,427)
Share-based compensation	-	-	239,608	-	-	239,608
Loss for the year	-	-	-	-	(1,336,939)	(1,336,939)
Balance – December 31, 2016	61,723,021	\$ 21,067,216	\$1,638,432	\$ 511,325	\$ (19,662,347)	\$ 3,554,626

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

FINORE MINING INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Years Ended December 31,	
	2016	2015
Operating Activities		
Net loss for the year	\$ (1,336,939)	\$ (10,489,839)
Non-cash items included in net loss:		
Shared-based compensation	239,608	6,017
Impairment of exploration and evaluation assets	633,074	10,355,368
Changes in non-cash working capital		
Increase in accounts receivable	(16,453)	(2,551)
(Increase) decrease in prepaid expenses	(174,934)	3,802
Increase (decrease) in accounts payable and accrued liabilities	(184,593)	91,307
Net cash used in operating activities	(840,237)	(35,896)
Investing Activity		
Exploration and evaluation assets	(206,668)	(220,336)
Net cash used in investing activity	(206,668)	(220,336)
Financing Activities		
Proceeds from private placements	3,823,779	278,100
Proceeds from warrants exercised	243,801	-
Proceeds from options exercised	187,500	-
Share issuance costs	(99,427)	-
Proceeds from related party loan	-	160,000
Repayment of related party loan	-	(160,000)
Net cash provided by financing activities	4,155,653	278,100
Increase in cash	3,108,748	21,868
Cash, beginning of year	32,050	10,182
Cash, end of year	\$ 3,140,798	\$ 32,050

Supplemental cash flow information - Note 8

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

FINORE MINING INC.
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2016 and 2015
(Expressed in Canadian Dollars, unless stated otherwise)

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 915, 700 West Pender Street, Vancouver, B.C., V6C-1G8.

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 surplus of \$3,552,833 as at December 31, 2016 and an accumulated deficit of \$19,662,347 (2015 - working capital deficiency of \$380,861 and an accumulated deficit of \$18,325,408). 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. During the year of 2016, the Company raised \$3,823,779. The Company estimates it will have sufficient capital to continue operations for the upcoming year. Additionally, the Company entered into an agreement that would result in a change of business (Note 14).

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and were approved and authorized for issuance by the Board of Directors outstanding policies as of March 22, 2017, the date the Board of Directors approved the financial statements.

FINORE MINING INC.
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2016 and 2015
(Expressed in Canadian Dollars, unless stated otherwise)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

These consolidated financial statements have been prepared on an historical cost basis. The preparation of financial statements in accordance with IFRS requires management to make certain critical accounting estimates and exercise judgment in applying the Company's accounting policies. As a precise determination of many assets and liabilities is dependent upon future events, the preparation of consolidated financial statements for a period involves the use of estimates, which have been made using careful judgment. Actual results may differ from these estimates. The areas involving a higher degree of judgment, complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed under the Significant Accounting Estimates and Judgements section in this note.

Basis of Consolidation

Subsidiaries are entities controlled by the Company. Control exists when an entity is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intercompany balances and transactions and any unrealized income and expense arising from inter-company transactions are eliminated in preparing these financial statements. See Note 3 for further details on the Company's subsidiary.

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 which are readily convertible into a known amount of cash. Cash is denominated in Canadian dollars.

FINORE MINING INC.
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2016 and 2015
(Expressed in Canadian Dollars, unless stated otherwise)

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.

FINORE MINING INC.
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2016 and 2015
(Expressed in Canadian Dollars, unless stated otherwise)

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.

FINORE MINING INC.
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2016 and 2015
(Expressed in Canadian Dollars, unless stated otherwise)

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.

FINORE MINING INC.
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2016 and 2015
(Expressed in Canadian Dollars, unless stated otherwise)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current and Deferred Income Taxes (Continued)

(b) Deferred Tax (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.

FINORE MINING INC.
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2016 and 2015
(Expressed in Canadian Dollars, unless stated otherwise)

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.

FINORE MINING INC.
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2016 and 2015
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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 Consolidated Financial Statements
For the Years Ended December 31, 2016 and 2015
(Expressed in Canadian Dollars, unless stated otherwise)

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. SUBSIDIARY

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	
			December 31, 2016	December 31, 2015
Nortec Minerals Oy (“NMO”)	Mineral Property Exploration	Finland	100%	100%

Note: See subsequent events note 14.

