



SOUTHEAST ASIA MINING CORP.

Consolidated Financial Statements

**For the years ended
December 31, 2016 and 2015**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Southeast Asia Mining Corp., are the responsibility of the management and Board of Directors of the Company.

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

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

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

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

"Brian Jennings"

Brian Jennings
CEO, CFO

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Southeast Asia Mining Corp.

We have audited the accompanying consolidated financial statements of Southeast Asia Mining Corp. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of income (loss) and comprehensive income (loss), consolidated statements of changes in shareholders' deficiency and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that Southeast Asia Mining Corp. had a working capital deficiency and a cumulative deficit as at December 31, 2016. These conditions along with other matters set forth in Note 1 indicate the existence of material uncertainties which cast significant doubt about the ability of Southeast Asia Mining Corp. to continue as a going concern.

UHY McGovern Hurley LLP



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
April 24, 2017

Southeast Asia Mining Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	December 31, 2016	December 31, 2015
Assets		
Current Assets		
Cash and cash equivalents (Note 6)	\$ 574,630	\$ 46,440
Marketable securities (Note 7)	375,614	-
Trade and other receivables (Note 8)	1,317	3,494
Assets held for sale (Note 16)	-	44,573
Total assets	\$ 951,561	\$ 94,507
Liabilities		
Current Liabilities		
Trade and other payables (Notes 9 and 10)	\$ 1,222,598	\$ 1,420,406
Convertible debentures (Note 15)	163,280	163,280
Liabilities related to assets held for sale (Note 16)	-	97,299
Total Liabilities	1,385,878	1,680,985
Shareholders' Deficiency		
Share capital (Note 11)	19,146,793	18,836,787
Reserve for warrants (Note 12)	876,000	876,000
Reserve for share based payments (Note 14)	1,243,407	1,243,407
Reserve for convertible debentures (Note 15)	711,494	711,494
Accumulated other comprehensive loss	-	(22,284)
Accumulated deficit	(22,412,011)	(23,231,882)
Total Shareholders' Deficiency	(434,317)	(1,586,478)
Total Liabilities and Shareholders' Deficiency	\$ 951,561	\$ 94,507

Nature of Operations and Going Concern (Note 1)
Segmented Information (Note 17)
Subsequent Events (Note 19)

Approved on behalf of the Board of Directors on April 24, 2017

“James Patterson” (signed)

Director

“James Fairbairn” (signed)

Director

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

Southeast Asia Mining Corp.
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian Dollars)

<i>Year ended December 31,</i>	2016	2015
Expenses		
Management and consulting fees <i>(Note 9)</i>	\$ 237,018	\$ 172,825
Exploration and evaluation expenditures (recovery) <i>(Note 16)</i>	61,607	(66,641)
Office and general	37,280	78,593
Accretion recovery	-	(32,656)
Professional fees	30,013	12,428
Shareholder information and regulatory costs	12,886	13,070
Foreign exchange loss	35,257	-
Total expenses	\$ (414,061)	\$ (177,619)
Other income		
Gain on sale of subsidiaries <i>(Note 16)</i>	829,128	-
Realized gain on marketable securities <i>(Note 7)</i>	216,312	-
Unrealized gain (loss) on marketable securities <i>(Note 7)</i>	96,857	-
Gain on forgiveness of debt <i>(Note 11)</i>	91,635	-
Net income (loss)	\$ 819,871	\$ (177,619)
Other comprehensive income (loss)		
Items that will be reclassified subsequently to income (loss)		
Exchange gain on translation of foreign subsidiary	7,269	7,740
Total comprehensive income (loss)	\$ 827,140	\$ (169,879)
Income (loss) per share		
- Basic	\$ 0.02	\$ (0.01)
- Diluted	\$ 0.02	\$ (0.01)
Weighted average number of shares outstanding (000's):		
- Basic	38,089	33,078
- Diluted	38,089	33,078

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

Southeast Asia Mining Corp.
Consolidated Statements of Changes in (Deficiency)
(Expressed in Canadian Dollars)

	Capital Stock		Reserves				Shares to be issued	Other comprehensive Income	Accumulated deficit	Total
	Number of shares	Amount	Warrants	Share-based payments	Convertible debenture					
Balance at December 31, 2014	32,249,180	\$ 18,606,771	\$ 822,000	\$ 1,243,407	\$ 916,613	\$ 237,400	\$ (30,024)	\$ (23,200,610)	\$ (1,404,443)	
Shares issued on conversion of convertible debentures	833,749	225,619	-	-	(205,119)	-	-	-	20,500	
Warrants issued on conversion of convertible debentures	-	(54,000)	54,000	-	-	-	-	-	-	
Dividends on convertible debentures	194,656	58,397	-	-	-	(58,397)	-	-	-	
Forgiveness of dividends and interest on convertible debentures	-	-	-	-	-	(179,003)	-	146,347	(32,656)	
Foreign exchange on translation of foreign subsidiary	-	-	-	-	-	-	7,740	-	7,740	
Net loss for the period	-	-	-	-	-	-	-	(177,619)	(177,619)	
Balance at December 31, 2015	33,277,585	\$ 18,836,787	\$ 876,000	\$ 1,243,407	\$ 711,494	\$ -	\$ (22,284)	\$ (23,231,882)	\$ (1,586,478)	
Shares issued for settlement of debt	6,200,116	310,006	-	-	-	-	-	-	310,006	
Foreign exchange on translation of foreign subsidiary	-	-	-	-	-	-	7,269	-	7,269	
Transfer of cumulative translation difference on sale of subsidiaries	-	-	-	-	-	-	15,015	-	15,015	
Net income for the period	-	-	-	-	-	-	-	819,871	819,871	
Balance at December 31, 2016	39,477,701	\$ 19,146,793	\$ 876,000	\$ 1,243,407	\$ 711,494	\$ -	\$ -	\$ (22,412,011)	\$ (434,317)	

