
CR CAPITAL CORP.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN CANADIAN DOLLARS)

251 Consumers Road, Suite 800
Toronto, Ontario
M2J 4R3
Canada

Tel 416-496-1234
Fax 416-496-0125
Email info@uhymh.com
Web www.uhymh.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of CR Capital Corp.:

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

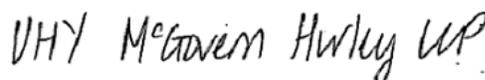
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements present fairly, in all material respects, the financial position of CR Capital Corp. as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

UHY McGovern Hurley LLP



Chartered Professional Accountants
Licensed Public Accountants

TORONTO, Canada
April 10, 2017

CR Capital Corp.
Statements of Financial Position
(Expressed in Canadian dollars)

As at December 31,	2016	2015
ASSETS		
Current assets		
Cash	\$ 220,821	\$ 133,813
Amounts receivable and other assets (note 7)	77,123	80,625
Marketable securities (note 8)	693,264	525,000
Total current assets	991,208	739,438
Non-current assets		
Marketable securities (note 8)	-	147,035
Other assets (note 7)	-	7,164
Investment (note 9)	-	1
Total non-current assets	-	154,200
Total assets	\$ 991,208	\$ 893,638
LIABILITIES AND EQUITY		
Current liabilities		
Amounts payable and other liabilities (notes 10 and 18)	\$ 35,910	\$ 23,835
Income tax payable (note 12)	-	83,890
Total liabilities	35,910	107,725
Equity		
Share capital (note 13)	24,390,737	24,390,737
Reserves	63,525	105,525
Accumulated deficit	(23,498,964)	(23,710,349)
Total equity	955,298	785,913
Total liabilities and equity	\$ 991,208	\$ 893,638

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

Nature of operations and going concern (note 1)
Contingencies (note 21)

Approved on behalf of the Board:

"Mark Goodman", Director _____

"Alain Krushnisky", Director _____

CR Capital Corp.**Statements of Income and Comprehensive Income**
(Expressed in Canadian dollars)

Year Ended
December 31,
2016 2015

Operating expenses

Exploration and evaluation expenditures (note 16)	\$ -	\$ 11,863
General and administrative (note 17)	209,201	246,801

Operating loss before the following items

Net gain on sale of mineral properties (notes 3(a)(b)(c) and 8)	187,500	1,280,017
Gain on marketable securities (note 8)	209,838	279,375
Property option revenue (note 3(c))	-	87,500
Gain on settlement of promissory note (note 11)	-	175,708
Interest income	-	1,401
Finance expense (notes 11 and 12)	(712)	(49,073)
Write-off of investment (note 9)	(1)	-

Income before income taxes

	187,424	1,516,264
Income tax (expense) (notes 12 and 19)	-	(175,437)
Income tax (expense) recovery resulting from income tax credits from Quebec (note 19)	(18,039)	385

Net income and comprehensive income for the year

\$ 169,385 \$ 1,341,212

Basic and diluted net income per share (note 15)

\$ 0.02 \$ 0.16

Weighted average number of common shares outstanding (note 15)

8,327,335 8,327,335

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

CR Capital Corp.
Statements of Cash Flows
(Expressed in Canadian dollars)

	Year Ended December 31,	
	2016	2015
Operating activities		
Net income for the year	\$ 169,385	\$ 1,341,212
Adjustments for:		
Net gain on sale of mineral properties (notes 3(a)(c) and 8)	-	(1,280,017)
Gain on marketable securities (note 8)	(209,838)	(279,375)
Gain on settlement of promissory note (note 11)	-	(175,708)
Depreciation	-	806
Write-off of investment (note 9)	1	-
Changes in non-cash working capital items:		
Amounts receivable and other assets	3,502	16,684
Other assets	7,164	95,983
Amounts payable and other liabilities	12,075	(99,175)
Interest payable	-	11,888
Income tax payable	(83,890)	83,890
Net cash (used in) operating activities	(101,601)	(283,812)
Investing activities		
Proceeds from sale of marketable securities (note 8)	188,609	294,840
Net cash provided by investing activities	188,609	294,840
Net change in cash	87,008	11,028
Cash, beginning of year	133,813	122,785
Cash, end of year	\$ 220,821	\$ 133,813
Supplemental information		
Settlement of promissory note through transfer of Yorbeau shares (note 11)	\$ -	\$ 988,208
Receipt of Yorbeau shares as consideration for sale of mineral properties (note 3(a))	\$ -	\$ 1,500,000

