ROCKSHIELD CAPITAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
NOVEMBER 30, 2016 AND 2015

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Rockshield Capital Corp.

We have audited the accompanying consolidated financial statements of Rockshield Capital Corp., which comprise the consolidated statements of financial position as at November 30, 2016 and 2015 and the consolidated statements of comprehensive income (loss), changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Rockshield Capital Corp. as at November 30, 2016 and 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Professional Accountants

March 28, 2017

ROCKSHIELD CAPITAL CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	November 30, 2016 $	November 30, 2015 $
ASSETS			
Current assets			
Cash		701,987	2,039,722
Amounts receivable		6,989	1,752
GST receivable		2,100	995
Prepaid expenses		5,250	6,500
Investments	4	5,141,954	3,316,105
Total current assets		5,858,280	5,365,074
Non-current assets			
Investment in and advances to associated company	5	999,454	1,088,326
Total non-current assets		999,454	1,088,326
TOTAL ASSETS		6,857,734	6,453,400
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	20,088	63,425
TOTAL LIABILITIES		20,088	63,425
SHAREHOLDERS' EQUITY			
Share capital	6	25,226,795	25,226,795
Share-based payments reserve		3,525,049	3,525,049
Deficit		(21,914,198)	(22,361,869)
TOTAL SHAREHOLDERS' EQUITY		6,837,646	6,389,975
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,857,734	6,453,400

Nature of Operations - Note 1

Event after the Reporting Period - Note 12

These consolidated financial statements were approved for issue by the Board of Directors on March 28, 2017 and are signed on its behalf by:

/s/ ***Dave Doherty***	/s/ ***Nick DeMare***
Dave Doherty	Nick DeMare
Director	Director

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

ROCKSHIELD CAPITAL CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Expressed in Canadian Dollars)

	Note	Year Ended November 30 2016 $	2015 $
Expenses			
Accounting and administration	7	46,946	62,210
Audit fees		38,250	30,600
Depreciation		-	13,348
Foreign value added tax		2,138	2,069
General and administrative expenses		31,457	71,953
Legal fees		4,505	14,164
Officer and director compensation	7	202,013	152,690
Professional fees		29,573	28,447
Regulatory fees		8,688	10,654
Rent	7	4,756	17,711
Salaries and benefits		23,422	45,083
Shareholder communications		1,868	2,267
Telephone, website and internet costs		8,973	11,394
Transfer agent		5,303	5,014
Travel and related		10,663	53,255
		418,555	520,859
Loss before other items		(418,555)	(520,859)
Other items			
Realized loss on investments	4	(201,866)	(209,611)
Unrealized gain (loss) on investments held	4	1,103,219	(2,672,391)
Equity loss in associated company	5	(210,776)	(1,672,540)
Equity gain on associated company share issuances	5	-	575,837
Gain loss on sale of equipment		-	7,535
Interest and other income		176,368	129,727
Foreign exchange (loss) gain		(719)	19,165
Write-off of property, plant and equipment		-	(35,201)
Write-off of exploration and evaluation assets	3	-	(94,463)
		866,226	(3,951,942)
Net income (loss) and comprehensive income (loss) for the year		447,671	(4,472,801)
Income (loss) per share - basic and diluted		$0.01	$(0.10)
Weighted average number of common shares outstanding - basic and diluted		45,527,855	45,527,855

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

ROCKSHIELD CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Year Ended November 30, 2016				
	Share Capital				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance at November 30, 2015	45,527,855	25,226,795	3,525,049	(22,361,869)	6,389,975
Net income for the year	-	-	-	447,671	447,671
Balance at November 30, 2016	45,527,855	25,226,795	3,525,049	(21,914,198)	6,837,646

	Year Ended November 30, 2015				
	Share Capital				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance at November 30, 2014	45,527,855	25,226,795	3,525,049	(17,889,068)	10,862,776
Net loss for the year	-	-	-	(4,472,801)	(4,472,801)
Balance at November 30, 2015	45,527,855	25,226,795	3,525,049	(22,361,869)	6,389,975