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

Southeast Asia Mining Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

<i>Years ended December 31,</i>	2016	2015
Operating activities		
Net income (loss) for the year	\$ 819,871	\$ (177,619)
Non-cash items:		
Accretion recovery	-	(32,656)
Depreciation	-	4,812
Exploration and evaluation expenditures (recovery)	-	(105,621)
Gain on sale of subsidiaries	(829,128)	-
Unrealized gain on marketable securities	(96,857)	-
Realized gain on marketable securities	(216,312)	-
Gain on forgiveness of debt	(91,635)	-
Unrealized foreign exchange loss	23,059	-
Net change in non-cash working capital:		
Prepaid expenses	-	1,212
Trade and other receivables	2,177	22,639
Trade and other payables	233,956	214,453
Cash flows from operating activities	(154,869)	(72,780)
Investing activities		
Proceeds received from sale of subsidiaries	322,074	-
Proceeds received from sale of marketable securities	361,760	-
Proceeds received related to assets held for sale	-	105,621
Cash held related to assets held for sale	-	(25,778)
Cash flows from investing activities	683,834	79,843
Net increase in cash and cash equivalents	528,965	7,063
Foreign exchange gain (loss) on cash held in foreign currency	(775)	9,800
Cash and cash equivalents, beginning of year	46,440	29,577
Cash and cash equivalents, end of year	\$ 574,630	\$ 46,440

Supplemental Information	2016	2015
(i) Shares issued for debt settlement	\$ 310,006	-
(ii) Marketable securities obtained on sale of subsidiaries	\$ 424,205	-

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

Southeast Asia Mining Corp.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2016 and 2015 (Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Southeast Asia Mining Corp. (“Southeast Asia”, “SEA” or “the Company”) was incorporated on August 18, 2006 under the Canada Business Corporations Act.

Its principal business activity, prior to the sale of its subsidiaries on March 23, 2016, was that of mineral exploration and evaluation in Thailand. Subsequent to the sale of its subsidiaries, the Company is seeking for a new principal business activity and currently holds shares in Metal Tiger plc (“Metal Tiger”), a London Stock Exchange listed natural resources company focused on the mining sector (see Note 7). The primary office of the Company is located at 365 Bay Street, Suite 400, Toronto, Ontario, M5H 2V1.

At December 31, 2016 the Company had a working capital deficiency of \$434,317 (December 31, 2015 – \$1,586,478 working capital deficiency). Working capital deficiency as at December 31, 2016 of \$434,317 consisted of: cash of \$574,630, an investment in Metal Tiger common shares of \$375,614, trade and other receivables of \$1,317, trade and other payables of \$1,222,598, and convertible debentures of \$163,280. The Company also has convertible debentures classified as equity of \$711,494. There can be no assurance the investment in Metal Tiger common shares can be sold at the current market value or the Company will be able to raise additional financing. The Company has not yet achieved profitable operations, has accumulated losses of \$22,412,011 (December 31, 2015 – \$23,231,882) and expects to incur further losses in the development of its business. The Company does not have adequate cash resources to fund its operations and discharge its liabilities over the next twelve months and will require additional financing in order to meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. There can be no assurance the Metal Tiger common shares can be sold at the current market value or certainty as to the ability of the Company to raise sufficient additional financing in order to continue to operate, and accordingly, there is a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Subsequent to year end the Company completed a debt restructuring whereby it settled \$155,128 of trade debt for \$33,578, converted \$687,647 of trade debt to 13,752,939 shares of the Company and converted all outstanding debentures with a face value of \$942,000 to 18,840,000 shares of the Company. Also, the Company issued 7,500,000 shares to the Chief Executive Officer of the Company for services provided.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Company’s Financial Statements, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with the IFRS and International Accounting Standards (“IAS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These financial statements were authorized by the Board of Directors of the Company on April 24, 2017.

2.2 Basis of presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Southeast Asia Mining Corp.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2016 and 2015 (Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

2.3 Use of management estimates, judgments and measurement uncertainty

The preparation of these financial statements using accounting policies in accordance with IFRS requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the financial statements. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. Significant estimates and judgments made by management in the preparation of these financial statements are outlined below:

Calculation of share based payments and warrants

The Black-Scholes option pricing model is used to determine the fair value for the share based payments and warrants and utilizes subjective assumptions such as expected price volatility and expected life of the option or warrant. Discrepancies in these input assumptions can significantly affect the fair value estimate.

Income, value added, withholding and other taxes

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

Functional currency

The Company's management is required to make judgments as to the currency of the primary economic environment in which an entity operates to determine the functional currency of the entity. The Company has determined that the functional currency of the parent company to be the Canadian dollar and the Baht was the functional currency for its Thai subsidiaries.

Going concern assumption

Going concern presentation of the financial statements assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

Convertible debentures

The classification of the Company's convertible debentures required management to analyze the terms and conditions of debentures and use judgment to assess whether these debentures are liability, equity or a combination of the two. IAS 32 provides the criteria for management to assess these complicated financial instruments to determine their appropriate classification(s). Factors considered are, but not limited to, whether the Company has a future obligation to settle the instrument in cash or exchange other assets or liabilities, and if the settlement is already known to be equity, the amount will not vary based on the Company's future share price.

Southeast Asia Mining Corp.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2016 and 2015 (Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

2.4 Adoption of new and revised standards and interpretations

Adoption of New Standards

The Company has adopted the following new standards, along with any consequential amendments, effective January 1, 2016. These changes were made in accordance with the applicable transitional provisions.