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

CR Capital Corp.
Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share capital	Reserves	Accumulated deficit	Total
Balance, December 31, 2015	\$ 24,390,737	\$ 105,525	\$(23,710,349)	\$ 785,913
Stock options expired	-	(42,000)	42,000	-
Net income for the year	-	-	169,385	169,385
Balance, December 31, 2016	\$ 24,390,737	\$ 63,525	\$(23,498,964)	\$ 955,298
Balance, December 31, 2014	\$ 24,390,737	\$ 148,635	\$(25,094,671)	\$ (555,299)
Stock options expired	-	(43,110)	43,110	-
Net income for the year	-	-	1,341,212	1,341,212
Balance, December 31, 2015	\$ 24,390,737	\$ 105,525	\$(23,710,349)	\$ 785,913

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

CR Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2016 and 2015

(Expressed in Canadian dollars)

1. Nature of operations and going concern

CR Capital Corp. (the "Company") was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the Ontario Business Corporations Act on December 13, 2002. While the Company is officially classified as a 'Mining Exploration/Development' issuer, it is currently engaged in the process of repositioning its business to optimize value for shareholders. The primary office of the Company is located at 1 Adelaide Street East, Suite 2100, Toronto, Ontario, M5C 2V9.

The financial statements were approved by the Board of Directors on April 10, 2017.

At a special meeting of shareholders on December 22, 2014, the shareholders of the Company approved: (i) that the Company consummate the transaction with Yorbeau Resources Inc. ("Yorbeau"), which has one common director with the Company, that resulted in the sale of substantially all of its exploration assets (the "Sale Transaction"); (ii) that the Company consolidate the number of issued and outstanding common shares on a one (1) for ten (10) basis (the "Share Consolidation"); and (iii) that the Company change its name from "Cogitore Resources Inc." to "CR Capital Corp."

On March 23, 2015, the Company completed the Share Consolidation. As part of the Share Consolidation stock options were also consolidated and the exercise price adjusted to reflect the consolidation. The Share Consolidation has been reflected in these financial statements and all applicable references to the number of shares and stock options and their strike price and per share information have been restated.

During the year ended December 31, 2015, the Company closed the Sale Transaction with Yorbeau (see notes 3(a) and 8), and repaid the promissory note and unpaid interest to Dundee Corporation ("Dundee"). The Company has earned income of \$169,385 for the year ended December 31, 2016 (year ended December 31, 2015 - income of \$1,341,212) and as at December 31, 2016 has an accumulated deficit of \$23,498,964 (December 31, 2015 - \$23,710,349).

As a result of the closing of the Sale Transaction, in accordance with TSX Venture Policy 2.5, the Company has not maintained the requirements for a TSX Venture Tier 2 company. Therefore, on February 3, 2015, the Company's listing was transferred to NEX, and the trading symbol for the Company changed from "WOO" to "CIT.H".

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume 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. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

The Company's ability to continue to meet its obligations and carry out its activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing. The Company is investigating other sources of financing. Regardless, based on current projections and operating plans, the Company will likely be required to raise additional funds through equity financing or other means in order to carry out its activities. There is, however, no assurance that any such initiatives will be sufficient. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and classification of assets and liabilities that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

CR Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2016 and 2015

(Expressed in Canadian dollars)

2. Significant accounting policies

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee, effective for the Company's reporting for the year ended December 31, 2016.

(b) Basis of presentation

These financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit and loss ("FVTPL") that are carried at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 2(m).

(c) Functional and reporting currency

The functional and reporting currency, as determined by management, of the Company is the Canadian dollar as this is the principal currency of the economic environment in which the Company operates.

(d) Cash

Cash in the statements of financial position is comprised of cash held on deposit with a Canadian financial institution or in trust by external legal counsel of the Company.

(e) Financial instruments

The Company's financial instruments consist of the following:

Financial assets:	Classification:
Cash	Loans and receivables
Marketable securities	FVTPL
Investment	Available-for-sale financial assets
Financial liabilities:	Classification:
Amounts payable and other liabilities	Other financial liabilities

Available-for-sale financial assets:

Available-for-sale financial assets are those non derivative financial assets that are not classified as loans and receivables. Such assets are included in non-current assets unless the investment matures or management intends to dispose of the assets within 12 months of the end of the reporting period. At and subsequent to initial recognition, the available-for-sale financial asset is measured at a nominal value as management has determined there is no significant value associated with this investment. Gains or losses associated with changes in the fair value of this investment are recognized within other comprehensive income. Accumulated changes in fair value would be recorded as a separate component of equity until the investment is derecognized or impaired.