ROCKSHIELD CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended November 30,	
	2016 $	2015 $
Operating activities		
Net income (loss) for the year	447,671	(4,472,801)
Adjustments for:		
Depreciation	-	13,348
Realized loss on investments	201,866	209,611
Unrealized (gain) loss on investments held	(1,103,219)	2,672,391
Equity loss in associated company	210,776	1,672,540
Equity gain on associated company share issuances	-	(575,837)
Gain on sale of equipment	-	(7,535)
Interest income	(149,904)	(95,764)
Write-off of property, plant and equipment	-	35,201
Write-off of exploration and evaluation assets	-	94,463
Changes in non-cash working capital items:		
Amounts receivable	(5,237)	844
GST receivable	(1,105)	52,404
Prepaid expenses	1,250	2,300
Accounts payable and accrued liabilities	(43,337)	31,577
Net cash used in operating activities	(441,239)	(367,258)
Investing activities		
Proceeds from sale of investments	233,544	664,070
Investment purchases	(1,130,040)	(1,135,138)
Investment in and advances to associated company	-	(996,207)
Expenditures on exploration and evaluation assets	-	(2,002)
Proceeds from sale of equipment	-	18,655
Net cash used in investing activities	(896,496)	(1,450,622)
Net change in cash	(1,337,735)	(1,817,880)
Cash at beginning of year	2,039,722	3,857,602
Cash at end of year	701,987	2,039,722
Cash comprises:		
Cash	60,943	513,551
Demand deposits	641,044	1,526,171
	701,987	2,039,722

Supplemental cash flow information - See Note 11

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

1. Nature of Operations

The Company's common shares trade on the Canadian Securities Exchange ("CSE") under the trading symbol "RKS". The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

Historically, the Company has been a mineral exploration company. On May 6, 2014 the Company announced its intention to become a diversified company and carried on business both as an investment company and a resource company. During fiscal 2015 the Company determined to discontinue the application process on its remaining mineral exploration property, the Pelaya Project. At this time the Company conducts business primarily as an investment company.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future. The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain the necessary financing to develop properties and to establish future profitable production. To date the Company has not generated significant revenues from operations. The Company's operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. Management considers the Company has adequate resources to maintain operations and investment activities for the next twelve months.

See also Note 12.

2. Basis of Preparation

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

Basis of Measurement

The Company's consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value.

Details of the Group

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

The subsidiaries of the Company are as follows:

Company	Location of Incorporation	Ownership Interest
Rockshield Plywood Corp. ("Rockshield Plywood")	Canada	100%
Pelaya Copper Corporation ("Pelaya Copper") (inactive)	Canada	100%
Rockshield Colombia S.A.S. (inactive)	Colombia	100%

3. Summary of Significant Accounting Policies

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These 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 future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

(i) The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

(ii) Management is required to assess the functional currency of each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

(iii) Management is required to make judgments to determine the fair value of investments in marketable securities subsequent to initial recognition. Management is also required to determine on whether those marketable securities have sufficient trading volume and reasonable bid-ask spread to determine if they are active enough to be measured at Level 1 of the fair value hierarchy or if other levels are more appropriate.

(iv) Classification of investments requires judgment on whether the Company controls, has joint control or significant influence over the strategic financial and operating decisions relating to the activity of the investee. In assessing the level of control or influence that the Company has over an investment, management considers ownership percentages, board representation as well as other relevant provisions in shareholder agreements. If an investor holds 20% or more of the voting power of the investee, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the investor holds less than 20% of the voting power of the investee, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated.

The Company has classified its investments in Rockshield Engineered Wood Products ULC ("REWP") as an associated company based on management's judgment that the Company has significant influence, based on rights to board representation.

(v) Management is required to assess impairment in respect of exploration and evaluation assets. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

During fiscal 2015 management determined impairment indicators were present in respect of the Pelaya Project and, as a result, an impairment test was performed.

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3. Summary of Significant Accounting Policies (continued)

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

(i) Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

(ii) The assessment of any impairment of evaluation and exploration assets, and property, plant and equipment is dependent upon estimates of the recoverable amount that take into account factors such as reserves, economic and market conditions and the useful lives of assets. In fiscal 2015 the Company determined to discontinue the application process on the Pelaya Project and recorded write-offs of $94,463 on its exploration and evaluation assets and $35,201 on its property, plant and equipment on the abandonment.