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

New standards and interpretations to be adopted in future

At the date of authorization of these Financial Statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted and are relevant to the Company. However, the Company is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company.

IFRS 9 ‘*Financial Instruments: Classification and Measurement*’ – In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Company has not yet determined the impact of the amendments on the Company’s financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

Subsidiaries consist of entities over which the Company is exposed to or has rights to, variable returns as well as the ability to affect these returns through the power to direct the relevant activities of the entity.

The consolidated financial statements for the comparative year ended December 31, 2015 include the financial statements of the Company and its wholly owned subsidiaries, Southeast Asia Exploration and Mining Company Limited, Southeast Asia Resource Company and White Trillium Ltd., 80% owned Southeast Asia Mining Company, and 90% owned Tiger Minerals Ltd. and Tiger Resources Ltd., all based in Thailand (parent and subsidiaries together referred to as “group”).

On March 23, 2016, the subsidiaries were sold.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of income (loss) and comprehensive income (loss) from the effective date of control or up to the effective date of loss of control, as appropriate.

All inter-company transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company’s equity therein. Non-controlling interests consist of the amount of those interests at the date of the

Southeast Asia Mining Corp.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2016 and 2015 (Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of consolidation

original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Losses applicable to the non-controlling interests in excess of the Company's interest in the

subsidiary's equity are allocated against the interests of the Company except to the extent that the non-controlling interests have a binding obligation and are able to make an additional investment to cover the losses.

3.2 Exploration and evaluation expenditures

Except from business acquisition (which are capitalized), all acquisition, exploration and evaluation costs are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized to mineral properties or property, plant and equipment ("PPE"). On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated reserves as the depletion base. Consideration received under option agreements is recorded as other income.

3.3 Share-based payments

Share-based payment transactions

Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

Share based payment transactions involving non-employees are measured at the estimated fair value of the goods or services received. In situations where equity instruments are issued 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 payment.

Share-based payments to employees of the subsidiaries are recognized as cash settled share-based payment transaction.

Equity-settled transactions

The costs of equity-settled transactions with employees are measured by reference to the estimated fair value of the equity instruments at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided, that all other performance and/or service conditions are satisfied.

Southeast Asia Mining Corp.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2016 and 2015 (Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Share-based payments

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

3.4 Taxation

Income tax expense represents the sum of tax currently payable and deferred income tax.

Current income 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 by the date of the statement of financial position.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax base 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, associates and interests in joint ventures, 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 of 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 except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition 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 deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date 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 each statement of financial position date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Southeast Asia Mining Corp.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2016 and 2015 (Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Taxation (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period 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 statement of financial position date.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of loss and comprehensive 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 the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or 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.

3.5 Income (Loss) per share

The basic income (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding during the period. The diluted income (loss) per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. Diluted income (loss) per share assumes that the proceeds upon the exercise of the options and warrants are used to purchase common shares at the average market price during the year. During the year ended December 31, 2016, all of the outstanding stock options, warrants and convertible debentures were out of the money. During the year ended December 31, 2015, all the outstanding stock options, warrants and convertible debentures were anti-dilutive.

3.6 Financial assets

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 realized and unrealized gains and losses recognized through net loss. The Company's cash equivalents and marketable securities are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity are initially measured at fair value. Subsequently they are measured at amortized cost. The Company's cash is classified as loans and receivables. As at December 31, 2016 and 2015, the Company had no assets classified as held-to-maturity.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income except for losses in value that are considered other than temporary, in which case the losses are recognized in the statement of loss. As at December 31, 2016 and 2015, the Company had no assets classified as available-for-sale.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the settlement date. Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Southeast Asia Mining Corp.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2016 and 2015 (Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Financial liabilities

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 initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period. The Company's trade and other payables, promissory note, and certain convertible debentures are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. At December 31, 2016 and 2015, the Company has no financial liabilities classified as FVTPL.

3.8 Impairment of financial assets

The Company assesses at each statement of financial position date whether a financial asset is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, 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 the statement of loss and comprehensive 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. Any subsequent reversal of an impairment loss is recognized in the statement of loss and comprehensive loss.

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in the statement of loss and comprehensive 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.

Available-for-sale

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in net income or loss, is transferred from equity to the statement of loss and comprehensive loss.

Southeast Asia Mining Corp.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2016 and 2015 (Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Impairment of non-financial assets

At each statement of financial position date, the Company's non-financial assets are assessed for indications of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated 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 disposal costs 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 the statement of loss.

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.

3.10 Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

3.11 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) 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 the passage of time is recognized as interest expense. As at December 31, 2016 and 2015, the Company has no obligations that require provisions.

3.12 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, which includes key management and family of key management. Parties are also considered to be related if they are subject to common control or common significant influence, and 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. Related party transactions that are in the normal course of business and have commercial substance are measured at the fair value.

Southeast Asia Mining Corp.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2016 and 2015 (Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Foreign currency transactions

Functional and presentation currency

Items included in the financial statements of each of the entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The functional currency of the parent company is the Canadian dollar and the functional currency of the Company’s subsidiaries was the Thailand Baht. The financial statements are presented in Canadian dollars which is the group’s presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction or valuation where items are re-measured. 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 the statement of loss and comprehensive loss.

Group companies

The results and financial position of entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position,
- income and expenses for each statement of loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the date of the transaction), and
- all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are recorded in equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the statement of loss as part of the gain or loss on sale.

3.14 Convertible debentures

When convertible debentures are issued, the Company analyzes their terms and conditions and first assesses whether the debenture is an equity or liability instruments using the criteria provided in IAS 32. The Company may also conclude that the convertible debentures have both debt and equity components. Where there is a debt component that meets the definition of a financial liability and also an equity component where the debenture holder has a conversion option, the following paragraphs describe that accounting treatment.