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4. PREPAID EXPENSES

	December 31, 2016		December 31, 2015	
Advertising and promotions	\$	64,958	\$	-
Accounting and legal		67,749		-
Professional fees		2,556		-
Transfer agent and filing fees		40,490		-
Other prepaids		3,690		4,509
Total prepaid expenses	\$	179,443	\$	4,509

5. EQUIPMENT

	Exploration equipment
Balance at December 31, 2014 and December 31, 2015	\$ 3,221
Additions	-
Balance at December 31, 2016	\$ 3,221
Balance at December 31, 2014	\$ 587
Depreciation	469
Balance at December 31, 2015	\$ 1,056
Depreciation	372
Balance at December 31, 2016	\$ 1,428
Carrying amounts	
Balance at December 31, 2015	\$ 2,165
Balance at December 31, 2016	\$ 1,793

6. EXPLORATION AND EVALUATION ASSETS

Läntinen Koillismaa Mineral Claims, North-eastern Finland

Balance December 31, 2014	\$	11,035,197
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)
Balance December 31, 2015	\$	875,000
Landowner costs		71,288
Professional fees – legal		29,459
Camp expenses		18,786
Project administration and general		8,854
Impairment of exploration and evaluation assets		(633,074)
Balance December 31, 2016	\$	370,313

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6. EXPLORATION AND EVALUATION ASSETS (Continued)

Läntinen Koillismaa Mineral Claims, North-eastern Finland (Continued)

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%.

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 year ended December 31, 2016, the Company incurred an additional \$128,387 of expenditures on the LK Property. The Company also determined that there was an indicator of further impairment on the LK Property and therefore during the year ended December 31, 2016, the Company wrote down the carrying value to \$370,313, recognizing an impairment loss of \$633,074. The value was determined based on fair value less costs to sell. At December 31, 2016, the Company reclassified the exploration and evaluation assets as asset held for sale.

Subsequent to year-end, the Company signed a definitive agreement to sell NMO, see Note 14 for further details.

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7. SHARE CAPITAL AND RESERVES

- a) **Authorized:** Unlimited common shares without par value.
- b) **Issued and Outstanding:** As at December 31, 2016, there were 61,723,021 common shares issued and outstanding (2015 - 25,493,653). Details of common shares are as follows:

For the year ended December 31, 2016

- During the quarter ended December 31, 2016, 4,617,825 warrants were exercised; 4,187,500 at an exercise price of \$0.05 per share and 430,325 warrants were exercised at a price of \$0.08 per share.
- During the quarter ended December 31, 2016, 1,750,000 stock options were exercised; 1,000,000 at an exercise price of \$0.15 per share and 750,000 at an exercise price of \$0.05 per share.
- On December 9, 2016, the Company closed a non-brokered private placement and issued 5,177,379 units of the Company at \$0.275 per unit for gross proceeds of \$1,423,997. Each unit consisted of one common share of the Company and one share purchase warrant, exercisable at \$0.40 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 \$28,240 and issued 102,691 broker warrants which are exercisable at \$0.40 cents per common share for a period of 24 months from the date of closing. There was no value attributed to the warrants issued.
- On November 7, 2016, the Company closed a non-brokered private placement and issued 14,666,664 units of the Company at \$0.15 per unit for gross proceeds of \$2,200,000. Each unit consisted of one common share of the Company 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. There was no value attributed to the warrants issued.
- 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 was no value attributed to the warrants issued.

For the year ended December 31, 2015

- 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.

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7. SHARE CAPITAL AND RESERVES (Continued)

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	30,340,314	\$ 0.21
Exercised	(4,617,825)	\$ 0.05
Balance, December 31, 2016	35,260,239	\$ 0.18

As at December 31, 2016, the Company had the following warrants outstanding:

Number	Exercise Price		Average Contractual Life	Expiry Date
9,107,425	\$0.08	Year 1 & 2	1.42 Years	June 4, 2018
	\$0.10	Year 3		
15,042,744	\$0.25	Year 1 & 2	1.85 Years	November 8, 2018
5,280,070	\$0.40	Year 1 & 2	1.94 Years	December 9, 2018
5,830,000	\$0.05	Year 1 & 2	2.47 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.

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7. SHARE CAPITAL AND RESERVES (Continued)

d) Stock Options (Continued)

The continuity of stock options for the years ended December 31, 2016 and 2015 is as follows:

	December 31, 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	2,000,000	\$0.15	1,500,000	\$ 0.05
Exercised	(1,750,000)	\$0.11	(20,000)	\$ 4.60
Expired	(150,000)	\$0.05		
Options outstanding and exercisable, end of the year	1,600,000	\$0.11	1,500,000	\$ 0.05

The options outstanding and exercisable as at December 31, 2016 are as follows:

Number	Exercise Price	Weighted Average Exercise Price	Weighted Remaining Contractual Life	Expiry Date
1,000,000	\$0.15	\$0.15	0.13	February 7, 2017
600,000	\$0.05	\$0.05	1.76	October 4, 2018

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, 2016
Dividend rate	0%
Risk-free interest rate	0.55%
Expected life	2
Expected volatility	449.82%

The fair value of the options granted and vested on October 4, 2016 as determined by the Black-Scholes pricing model was \$239,608.