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company is not exposed to significant credit or interest rate risk although cash is held in excess of federally insured limits with a major financial institution. As at November 30, 2016 and 2015 the Company did not have any cash equivalents.

Amounts Receivable

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Receivables are classified as loans and receivable. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Accounts Payable and Accrued Liabilities

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are classified as other financial liabilities initially at fair value and subsequently measured at amortized cost using the effective interest method.

Exploration and Evaluation Assets

The Company follows the practice of capitalizing all costs relating to the acquisition of, exploration for and evaluation of mineral properties and crediting all proceeds received against the cost of the related properties. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

3. **Summary of Significant Accounting Policies** (continued)

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.

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets. 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 Company also accounts for foreign value added taxes which relate to deferred mineral resource expenditures as part of deferred costs. The recovery of these taxes will commence on the beginning of foreign commercial operations. Should these amounts be recovered they would be treated as a reduction in the carrying costs of exploration and evaluation assets.

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 expenditure is not expected to be recovered, it is charged to consolidated statement of comprehensive income (loss).

Property, Plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Property, plant and equipment are depreciated annually on a straight-line basis over the estimated useful life of the assets, at a rate of 10% for machinery and equipment; 10% for office furniture and equipment; 20% for computers and telephone equipment; and 20% for vehicles.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive income or loss.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

The Company compares the carrying value of property, plant and equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant.

Impairment of Long-lived Assets

At each financial position reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3. Summary of Significant Accounting Policies (continued)

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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 is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

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, so that the increased carrying amount does not 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. A reversal of an impairment loss is recognized immediately in profit or loss.

Decommissioning Provision

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral interest by or on behalf of the Company. Costs for restoration of site damage which is created on an ongoing basis during exploration and evaluation are provided for at their net present values and charged against profits in the period such exploration and evaluation occurs. Discount rates using a pre-tax risk-free rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. As at November 30, 2016 and 2015 the Company does not have any decommissioning obligations.

Financial Instruments

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

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through comprehensive loss. Cash and investments are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. Amounts receivable and advances are classified as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. At November 30, 2016 and 2015 the Company has not classified any financial assets as available-for-sale.

Transaction costs associated with FVTPL are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

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

Financial liabilities classified as other financial liabilities are measured at amortized cost. Accounts payable are classified as other financial liabilities.

Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized through comprehensive loss. At November 30, 2016 and 2015 the Company has not classified any financial liabilities as FVTPL.

3. Summary of Significant Accounting Policies (continued)

Investments in Associated Companies

The Company accounts for its long-term investments in affiliated companies over which it has significant influence on the equity basis of accounting, whereby the investment is initially recorded at cost, adjusted to recognize the Company's share of earnings or losses and reduced by dividends received.

The Company assesses its equity investments for impairment if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the equity investment and that the event or events has an impact on the estimated future cash flow of the investment that can be reliably estimated. Objective evidence of impairment of equity investments includes:

(i) significant financial difficulty of the associated companies;
(ii) becoming probable that the associated companies will enter bankruptcy or other financial reorganization; or
(iii) national or local economic conditions that correlate with defaults of the associated companies.

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Share-Based Payment Transactions

Stock Option Plan

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled share-based payments reserve 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.

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

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Deferred Share Unit Plan

The Company has a deferred share unit plan (the "DSU Plan") for its directors and executive officers. Under the DSU Plan, participants may elect to defer compensation and receive DSUs equal to the value of the deferred compensation.

DSUs are classified as cash settled share-based payment transactions as the participants will receive cash following a redemption event. The DSUs do not contain any vesting conditions or forfeiture provisions, as they are issued in exchange for deferred compensation. As such, the Company recognizes the expense and the liability to pay for eventual redemption when the DSUs are issued. Thereafter, the liability for DSUs are re-measured at the end of each reporting period and at the date of settlement, with the difference recognized in income or expense in the period.

3. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Security transactions are recorded on a settlement date basis. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the consolidated statement of income (loss) and are calculated on an average cost basis. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed, so as to recognize the full realized gain or loss in the period of disposition. All transaction costs are expensed to the consolidated statements of comprehensive income (loss). Interest income is recorded on an accrual basis.