The component parts of convertible debentures issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument’s maturity date.

Southeast Asia Mining Corp.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2016 and 2015 (Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Convertible debentures (continued)

The conversion right classified as equity is determined by deducting the amount of the liability component from the fair value of the convertible debenture as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion right classified as equity will remain in equity until the conversion right is exercised, in which case, the balance recognized in equity will be transferred to share capital. When the conversion rights remains unexercised at the maturity date of the convertible note, the balance recognized in equity will be transferred to accumulated deficit. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion right.

4. CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

- To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- To maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and the industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity (deficiency), comprising share capital, reserve accounts, accumulated deficit and accumulated other comprehensive loss which at December 31, 2016 totaled a deficiency of \$434,317 (December 31, 2015 - \$1,586,478 deficiency).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating and capital expenditures, and other investing and financing activities. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2016. The Company is not subject to any capital requirements.

Southeast Asia Mining Corp.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2016 and 2015 (Expressed in Canadian dollars)

5. FINANCIAL INSTRUMENTS

Fair value hierarchy and fair value

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data.

At December 31, 2016, the Company's marketable securities are based on Level 1 inputs.

As at December 31, 2016 and 2015, the carrying and fair value amounts of the Company's other financial instruments are approximately equivalent due to the relatively short periods to maturity of these investments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

i) Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is attributable to various financial instruments, as noted below. The credit risk is limited to the carrying value amount carried on the statement of financial position.

- a. **Cash and cash equivalents**— Cash and cash equivalents is held with a major Canadian (chartered bank) and Thai banks and therefore the risk of loss is minimal.
- b. **Trade and other receivables** – The Company is not exposed to significant credit risk from its trade and other receivables.

The Company's maximum exposure to credit risk as at December 31, 2016 and 2015 is the carrying value of cash and cash equivalents and trade and other receivables.

ii) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. At December 31, 2016 the Company had a working capital deficiency of \$434,317 (December 31, 2015 – \$1,586,478 working capital deficiency). Working capital deficiency as at December 31, 2016 of \$434,317 consisted of: cash of \$574,630, an investment in Metal Tiger common shares of \$375,614, trade and other receivables of \$1,317, trade and other payables of \$1,222,598, and convertible debentures of \$163,280. The Company also has convertible debentures classified as equity of \$711,494. There can be no assurance the investment in Metal Tiger common shares can be sold at the current market value. The Company had not yet achieved profitable operations, has accumulated losses of \$22,412,011 (December 31, 2015 – \$23,231,882) and expects to incur further losses in the development of its business.

Southeast Asia Mining Corp.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2016 and 2015 (Expressed in Canadian dollars)

5. FINANCIAL INSTRUMENTS (continued)

iii) Price risk

The Company holds the common shares of a London Stock Exchange traded company. The Company has classified this investment as fair value through profit and loss investments and such common shares are subject to stock market volatility. The value of this financial instrument fluctuates on a daily basis due to external market factors that are not within the control of the Company. The Company monitors the trading value of these common shares in order to ensure that, if in the best interest of the Company, sale of the shares is made under favourable conditions.

iv) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term nature of its monetary assets and liabilities. Cash not required in the short term, is invested in short-term guaranteed investment certificates, as appropriate.

v) Currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars, US dollar and UK Pounds. Management believes that foreign currency risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

A 1% strengthening (weakening) of the Canadian dollar against the UK Pound and US dollar would decrease (increase) net loss by approximately \$5,664 (2015 - \$nil), and \$835 (2015- \$497), respectively.

2016	UK Pound	US Dollars
Cash	\$ 135,796	\$ 62,184
Investment	\$ 206,131	\$ -
	\$ 341,927	\$ 62,184

2015	UK Pound	US Dollars
Cash	\$ -	\$ -
Accounts Payable	\$ -	\$ 37,000
	\$ -	\$ 37,000

6. CASH AND CASH EQUIVALENTS

The cash and cash equivalents balance at December 31, 2016, consists of \$574,630 on deposit with chartered Canadian and United Kingdom banks (December 31, 2015 - \$46,440 with a Chartered Canadian bank). As at December 31, 2016 and 2015, the Company has no cash equivalents.

7. MARKETABLE SECURITIES

Marketable securities are comprised of 15,639,000 (December 31, 2015 – nil) shares of Metal Tiger. The shares were received as part of the sale of the Company's subsidiaries described in Note 16. The Company has classified this investment as fair value through profit and loss investments. On the date of the sale of the Company's subsidiaries, 23,799,000 shares were valued at their fair value of \$424,205 (\$0.018 per share).

As at December 31, 2016, the shares were valued at their fair value of \$375,614 (\$0.024 per share) (December 31, 2015 - \$nil) based on current market price. The impact to the financial statements of this

Southeast Asia Mining Corp.

**Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2016 and 2015
(Expressed in Canadian dollars)**

7. MARKETABLE SECURITIES (continued)

revaluation to market value resulted in an unrealized gain of \$96,857 for the year ended December 31, 2016 (2015 – no gain or loss).

During the year ended December 31, 2016, the Company sold 8,160,000 (2015 – nil) shares of Metal Tiger for proceeds of \$361,760 (2015 - \$nil). As a result of the sale, the Company recorded a realized gain on sale of marketable securities of \$216,312 (2015 - no gain or loss) for the year ended December 31, 2016.