CR Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2016 and 2015

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(e) *Financial instruments (continued)*

Financial assets at FVTPL:

Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management (fair value option), or if they are derivative assets that are not part of an effective and designated hedging relationship. Financial assets classified as FVTPL are measured at fair value, with changes recognized in the statements of income and comprehensive income.

Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Recognition of financial assets:

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Other financial liabilities:

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are 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 and any transaction costs 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 to the net carrying amount on initial recognition.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statements of income and comprehensive income. 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 through the statements of income and comprehensive income to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

CR Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2016 and 2015

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(f) *Amounts receivable - Quebec refundable tax credit and refundable mining duty*

The Company is entitled to a credit on duties refundable for loss under the Mining Duties Act. This credit on duties refundable for loss on exploration costs incurred in the Province of Quebec at the rate of 16% has been recognized in the statements of income and comprehensive income. Furthermore, the Company is entitled to a refundable tax credit for resources for mining companies on qualified expenditures incurred. The refundable tax credit for resources may reach 28% of qualified expenditures incurred.

The Company estimates the benefits to be recognized from refundable tax credits relating to qualified expenditures incurred. These receivables are recognized to the extent that it is probable that the Company has met all eligibility requirements for the expenditures in the period they are incurred. The Company presents these credits as income tax recovery resulting from income tax credits from Quebec in the statements of income and comprehensive income.

As disclosed in note 7, as at December 31, 2016 the Company has recognized other assets of \$61,260 (December 31, 2015 - \$79,411) for Quebec refundable tax credits and refundable mining duties that have been accrued and not yet received.

(g) *Exploration and evaluation expenditures*

The Company expenses exploration and evaluation expenditures as incurred on mineral properties not commercially viable and financially feasible. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Option payments received are recorded as property option revenue on the statements of income and comprehensive income when received.

(h) *Provisions*

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows to present value.

(i) *Share based payment transactions*

The fair value of share options granted to employees is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes valuation model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Stock option expense incorporates an expected forfeiture rate. Amounts recorded for expired stock options and warrants are transferred to accumulated deficit.

CR Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2016 and 2015

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(j) *Income taxes*

Income tax comprises current and deferred tax. Income tax is recognized in the statements of income and comprehensive income except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the financial position reporting date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

(k) *Income per share*

The Company presents basic and diluted income per share data for its common shares, calculated by dividing the income attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. The treasury stock method is used to arrive at the diluted income per share, which is determined by adjusting the income attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all options outstanding that are dilutive. The Company's diluted income per share does not include the effect of stock options as they are anti-dilutive or not in the money.

(l) *Operating segments*

As at December 31, 2016, the Company does not have specific operating segment since the Company has divested of its mineral properties in Canada and will reposition the Company to optimize the value for shareholders.

(m) *Significant accounting judgments and estimates*

The preparation of these financial statements in accordance with IFRS requires the Company to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates and assumptions affect the reported amounts of assets, liabilities and expenses, and the related disclosure of assets and liabilities included in the Company's financial statements. The Company evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that the Company believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The following discusses the most significant accounting judgments, estimates and assumptions that the Company has made in the preparation of its financial statements.

CR Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2016 and 2015

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(m) Significant accounting judgments and estimates (continued)

- The measurement of income taxes and the measurement and eligibility of Quebec tax credits requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes and Quebec tax credits only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements. As at December 31, 2016 the carrying value of Quebec refundable tax credits and refundable mining duty included in amounts receivable and other assets is \$61,260 (December 31, 2015 - \$79,411).
- The Company has investments in marketable securities and is required to make judgments to determine their fair value 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.
- The Company's investment is an investment in the equity instruments of a private company. Upon initial recognition of this investment, the investment in common shares was measured at a nominal amount as management determined the investment had no significant value. As at December 31, 2016, the investment in shares was recorded at \$nil because management believes they have no significant value. It is reasonably possible, on the basis of existing knowledge, that adjustments within the next financial year could require a material adjustment to the carrying amount of the investment. Such adjustments could be required if the common shares of the private company were to become quoted in an active market.