Current and Deferred Income Taxes

The tax expense comprises current and deferred tax. Tax is recognized in the consolidated statement of comprehensive income (loss), except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive loss or directly in equity, respectively.

Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Income Tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Income (Loss) Per Share

Basic income (loss) per share is computed by dividing income available (loss attributable) to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted income (loss) per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on income (loss) per share. For the years presented all options and warrants have been excluded from the calculation as they are considered anti-dilutive. Potentially dilutive options and warrants excluded from diluted income (loss) per share totalled 15,000,000 (2015 - 16,482,059).

3. Summary of Significant Accounting Policies (continued)

Foreign Currency Translation

Functional and Presentation Currency

The financial statements of the Company's subsidiaries are prepared in the local currency of its home jurisdiction. Consolidation of the subsidiaries includes re-measurement from the local currency to the subsidiary's functional currency. The subsidiary's functional currency, being the currency of the primary economic environment in which the subsidiary operates, is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars.

Exchange rates published by the Bank of Canada were used to translate subsidiary financial statements into the consolidated financial statements. Income and expenses for each statement of comprehensive loss presented are translated using the rates prevailing on the transaction dates. All resulting foreign exchange differences are recognized in comprehensive loss.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in comprehensive loss.

Accounting Standards and Interpretations Issued but Not Yet Effective

As at the date of these consolidated financial statements, the following standards have not been applied in these financial statements:

(i) The completed version of IFRS 9, *Financial Instruments*, was issued in July 2014. The completed standard provides for revised guidance on the classification and measurement of financial assets. It also introduces a new expected credit loss model for calculating impairment for financial assets. The new hedging guidance that was issued in November 2013 is incorporated into this new final standard. This final version of IFRS 9 will be effective for periods beginning on or after January 1, 2018, with early adoption permitted.

(ii) IFRS 15, *Revenue from Contracts with Customers*, outlines the principles for recognizing revenue from contracts with customers. The new standard establishes a new five-step model for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new standard is effective for annual periods beginning on or after January 1, 2018, and is applicable to all entities and will supersede all current revenue recognition requirements under IFRS.

(iii) IFRS 16, *Leases*, specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after January 1, 2019.

Management is currently assessing the impact of these new standards on the Company's accounting policies and consolidated financial statement presentation.

(Expressed in Canadian Dollars)

4. Investments

The Company's investments in marketable securities include common shares and other equity instruments of Canadian and U.S. companies that are listed on various Canadian stock exchanges or the OTCQB. The majority of the marketable securities instruments are shares of companies in the mining, oil and gas, media technology and medical technology industries.

Management has designated its investments in common shares and warrants of publicly traded companies as "investments in equity instruments" with the change in fair value recognized in profit or loss. The carrying values of the common shares have been directly referenced to published price quotations in an active market. The carrying values of the warrants are valued at fair value using the Black-Scholes option pricing model, with the following assumptions:

	2016	2015
Risk-free interest rate	0.51% - 0.53%	0.45% - 0.53%
Estimated volatility	94.92% - 197.13%	41.73% - 110.89%
Expected life	0.50 years - 1.42 years	0.31 years - 2.42 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

During fiscal 2016 the Company recorded an unrealized gain of $1,103,219 (2015 - unrealized loss of $2,672,391) on investments held.

During fiscal 2016 the Company sold certain of its investments for proceeds of $233,544 (2015 - $664,070) and recognizing a loss of $201,866 (2015 - $209,611).

5. Investment in and Advances to Associated Company

In fiscal 2014 the Company, together with a third-party industry management and investment group, identified a business opportunity in northern Ontario, Canada, to purchase the assets of a previously operating hardwood plywood mill. The mill went into bankruptcy in May 2014 and the Company and the third party group worked to purchase the key mill equipment to enable operations to resume. As at November 30, 2014 the Company had advanced or incurred $1,240,935 in deposits, equipment and costs towards its investment in the newly formed company, Rockshield Engineered Wood Products ULC ("REWP"). During fiscal 2015 the Company incurred $240,972 additional amounts on behalf of REWP and advanced a total of $400,000 to REWP. On February 18, 2015 REWP issued 2,076,079 Class A common shares, representing an initial 59.32% ownership, for $1,500,000, and an initial note for the principal amount of $381,907 to the Company. During fiscal 2015, additional advances were made by the Company and REWP issued additional notes for $216,596.