8. TRADE AND OTHER RECEIVABLES

	As at,	
	December 31, 2016	December 31, 2015
Taxes recoverable (i)	\$ 1,317	\$ 3,494
Total Trade Receivables	\$ 1,317	\$ 3,494

(i) The taxes recoverable amount as at December 31, 2016 was not past due.

At December 31, 2016, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The Company holds no collateral for any receivable amounts outstanding as at December 31, 2016.

9. RELATED PARTY DISCLOSURES AND KEY MANAGEMENT COMPENSATION

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly. Compensation awarded to key management includes the following:

	December 31, 2016	December 31, 2015
Short-term employee benefits	\$ 237,000	\$ 150,000
Total compensation to key management	\$ 237,000	\$ 150,000

At December 31, 2016, included in trade and other payables is \$590,000 (December 31, 2015 - \$452,000) due to these key management personnel.

At December 31, 2016, included in trade and other payables is \$nil (December 31, 2015 - \$37,000) due to a service provider controlled by a member of key management of the Company.

During the year ended December 31, 2014, \$68,800 was advanced to SEA by a company related to a Director of SEA. As at December 31, 2016, \$nil (December 31, 2015 - \$68,800) is due. The note payable was unsecured, bore no interest and had no fixed terms of repayment. The promissory note was included in liabilities related to assets held for sale as at December 31, 2015, which were sold during the year ended December 31, 2016.

Southeast Asia Mining Corp.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2016 and 2015 (Expressed in Canadian dollars)

10. TRADE AND OTHER PAYABLES

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and amounts payable for operating and financing activities.

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

	As at,	
	December 31, 2016	December 31, 2015
Less than one month	\$ 4,556	\$ 65,976
Over one month	1,218,042	1,354,430
Total Trade and Other Payables	\$ 1,222,598	\$ 1,420,406

11. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares without par value. The issued and outstanding common shares consist of the following:

	No. of Shares	Amount
Balance at December 31, 2014	32,249,180	\$ 18,606,771
Shares issued for dividends on convertible debenture	194,656	58,397
Conversion of convertible debentures	833,749	225,619
Warrants issued on conversion of convertible debentures	-	(54,000)
Balance at December 31, 2015	33,277,585	\$ 18,836,787
Shares issued for settlement of debt	6,200,116	310,006
Balance at December 31, 2016	39,477,701	\$ 19,146,793

Activity during the year ended December 31, 2016:

On March 23, 2016, pursuant to the terms of the sale of subsidiaries as described in Note 16, in order to meet certain minimum working capital thresholds in the Thailand subsidiaries the Company converted \$258,324 of trade debt to 5,166,484 shares of the Company with a fair value of \$258,324. The Company also settled Canadian debts whereby \$51,682 of trade debt was converted to 1,033,632 shares of the Company with a fair value of \$51,682. In the aggregate, 6,200,116 shares were issued with a fair value of \$310,006. The fair value of the settlement was derived based on the value of the debt settled as the Company's shares do not trade and do not have an active quoted market price.

As part of the transaction, certain creditors agreed to forgive their debt resulting in a gain on forgiveness of debt of \$47,970 which was recognized in the statement of income (loss) and other comprehensive income (loss) for the year ended December 31, 2016. The Company also recognized a gain on forgiveness of debt in the amount of \$43,665 from the settlement of a previously filed claim against the Company.

Activity during the year ended December 31, 2015:

Dividends on convertible debentures:

On March 11, 2015, the Company paid dividends of \$53,510 by issuing 178,369 common shares with respect to convertible debentures issued on December 7, 2012 with a principal amount of \$224,500. Dividends were

Southeast Asia Mining Corp.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2016 and 2015 (Expressed in Canadian dollars)

11. SHARE CAPITAL (continued)

paid for the period January 1, 2014 to March 11, 2015 and pursuant to the terms of the debentures the common shares were issued at a price of \$0.30. See Note 15.

On March 11, 2015, the Company paid dividends of \$4,887 by issuing 16,287 common shares with respect to convertible debentures issued on November 21, 2013 with a principal amount of \$20,500. Dividends were paid for the period January 1, 2014 to March 11, 2015 and pursuant to the terms of the debentures the common shares were issued at a price of \$0.30. See Note 15.

As of December 31, 2014, the Company recorded dividends payable on the convertible debentures to December 31, 2014 of \$237,400. During the year ended December 31, 2015, \$58,397 in dividends were paid through the issuance of 194,656 shares and the remaining \$179,003 was forgiven pursuant to Forbearance Agreements signed by the remaining debenture holders. See Note 15.

Conversion of convertible debentures:

On March 11, 2015, the Company converted convertible debentures issued on December 7, 2012 with a principal amount of \$224,500 into 748,333 units of the Company at a conversion price of \$0.30 per unit. Each unit consists of one common share in the capital of the Company and one-half of a common share purchase warrant which will entitle the holder thereof to purchase one common share at a price of \$0.40 to December 31, 2016. See Note 15.

On March 11, 2015, the Company converted convertible debentures issued on November 21, 2013 with a principal amount of \$20,500 to 85,416 units of the Company at a conversion price of \$0.24. Each unit consisted of one common share and one half common share purchase warrant. Each unit consists of one common share in the capital of the Company and one-half of a common share purchase warrant which will entitle the holder thereof to purchase one common share at a price of \$0.32 to December 31, 2016. See Note 15.

12. RESERVE FOR WARRANTS

The following table reflects the continuity of warrants for the years ended December 31, 2016 and 2015.