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8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Non-cash investing and financing includes:

	December 31, 2016	December 31, 2015
Exploration and evaluation assets in accounts payable	\$ 17,611	\$ 92,264
Share issue costs in accounts payable	-	17,490
Capitalized depreciation in equipment	372	469
Units issued as finders fees	\$ 634	\$ 8,033

9. 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 year ended December 31, 2016. The Company is not subject to externally imposed capital requirements.

10. 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 December 31, 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.

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10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

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.

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

	December 31, 2016		December 31, 2015	
Monetary Assets				
Cash	EURO €	2,647	EURO €	626
	USD\$	41,660	USD\$	-
Receivables	EURO €	1,090	EURO €	904
Monetary Liabilities				
Account payables and accrued liabilities	USD \$	-	USD \$	4,116
	EURO €	12,429	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 is exposed to liquidity risk.

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11. RELATED PARTY TRANSACTIONS

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

Compensation to key management personnel is as follows:

	Years Ended	
	December 31, 2016	December 31, 2015
Consulting fees – key management personnel	\$ 28,000	\$ 43,850
Share-based compensation	119,804	-
	\$ 147,804	\$ 43,850

Other related party compensation is as follows:

	Years Ended	
	December 31, 2016	December 31, 2015
Consulting fees – other	\$ 863	\$ 13,200

During the year ended December 31, 2016, the Company settled \$245,559 in accounts payable for \$127,250, resulting in a gain on debt of \$118,309. Accounts payables and accrued liabilities of the Company include the following amounts due to related parties:

	December 31, 2016	December 31, 2015
Key management personnel	\$ 4,200	\$ 83,293
Other related parties	863	65,878
	\$ 5,063	\$ 149,171

12. 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:

	December 31, 2016	December 31, 2015
Exploration and evaluation assets		
Finland (Note 14)	\$ 370,313	\$ 875,000
	\$ 370,313	\$ 875,000

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13. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	December 31, 2016	December 31, 2015
Loss for the year	\$ (1,336,939)	\$ (10,489,839)
Expected income tax recovery	(347,604)	(2,727,000)
Change in statutory, foreign tax, foreign exchange rates and other	263,858	(124,000)
Share issuance costs	(26,016)	(3,000)
Permanent difference	62,298	2,000
Adjustment to prior years provision versus statutory tax returns	(182,150)	(844,000)
Change in unrecognized deductible temporary differences	1,566,553	3,695,000
Total income tax expense (recovery)	\$ -	\$ -

As at December 31, 2016, no deferred tax assets are recognized on the following temporary differences as it is not probable that sufficient future taxable profit will be available

	December 31, 2016	December 31, 2015
Deferred Tax Assets		
Exploration and evaluation assets	\$ 1,176,000	\$ 3,894,000
Share issuance costs	22,000	3,000
Non-capital losses available for future period	1,669,000	1,577,000
	2,867,000	5,474,000
Unrecognized deferred tax assets	(2,867,000)	(5,474,000)
Net deferred tax assets	\$ -	\$ -

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13. INCOME TAXES (Continued)

Temporary differences:	December 31, 2016	Expiry Date Range
Exploration and evaluation assets	\$ 5,668,000	No expiry date
Equipment	3,000	No expiry date
Share issuance costs	85,000	2037 to 2040
Non-capital losses available for future period	6,430,000	2019 to 2036
Canada	6,388,000	2027 to 2036
Finland	42,000	2019 to 2027

14. SUBSEQUENT EVENTS

Subsequent to December 31, 2016, the Company:

- a) entered into a share exchange agreement (SEA) dated January 25, 2017 with Kushtown USA, LLC (“Kushtown”), a private California limited liability company whereby the Company will acquire all of the issued and outstanding membership interests of Kushtown (the “Transaction”) for cash US\$650,000 (additional cash consideration of US\$100,000 was paid upon signing the letter agreement and shall issue an aggregate of 4,000,000 common shares in the capital of Finore. In connection with the Transaction, the Company will issue 3,000,000 common shares to an arm’s length third party and shall grant a 2% net profits interest royalty on all Kushtown branded products sold by the Company as an assignment fee.

On March 14, 2017, the Company terminated the SEA dated January 25, 2017, among the Company, Kushtown USA LLC and the members of Kushtown with respect to the acquisition of all of the issued and outstanding membership interests of Kushtown. The transaction was announced in the Company's news release dated January 26, 2017. The Company and Kushtown members have mutually agreed to terminate the SEA due to irreconcilable differences on operating the business on a going-forward basis.

- b) entered into a Share Purchase Agreement dated January 31, 2017 whereby the Company will sell all of the issued and outstanding shares of NMO to Nickel One Resources Inc. (“Nickel One”) for 5,000,000 commons shares in Nickel One and issue 2,500,000 common share purchase warrants exercisable at a price of \$0.12 per Nickel One share for a period of 24 months from the date of closing of the transaction.