Although the Company owned an initial 59.32% interest in REWP upon its initial capitalization the Company held a minority position on the Board of REWP and did not control operational decisions. Furthermore, REWP subsequently completed a number of equity financings which have diluted the Company's ownership interest in REWP to 33.72% as at November 30, 2016 and 2015. The Company anticipates that it will receive distributions of net income and the Company also anticipates to realize proceeds from the ultimate disposition of its ownership interest in REWP. The Company's judgment is that it has significant influence, but not control of REWP. Accordingly the investment in REWP is accounted for under the equity method. During fiscal 2016 the Company recognized a $210,776 (2015 - $1,672,540) equity loss in REWP.

The notes bear interest at an interest rate of 18% per annum, compounded monthly. During fiscal 2016 the Company recorded $121,904 (2015 - $86,526) of interest income attributed to the notes. The notes are due and payable within 30 days from the date that the Company demands payment.

(Expressed in Canadian Dollars)

5. Investment in and Advances to Associated Company (continued)

As at November 30, 2016 and 2015 the Company's investment in and advances to REWP are as follows:

	2016 $	2015 $
Investment in REWP		
Common shares owned	1,500,000	1,500,000
Accumulated equity loss in REWP	(1,883,316)	(1,672,540)
Accumulated equity gain on REWP share issuances	575,837	575,837
	192,521	403,297
Notes issued by REWP		
Principal amounts	598,503	598,503
Accrued interest	208,430	86,526
	806,933	685,029
	999,454	1,088,326

REWP's aggregate assets, aggregate liabilities and total comprehensive loss are as follows:

	52 Week Period Ended January 1, 2017 $	53 Week Period Ended January 3, 2016 $
Current assets	5,078,735	5,357,504
Non-current assets	3,425,783	2,476,876
Current liabilities	7,455,001	5,233,599
Non-current liabilities	478,576	1,404,764
Revenue	32,305,637	12,104,801
Total comprehensive loss	(625,076)	(3,252,788)

See also Note 12.

6. Share Capital

(a) *Authorized Share Capital*

The Company's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Equity Financings*

No financings were conducted by the Company during fiscal 2016 or 2015.

(Expressed in Canadian Dollars)

6. Share Capital (continued)

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at November 30, 2016 and 2015 and the changes for the years ended on those dates is as follows:

	2016		2015	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of year	15,847,059	0.11	15,847,059	0.11
Expired	(847,059)	0.11	-	-
Balance, end of year	15,000,000	0.11	15,847,059	0.11

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at November 30, 2016:

Number	Exercise Price $	Expiry Date
13,352,947	0.11	June 20, 2017
1,647,053	0.11	July 10, 2017
15,000,000		

(d) *Share Option Plan*

On October 24, 2016 a fixed share option plan (the "Fixed Share Option Plan") was approved by the Company's Board of directors and later ratified by the Company's shareholders. The Fixed Share Option Plan replaced the rolling share option plan (the "Rolling Share Option Plan") which was in place. Under the Fixed Share Option Plan a total of 4,552,785 common shares have been reserved for issuance. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of directors and have a maximum term of ten years. As at November 30, 2016, no share options have been granted under the Fixed Share Option Plan.

During fiscal 2016 and 2015 the Company did not grant any share options under the Rolling Share Option Plan.

A summary of the Company's share options at November 30, 2016 and 2015 and the changes for the years ended on those dates, is as follows:

	2016		2015	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of year	635,000	1.46	785,000	1.37
Expired	(635,000)	1.46	(150,000)	1.00
Balance, end of year	-	-	635,000	1.46

(Expressed in Canadian Dollars)

6. Share Capital (continued)

(e) DSU Plan

On October 24, 2016 the DSU Plan was also approved by the Company's Board of directors and subsequently ratified by the Company's shareholders. Under the DSU Plan, an eligible participant may elect to receive DSUs up to 100% of his or her annual base compensation. In addition, the Board may award additional DSUs to the participant. The maximum number of DSUs that may be granted pursuant to the DSU Plan is 4,552,785 DSUs. As at November 30, 2016, no DSUs have been granted.