(n) New accounting standard adopted during the year

(i) IAS 1 – Presentation of Financial Statements ("IAS 1")

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. As at January 1, 2016, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.

(o) New accounting standards issued but not yet effective

(i) IFRS 9 - Financial Instruments ("IFRS 9")

IFRS 9 was issued in final form in July 2014 by the IASB and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

CR Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2016 and 2015

(Expressed in Canadian dollars)

3. Exploration and evaluation expenditures on mineral properties

(a) Sale Transaction with Yorbeau

On January 30, 2015, the Company closed the Sale Transaction to sell the majority of its exploration assets in the provinces of Quebec and Ontario including the Normetal West, Scott Lake, Caribou and Selbaie West Projects to Yorbeau, which has one common director with the Company. This includes substantially all of the exploration properties and all of the physical exploration assets. The remaining claims held by the Company are comprised of certain claims in the Estrades property which have been optioned out to Continental Mining and Smelting Limited ("Continental"). In consideration for the acquisition, Yorbeau issued 25,000,000 shares to the Company with a fair market value of \$1,500,000 on the closing date of the transaction. The Company agreed that it will not sell more than 5% of one-half (1/2) of these shares during any calendar month without the approval of Yorbeau. As a result the Company recorded a net gain on sale of mineral properties of \$1,280,017 during the year ended December 31, 2015.

(b) Estrades Property

On August 18, 2016, the Company announced the closing of the sale of the claims in Estrades to Galway Metals Corp. in exchange for \$150,000 in cash (received).

(c) Lemoine Project

On November 7, 2014, the Company announced that it had sold the claims in the Lemoine project to BlackRock Metals Inc. ("BlackRock") in consideration for cash (\$10,000 received). The claims were transferred to BlackRock in September 2015. On July 24, 2015, the Company received an option payment of \$50,000 from BlackRock for the Lemoine property and on September 4, 2015, the Company received an additional option payment of \$37,500. Lemoine property was not included in the Sale Transaction with Yorbeau.

A final payment of \$37,500 was received from BlackRock during the year ended December 31, 2016.

4. Capital risk 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.

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 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's ability to continue to carry out its operating activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

The Company considers its capital to be equity, comprising share capital, reserves and accumulated deficit, which at December 31, 2016, totaled \$955,298 (December 31, 2015 - \$785,913) which is an increase of \$169,385.

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 expenditures, and other investing and financing activities.

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 imposed by a lending institution or regulatory body.

CR Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2016 and 2015

(Expressed in Canadian dollars)

5. Financial risk management

Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and price risk).

(i) 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. Cash is held with a major Canadian chartered bank, from which management believes the risk of loss to be minimal.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities or sale of assets. As at December 31, 2016, the Company had cash of \$220,821 (December 31, 2015 - \$133,813) to settle current liabilities of \$35,910 (December 31, 2015 - \$107,725). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

The Company's ability to continually meet its obligations is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity price.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt at December 31, 2016. The Company's current policy is to invest surplus cash in high yield savings accounts and guaranteed investment certificates issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank.

(b) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is nil.

(c) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's loss due to movements in individual equity prices or general movements in the level of stock market.

The Company has \$693,264 invested in marketable securities as at December 31, 2016. These investments are classified as FVTPL and are subject to equity price risk. The fluctuation in the price of these marketable securities could have a significant impact on the Company's profit or loss for the year ended December 31, 2016. The Company's period end equity would also increase or decrease by the additional profit or loss amount.

CR Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2016 and 2015

(Expressed in Canadian dollars)

5. Financial risk management (continued)

Sensitivity analysis

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

(i) Cash is subject to floating interest rates. The Company receives low interest rates on its cash balances. As such, the Company does not have significant interest rate risk.

(ii) The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

(iii) The Company's marketable securities are denominated in Canadian dollars and are subject to fair value fluctuations. As at December 31, 2016, if the fair value of the Company's marketable securities had increased/decreased by 20% with all other variables held constant, income for the year ended December 31, 2016, would have been approximately \$139,000 higher/lower. Similarly, as at December 31, 2016, the Company's reported shareholders' equity would have been approximately \$139,000 higher/lower as a result of a 20% increase/decrease in marketable securities.