	Number of Warrants	Amount
Balance – December 31, 2014	9,833,275	\$ 822,000
Expired warrants	(27,511)	-
Warrants issued on conversion of convertible debentures (i)	416,874	54,000
Balance – December 31, 2015	10,222,638	\$ 876,000
Expired warrants	(416,874)	-
Balance – December 31, 2016	9,805,764	\$ 876,000

- (i) The warrants were issued pursuant to the conversion of convertible debentures described in Notes 11 and 15 and had a grant date fair value of \$54,000, which was estimated using the Black-Scholes option pricing model and the following assumptions:

Risk-free interest rate	0.57%	Expected volatility	100%
Expected dividend yield	nil	Expected life	1.8 years
Market price	\$0.30	Exercise price	\$0.32 to \$0.40

Southeast Asia Mining Corp.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2016 and 2015 (Expressed in Canadian dollars)

12. RESERVE FOR WARRANTS (continued)

Warrants to purchase common shares carry exercise prices and terms to maturity at December 31, 2016 as follows:

Exercise price \$	Number of outstanding warrants	Expiry date
0.28	8,521,542	3 years post liquidity event***
0.20*	856,148	3 years post liquidity event***
0.28**	428,074	3 years post liquidity event***
Total	9,805,764	

* These are broker warrants which are issuable for one common share and ½ purchase share warrant

** To be issued upon exercise of broker warrants

*** These warrants are exercisable for three years from the date the shares are listed on a recognized Canadian stock exchange.

13. SHARE BASED PAYMENTS

Share based payments

The Company has an incentive stock option plan ("the Plan") whereby the Company can grant to directors, officers, employees and consultants options to purchase shares of the Company. The Plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The Plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding capital stock increases.

The Plan provides that it is solely within the discretion of the Board to determine who will receive stock options and in what amounts. In no case, calculated at the time of grant, shall the Plan result in:

- The aggregate number of options granted in a 12-month period to any one individual exceeding 5% of the outstanding shares of the Company;
- The maximum number of options which may be reserved for issuance to insiders of the Company shall not exceed 10% of the outstanding shares of the Company;
- The maximum number of options which may be issued to any insider of the Company, together with any previously established or proposed share based payment arrangements, within a 12-month period shall not exceed 5% of the outstanding shares of the Company.
- The maximum number of options, which may be issued to insiders of the Company, together with any previously established or proposed share based payment arrangements within a 12-month period shall not exceed 10% of the outstanding shares of the Company.

As at December 31, 2016, the Company had 1,997,770 (December 31, 2015 – 352,758) options remaining for issuance under the plan.

Summary of stock option activity is as follows:

	Number of stock options (outstanding and exercisable)	Weighted average exercise price
Balance December 31, 2014 and December 31, 2015	2,975,000	\$ 0.22
Retracted options	(1,025,000)	\$ 0.22
Balance December 31, 2016	1,950,000	\$ 0.22

Southeast Asia Mining Corp.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2016 and 2015 (Expressed in Canadian dollars)

13. SHARE BASED PAYMENTS (Continued)

The weighted average remaining contractual life for outstanding options is as follows:

Price Range	Expiry dates	Number of Options (outstanding and exercisable)	Weighted Average Remaining Life (years)	Weighted Average Exercise Price
\$0.20	October 26, 2017	1,250,000	0.82	\$ 0.20
\$0.25	February 11, 2018	700,000	1.11	\$ 0.25
\$0.20 - \$0.25		1,950,000	0.91	\$ 0.22

14. RESERVE FOR SHARE BASED PAYMENTS

A summary of the changes in the Company's reserve for share based payments for the years ended December 31, 2016 and 2015 is set out below:

	December 31, 2016	December 31, 2015
	Amount (\$)	Amount (\$)
Balance at beginning of year	1,243,407	1,243,407
Balance at the end of year	1,243,407	1,243,407

15. CONVERTIBLE DEBENTURES

A) SERIES 1

On December 7, 2012 and February 13, 2013, the Company closed the first and second tranches respectively of its brokered private placement of unsecured convertible debentures for total gross proceeds of \$983,156, broken down into gross proceeds of \$927,296 from the December 7, 2012 tranche and gross proceeds of \$55,860 from the February 13, 2013 tranche. These debentures were issued at a 2% discount to face value. Therefore, face value of these debentures issued was \$1,003,220. On the maturity date, each debenture will be convertible into units of the Company at a price of \$0.35 per unit prior to June 30, 2013 and at a price of \$0.30 per unit thereafter. Each unit consists of one common share in the capital of the Company and one-half of a common share purchase warrant. Each warrant entitled the holder thereof to purchase one common share at a price of \$0.50 per common share in the event that the maturity date is prior to June 30, 2013, and at a price of \$0.40 in the event the maturity date is after June 30, 2013 for a period of two years from the maturity date. The maturity date is the earlier of: the date the Company receives approval for the listing of its common shares on a recognized stock exchange; the date upon which a change of control occurs; and December 31, 2014.

On March 11, 2015 the Company paid dividends of \$53,510 by issuing 178,369 common shares with respect to convertible debentures issued on December 7, 2012 with a principal amount of \$224,500. Dividends were paid for the period January 1, 2014 to March 11, 2015 and pursuant to the terms of the debentures the common shares were issued at a price of \$0.30. On March 11, 2015 the Company also converted the same debentures with a principal amount of \$224,500 to 748,333 units of the Company at a conversion price of \$0.30 per unit. Each unit consists of one common share in the capital of the Company and one-half of a common share purchase warrant which will entitle the holder thereof to purchase one common share at a price of \$0.40 to December 31, 2016.