7. Related Party Disclosures

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and executive officers.

(i) During fiscal 2016 and 2015 the following compensation amounts were incurred with key management personnel:

	2016 $	2015 $
Frank Taggart (1)	75,086	70,190
Dave Doherty (2)	47,427	30,000
Nick DeMare	30,000	30,000
Marc Cernovitch	30,000	30,000
Luke Norman	19,500	2,500
Zula Kropivnitski (3)	-	-
	202,013	162,690

(1) Mr. Taggart incurred these amounts for performing his duties as CEO and President of the Company. Effective June 1, 2016 Mr. Taggart resigned as CEO and President of the Company but remains a director of the Company.
(2) Effective June 1, 2016 Mr. Doherty, a director of the Company, was appointed the CEO and President of the Company.
(3) Elected as a director of the Company on November 23, 2016.

During the fiscal 2016 $202,013 (2015 - $152,690) of the above amounts was expensed to officer and director compensation and $nil (2015 - $10,000) was capitalized to investment in associated company. As at November 30, 2016, $7,000 (2015 - $2,500) remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During fiscal 2016 the Company was billed $4,756 (2015 - $17,711) by Mr. Taggart for office rent in Panama. As at November 30, 2016, $nil (2015 - $9,096) remained unpaid and has been included in accounts payable and accrued liabilities.

(iii) During fiscal 2016 the Company incurred a total of $38,000 (2015 - $51,950) by Chase Management Ltd. ("Chase"), a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. As at November 30, 2016, $5,750 (2015 - $6,200) remained unpaid and has been included in accounts payable and accrued liabilities.

(Expressed in Canadian Dollars)

8. Income Taxes

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

	2016 $	2015 $
Income (loss) before taxes for the year	446,671	(4,472,801)
Expected income tax expense (recovery)	116,000	(1,163,000)
Changes in statutory, foreign tax, foreign exchange rates and other	-	272,000
Permanent difference	(260,000)	(61,000)
Adjustments to prior year's provisions versus statutory tax rate	(6,000)	552,000
Change in unrecognized deductible temporary differences	150,000	400,000
Total income tax expense (recovery)	-	-

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

	2016 $	2015 $
Investments	(302,000)	(317,000)
Equity investment	170,000	143,000
Share issue cost	8,000	12,000
Allowable capital losses	26,000	-
Canadian eligible capital	47,000	47,000
Exploration and evaluation assets	18,000	18,000
Property and equipment	67,000	67,000
Non-capital losses	2,354,000	2,269,000
Net deferred tax asset	2,388,000	2,239,000
Unrecognized deferred tax assets	(2,388,000)	(2,239,000)
Net deferred tax assets	-	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2016		2015	
	$	Expiry Date Range	$	Expiry Date Range
Temporary differences				
Exploration and evaluation assets	73,000	No expiry date	73,000	No expiry date
Property, plant and equipment	268,000	No expiry date	268,000	No expiry date
Canadian eligible capital	181,000	No expiry date	181,000	No expiry date
Share issue costs	31,000	2017 to 2020	46,000	2016 to 2018
Investment in associated company	1,307,000	No expiry date	1,097,000	No expiry date
Allowable capital losses	101,000	No expiry date	-	No expiry date
Non-capital losses available for future period	6,804,000	2017 to 2036	7,578,000	2016 to 2035

Tax attributes are subject to review and potential adjustment by tax authorities.

(Expressed in Canadian Dollars)

9. Segmented Information

Information on reportable segments is a follows:

	November 30, 2016			
	Corporate $	Investments $	Investment in and Advances to Associated Company $	Total $
Interest and other income	26,464	28,000	121,904	176,368
Loss on sale of investments	-	(201,866)	-	(201,866)
Unrealized gain on investments	-	1,103,219	-	1,103,219
Equity loss in associated company	-	-	(210,776)	(210,776)
Segment profit (loss)	(392,810)	929,353	(88,872)	447,671
Segment assets	716,326	5,141,954	999,454	6,857,734