6. Fair value measurements of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

(a) Assets and liabilities measured at fair value on a recurring basis:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Aggregate fair value
As at December 31, 2016				
Marketable securities	\$ 693,264	\$ -	\$ -	\$ 693,264
As at December 31, 2015				
Marketable securities	\$ 672,035	\$ -	\$ -	\$ 672,035

Valuation technique

Common shares of Yorbeau are listed on the Toronto Stock Exchange ("TSX") and are measured using the bid price at period end.

CR Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2016 and 2015

(Expressed in Canadian dollars)

6. Fair value measurements of financial instruments (continued)

(b) Categories of financial instruments

As at December 31,	2016	2015
Financial assets:		
FVTPL		
Marketable securities	\$ 693,264	\$ 672,035
Available-for-sale financial assets		
Investment	-	1
Loans and receivables		
Cash	220,821	133,813
Financial liabilities:		
Other financial liabilities		
Amounts payable and other liabilities - all due within the year	\$ 35,910	\$ 23,835

The Company has not offset financial assets with financial liabilities.

The carrying value of the Company's cash, amounts receivable, amounts payable and other liabilities and income tax payable is close to fair value due to their short-term maturity.

7. Amounts receivable and other assets

	As at December 31, 2016	As at December 31, 2015
Current		
Sales tax receivable - Canada	\$ 12,342	\$ 4,836
Quebec refundable tax credit and refundable mining duty	61,260	72,247
Prepaid expenses	3,521	3,542
	\$ 77,123	\$ 80,625
Long-term		
Quebec refundable tax credit and refundable mining duty	\$ -	\$ 7,164

8. Marketable securities

December 31, 2016	Number of shares	Cost	Unrealized gain	Fair value
Current				
Yorbeau (i)	7,297,500	\$ 437,850	\$ 255,414	\$ 693,264
December 31, 2015				
Current				
Yorbeau (i)	7,500,000	\$ 450,000	\$ 75,000	\$ 525,000
Long-term				
Yorbeau (i)	2,100,500	126,030	21,005	147,035
Total	9,600,500	\$ 576,030	\$ 96,005	\$ 672,035

CR Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2016 and 2015

(Expressed in Canadian dollars)

8. Marketable securities (continued)

(i) During the year ended December 31, 2015, the Company received 25,000,000 shares of Yorbeau in consideration for the sale of the mineral properties, which were valued at \$1,500,000 (see note 3(a)). On February 9, 2015, the Company repaid the promissory note and unpaid interest to Dundee by delivering to Dundee 12,500,000 common shares of Yorbeau (see note 11) and recorded a realized gain on marketable securities of \$62,500 in the statements of income and comprehensive income during the year ended December 31, 2015. Yorbeau and the Company have one common director. The Company agreed that it will not sell more than 5% of one-half (1/2) of these shares during any calendar month without the prior approval of Yorbeau.

During the year ended December 31, 2016, the Company sold 2,303,000 shares of Yorbeau (year ended December 31, 2015 - 2,899,500 shares) for gross proceeds of \$188,609 (year ended December 31, 2015 - \$294,840) and recorded a realized gain on marketable securities of \$50,429 (year ended December 31, 2015 - \$120,870) in the statements of income and comprehensive income.

During the year ended December 31, 2016, the Company recorded an unrealized gain on marketable securities of \$159,409 (year ended December 31, 2015 - gain of \$96,005) in the statements of income and comprehensive income.

The net gain on sale of mineral properties for the year ended December 31, 2015 is summarized below:

	Number of shares	Fair value
Yorbeau shares received in exchange for minerals properties	25,000,000	\$ 1,500,000
Less: equipment, carrying value		(219,983)
Net gain on sale of mineral properties		\$ 1,280,017

9. Investment

The Company holds 3,000,000 common shares of Continental Mining and Smelting Limited, which is a privately owned company. Upon initial recognition, the investment in common shares was measured at nominal value because management determined they did not have any significant value. As at December 31, 2016, the investment in shares was recorded at \$nil (December 31, 2015 - \$1) because management believes the common shares have no significant value.

10. Amounts payable and other liabilities

Amounts payable and other liabilities of the Company are principally comprised of amounts outstanding for purchases relating to general operating activities.