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Notes to the Consolidated Financial Statements For the Years Ended December 31, 2016 and 2015 (Expressed in Canadian dollars)

15. CONVERTIBLE DEBENTURES (Continued)

During the year ended December 31, 2015, the Company entered into Acknowledgement, Forbearance & Direction Agreements (“Forbearance Agreements”) with all other convertible debenture holders issued on December 7, 2012 and February 13, 2013 and not subject to the conversion on March 11, 2015 in the

aggregate principal amount of \$778,720. Pursuant to the Forbearance Agreements, the convertible debenture holders have agreed to waive the right to all dividend payments commencing January 1, 2014 and to negotiate in good faith to amend certain terms of the convertible debenture.

The rate of interest on the debentures (paid on March 11, 2015 and subject to the Forbearance Agreements) is 20% per annum (adjusted rate based on the high risk of the Company), payable quarterly in equal installments on March 31, June 30, September 30 and December 31 of each year in cash or common shares, at the option of the Company.

These debentures are classified as equity and any interest is treated as dividends in these financial statements.

B) SERIES 2

On November 21, 2013 the Company closed a non-brokered private placement of unsecured convertible debentures for gross proceeds of \$180,105. The debentures were issued at a 2% discount to the face value of \$183,780. On the maturity date, each debenture will be convertible into units of the Company at a price deemed to be a 20% discount to the price of securities issued in connection with a qualifying transaction. Each unit consists of one common share in the capital of the Company and one-half of a common share purchase warrant. Each warrant will entitle the holder thereof to purchase one common share for a period of two years from the maturity date at a price deemed to be a 20% premium to the price of securities issued in connection with a qualifying transaction. The maturity date is the earlier of: the date the Company receives approval for the listing of its common shares on a recognized stock exchange; the date upon which a change of control occurs; December 31, 2014. A qualifying transaction is: a private placement of equity securities of the Company or convertible debt instruments of the Company, where the conversion price of such debt securities is determined; a merger, reverse takeover, amalgamation, arrangement or other reorganization by the Company with another unrelated entity; the sale, lease or transfer of all or substantially all of the Company's assets to any other person or persons; or such other transaction that the directors can reasonably determine a value for the securities of the Company.

On March 11, 2015, the Company paid interest of \$4,887 by issuing 16,287 common shares with respect to convertible debentures issued on November 21, 2013 with a principal amount of \$20,500. Dividends were paid for the period January 1, 2014 to March 11, 2015 and pursuant to the terms of the debentures the common shares were issued at a price of \$0.30. On March 11, 2015 the Company converted the same debentures with a principal amount of \$20,500 to units of the Company at a price of \$0.24 per unit. Each unit consists of one common share in the capital of the Company and one-half of a common share purchase warrant which entitled the holder thereof to purchase one common share at a price of \$0.32 to December 31, 2016.

During the year ended December 31, 2015, the Company entered into Forbearance Agreements with all other holders of convertible debentures issued on November 21, 2013 and not subject to the conversion on March 11, 2015 in the aggregate principal amount of \$163,280. Pursuant to the Forbearance Agreements, the convertible debenture holders have agreed to waive the right to all interest payments commencing January 1, 2014 and to negotiate in good faith to amend certain terms of the convertible debenture.

The rate of interest on the debentures (paid on March 11, 2015 and subject to the Forbearance Agreements) is 20% per annum (adjusted rate based on the high risk of the Company), payable quarterly in equal installments

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Notes to the Consolidated Financial Statements For the Years Ended December 31, 2016 and 2015 (Expressed in Canadian dollars)

on December 31, March 31, June 30, and September 30 of each year in cash or common shares, at the option of the Company.

These debentures are classified as a current liability and any interest is treated as dividends in these financial statements.

16. SALE OF SUBSIDIARIES

On November 23, 2015, the Company signed an agreement with Metal Tiger plc ("Metal Tiger"), a London Stock Exchange listed natural resources company focused on the mining sector. The agreement provided for Metal Tiger to earn 100% ownership of the exploration applications in Nakhon Sawan, Lopburi and Chanthaburi Provinces subject to a Joint Venture Agreement entered into between SEA and Metal Tiger on October 27, 2014, and amended on October 2, 2015 (the "JV Buyout"), and an option to purchase all of the Company's remaining exploration assets and subsidiaries located in Thailand (the "Thailand Asset Acquisition Option").

The JV Buyout

Subsequent to signing the agreement, Metal Tiger fulfilled its obligations under the JV Buyout and paid SEA US\$50,000 for 100% ownership of the exploration applications and/or licenses in Nakhon Sawan, Lopburi and Chanthaburi Provinces. Metal Tiger also paid SEA US\$30,000 to be used to advance certain exploration applications and to hold a shareholders' meeting of the Company during the term of the Thailand Asset Acquisition Option outlined below.

Thailand Asset Acquisition Option

SEA granted Metal Tiger an exclusive option to purchase all of the Company's remaining exploration assets and subsidiaries located in Thailand until February 15, 2016. The significant terms of the Thailand Asset Acquisition Option were as follows:

- Upon exercising the Thailand Asset Acquisition Option, Metal Tiger will pay SEA US\$200,000 and issue to SEA Metal Tiger shares valued at US\$300,000. The price per Metal Tiger share will be determined using the volume weighted average price ("VWAP") of Metal Tiger shares for the 14-day period preceding the date the shareholders of SEA approve the Thailand Asset Acquisition Option. Metal Tiger will also pay SEA the cash value of deposits made by the Company with the Thailand mining authorities of US\$ 33,286 (the "First Option").
- Upon receipt of an exploration permit on special prospecting license application 1/2557 which remains outstanding, Metal Tiger will pay SEA within 30 days US\$100,000 and issue SEA warrants to purchase Metal Tiger shares equal to the number of shares issued pursuant to the First Option with a three-year term from the date of the First Option and an exercise price of two times the price the shares are issued pursuant to the First Option.