	November 30, 2015				
	Corporate $	Investments $	Investment in and Advances to Associated Company $	Exploration and Evaluation Assets $	Total $
Interest income	33,963	9,238	86,526	-	129,727
Loss on sale of investments	-	(209,611)	-	-	(209,611)
Unrealized loss on investments	-	(2,672,391)	-	-	(2,672,391)
Equity loss in associated company	-	-	(1,672,540)	-	(1,672,540)
Equity gain on associated company share issuances	-	-	575,837	-	575,837
Segment profit (loss)	(414,986)	(2,872,764)	(1,010,177)	(174,874)	(4,472,801)
Segment assets	2,046,124	3,316,105	1,088,326	2,845	6,453,400

10. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: FVTPL; held-to-maturity investments; loans and receivables; available-for-sale; and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	November 30, 2016 $	November 30, 2015 $
Cash	FVTPL	701,987	2,039,722
Amounts receivable	Loans and receivables	6,989	1,752
Investments	FVTPL	5,141,954	3,316,105
Advances	Loans and receivables	806,933	685,029
Accounts payable and accrued liabilities	Other financial liabilities	(20,088)	(63,425)

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(Expressed in Canadian Dollars)

10. Financial Instruments and Risk Management (continued)

Fair Value

The fair values of the Company's financial assets and liabilities approximates the carrying amounts either due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

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.

The following is an analysis of the Company's financial assets measured at fair value as at November 30, 2016 and 2015:

	2016		
	Level 1 $	Level 2 $	Level 3 $
Cash	701,987	-	-
Investments	4,991,974	149,980	-
	5,693,961	149,980	-

	2015		
	Level 1 $	Level 2 $	Level 3 $
Cash	2,039,722	-	-
Investments	2,818,640	497,465	-
	4,858,362	497,465	-

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and amounts receivable is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

(Expressed in Canadian Dollars)

10. Financial Instruments and Risk Management (continued)

	Contractual Maturity Analysis at November 30, 2016				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	701,987	-	-	-	701,987
Amounts receivable	6,989	-	-	-	6,989
Investments	5,141,954	-	-	-	5,141,954
Investment in and advances to associated company	-	-	999,454	-	999,454
Accounts payable and accrued liabilities	(20,088)	-	-	-	(20,088)

	Contractual Maturity Analysis at November 30, 2015				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	2,039,722	-	-	-	2,039,722
Amounts receivable	1,752	-	-	-	1,752
Investments	3,316,105	-	-	-	3,316,105
Investment in and advances to associated company	-	-	1,088,326	-	1,088,326
Accounts payable and accrued liabilities	(63,425)	-	-	-	(63,425)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash and demand deposits bear floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

(b) Equity Price Risk

The Company holds investments in publicly traded equity securities. Market prices for equity securities are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value.

(c) Concentration Risk

As at November 30, 2016, $3,024,938 of the Company's portfolio of investments was held in one company. This investment represents 58.83% of the Company's investment portfolio and poor performance in the market price of this investment could adversely affect the Company's results.

(Expressed in Canadian Dollars)

10. Financial Instruments and Risk Management (continued)

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its investment and resource activities. 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 defines capital that it manages as share capital. The Company will continue to assess new investment and property acquisition opportunities as opportunities arise and if it has adequate financial resources to do so. 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 have been no changes to the Company's approach to capital management during fiscal 2016. The Company is not subject to any externally imposed capital requirements.

11. Supplemental Cash Flow Information

Non-cash activities conducted by the Company during fiscal 2016 and 2015 are as follows:

	2016 $	2015 $
Operating activities		
Accounts payable and accrued liabilities related to exploration and evaluation assets	-	(2,002)
Accounts payable and accrued liabilities related to long term investment	-	(138,639)
	-	(140,641)
Investing activities		
Accounts payable and accrued liabilities related to exploration and evaluation assets	-	2,002
Accounts payable and accrued liabilities related to long term investment	-	138,639
	-	140,641

12. Event after the Reporting Period

On March 17, 2017 the Company advanced $300,000 and received a promissory note (the "CAPEX Note") issued by REWP. The CAPEX Note bears interest at a rate of 18% per annum, compounded monthly and is due on September 15, 2017. The Company will have a first priority lien on certain assets of REWP as security. The Company also may convert the CAPEX Note at the rate of one common share per $0.36 of principal and interest outstanding.