The Company obtained shareholder approval on January 12, 2016 and on March 23, 2016 all the closing conditions of the Thailand Asset Acquisition Option were fulfilled. Metal Tiger paid SEA US\$200,000 and issued to SEA 23,799,000 Metal Tiger shares valued at US\$300,000 or GBP 0.0087 per share and paid SEA the cash value of deposits relating to mining applications of US\$33,286. Also, in order to meet certain minimum working capital thresholds in the Thailand subsidiaries SEA converted \$258,324 of trade debt to 5,166,484 shares of the Company at \$0.05 per share (Note 11).

Pursuant to the agreement, upon receipt of an exploration permit for special prospecting license application 1/2557 which remains outstanding, Metal Tiger will pay SEA within 30 days US\$100,000 and issue to SEA 23,799,000 warrants to purchase Metal Tiger shares to February 16, 2019 with an exercise price of GBP

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16. SALE OF SUBSIDIARIES (continued)

0.0174. As the likelihood of this occurring is uncertain, this contingent amount has not been reflected in these financial statements.

As at December 31, 2015, assets and liabilities related to the Thailand subsidiaries were classified as held for sale and the assets were measured at the lower of carrying amount and fair value less costs to sell in the statements of financial position.

As at December 31, 2016, the transaction closed and assets held for sale and liabilities related to assets held for sale are \$nil. As at December 31, 2015, the assets and liabilities held for sale were comprised of:

	December 31, 2015
Assets	
Cash	\$ 25,778
Restricted cash	11,597
Prepaid expenses	2,494
Property, plant and equipment	4,704
	\$ 44,573
Liabilities	
Trade and other payables	\$ 28,499
Promissory note	68,800
	\$ 97,299

The Company recognized a gain on the transaction of \$829,128, recorded as a gain on sale of subsidiaries on the statement of income (loss) and comprehensive income (loss) for the year ended December 31, 2016, which was determined as follows:

Shares received (23,799,000 shares in Metal Tiger PLC) (1)	\$ 424,205
Cash consideration	322,074
Total consideration	\$ 746,279
Net assets disposed of:	
Cash	\$ 2,924
Restricted cash	1,866
Prepaid expenses	2,776
Property, plant and equipment	4,741
Accounts payable and accrued liabilities	(22,057)
Promissory note	(73,099)
	\$ (82,849)
Gain on sale of subsidiaries	\$ 829,128

(1) The value of the 23,799,000 shares received in Metal Tiger PLC was based on the trading price on the London Stock Exchange of the shares on the date received.

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17. SEGMENTED INFORMATION

Operating Segments

At December 31, 2016 the Company's operations comprise a single operating segment seeking new business opportunities.

An operating segment is defined as a component of the Company:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief operating decision maker; and
- for which discrete financial information is available.

Geographic Information

Southeast Asia is in the business of mineral exploration and evaluation in the country of Thailand. Southeast Asia's geographic information is as follows:

	December 31, 2016	December 31, 2015
Income (expenses)		
Canada (Corporate)	\$ 941,278	\$ (34,296)
Thailand	(121,407)	(143,323)
	<u>\$ 819,871</u>	<u>\$ (177,619)</u>

	December 31, 2016	December 31, 2015
Identifiable assets		
Canada	\$ 726,628	\$ 49,934
Thailand	-	44,573
UK	\$ 224,933	-
	<u>\$ 951,561</u>	<u>\$ 94,507</u>

Southeast Asia Mining Corp.

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18. INCOME TAXES

Income Tax Provincial

The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate. A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rates for the years ended December 31, 2016 and 2015 is as follows:

	2016	2015
Combined statutory income tax rate	26.50%	26.50%
Tax (recovery) of income taxes computed at statutory rates	211,000	(47,000)
Difference in foreign jurisdiction tax rates	-	6,000
Non-deductible expenses and other	(55,000)	132,000
Capital Loss	(75,000)	-
Tax benefits of losses and temporary differences not recognized	(81,000)	(91,000)
Income tax provision	-	-

The Canadian statutory income tax rate of 26.5% (2015 – 26.5%) is comprised of the federal income tax rate at approximately 15% (2015 – 15%) and the provincial income tax rate of approximately 11.5% (2015 – 11.5%).

Deferred Income Tax

The primary differences which give rise to the deferred income tax assets and liabilities using the deferred tax rate of 26.50% (2015 – 26.50%) at December 31, 2016 and 2015 are as follows:

	2016	2015
Deferred tax assets	\$	\$
Exploration expenditures	1,016,000	1,016,000
Non-capital losses carried forward	8,484,000	8,220,000
Capital loss carry forward	887,000	
	10,387,000	9,236,000
Less: deferred tax asset not recognized	(10,387,000)	(9,236,000)
Net deferred tax assets	-	-
Deferred tax liabilities	-	-
Net deferred tax liability	-	-

Southeast Asia Mining Corp.

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18. INCOME TAXES (continued)

The Company has available for carry forward non-capital losses in Canada of \$8,484,000 to offset future taxable income. As at December 31, 2016, the non-capital loss carry forwards expire as follows:

	Canada
	\$
2027	630,000
2028	2,108,000
2029	1,127,000
2030	1,647,000
2031	1,053,000
2032	641,000
2033	721,000
2034	174,000
2035	119,000
2036	264,000
	<u>8,484,000</u>

19. SUBSEQUENT EVENTS

On April 24, 2017 the Company completed a debt restructuring whereby it settled \$155,128 of trade debt for \$33,578, converted \$687,647 of trade debt to 13,752,939 shares of the Company and converted all outstanding debentures with a face value of \$942,000 to 18,840,000 shares of the Company. Also, the Company issued 7,500,000 shares to the Chief Executive Officer of the Company for services provided.