As at December 31,	2016	2015
Trade payables	\$ 16,521	\$ 5,573
Accrued liabilities	19,389	18,262
	\$ 35,910	\$ 23,835

The following is an aged analysis of the amounts payable and other liabilities:

As at December 31,	2016	2015
Less than 1 month	\$ 30,099	\$ 23,835
1 to 3 months	5,811	-
	\$ 35,910	\$ 23,835

CR Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2016 and 2015

(Expressed in Canadian dollars)

11. Promissory note

On April 30, 2013, the Company announced that it borrowed \$800,000 from Dundee pursuant to a promissory note which originally matured on April 30, 2014. The promissory note bears interest at the rate of 12% per annum, calculated monthly not in advance and payable on the maturity date. The Company may prepay any and all amounts owing at any time without notice or bonus in one or more installments, provided the amount of each such prepayment is not less than \$100,000.

On May 22, 2014, the maturity date of the promissory note, the principal amount of \$800,000 plus accrued and unpaid interest owing to Dundee was extended to April 30, 2015. All other terms of the promissory note remained the same, except for a renewal fee in the amount of \$8,000 which was added to the principal amount. The new aggregate principal amount for the promissory is \$904,000.

For the year ended December 31, 2016, interest charges of \$nil (year ended December 31, 2015 - \$11,888) have been recorded and are included in finance expense in the statements of income and comprehensive income.

On February 9, 2015, the Company repaid the promissory note and accrued interest to Dundee by delivering to Dundee 12,500,000 common shares of Yorbeau valued at \$812,500. As a result the Company recorded a gain on settlement of promissory note of \$175,708 during the year ended December 31, 2015.

12. Income tax payable

During the year ended December 31, 2016, the Company recorded income tax expense of \$nil (year ended December 31, 2015 - \$175,437) with respect to certain tax credits related to provincial tax returns for the fiscal years ended December 31, 2010, December 31, 2011, December 31, 2012 and December 31, 2013, that were denied by Revenu Quebec. In addition, during the year ended December 31, 2016, Revenu Quebec assessed interest of \$712 (year ended December 31, 2015 - \$37,185) in relation to these provincial returns. This amount has been included in finance expense on the statements of income and comprehensive income. As at December 31, 2016, the income tax payable was \$nil (December 31, 2015 - \$83,890).

On May 13, 2016, the Company repaid in full the income tax payable to Revenu Quebec.

13. Share capital

a) Authorized share capital

The authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

As at December 31, 2016, the issued share capital amounted to \$24,390,737. Changes in issued share capital for the periods presented are as follows:

	Number of common shares	Amount
Balance, December 31, 2014, 2015 and 2016	8,327,335	\$ 24,390,737

CR Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2016 and 2015

(Expressed in Canadian dollars)

14. Stock options

The Company adopted an incentive stock option plan (the "Plan"), dated December 13, 2002, which provides that the directors of the Company may, from time to time, grant to directors, employees and consultants of the Company, or any subsidiary of the Company, the option to purchase common shares, provided that the number of common shares reserved for issuance under the Plan not exceed ten percent (10%) of the issued and outstanding common shares. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares in any twelve-month period. The Plan provides that the terms of the option and the option price shall be fixed by the directors of the Company. Stock options granted under the Plan may not be for a period longer than five years and the exercise price must be paid in full upon exercise of the option.

The following table reflects the continuity of stock options:

	Number of stock options	Weighted average exercise price (\$)
Balance, December 31, 2014	459,000	0.65
Expired	(54,000)	1.08
Balance, December 31, 2015	405,000	0.59
Expired	(20,000)	2.40
Balance, December 31, 2016	385,000	0.50

The following table reflects the actual stock options issued and outstanding as of December 31, 2016:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
September 2, 2019	0.50	2.67	385,000	385,000

15. Net income per common share

The calculation of basic and diluted income per share for the year ended December 31, 2016 was based on the income attributable to common shareholders of \$169,385 (year ended December 31, 2015 - income of \$1,341,212) and the weighted average number of common shares outstanding of 8,327,335 (year ended December 31, 2015 - 8,327,335). Diluted income per share did not include the effect of 385,000 stock options (December 31, 2015 - 405,000 stock options) as they are anti-dilutive.

16. Exploration and evaluation expenditures

	Year Ended December 31,	
	2016	2015
Property acquisition costs	\$ -	\$ 5,000
Property maintenance (recovery)	-	(14,224)
Drilling (recovery)	-	(3,600)
General and geology	-	20,661
Administration	-	435
Regional office expenses	-	3,591
Total	\$ -	\$ 11,863

CR Capital Corp.**Notes to Financial Statements****Years Ended December 31, 2016 and 2015****(Expressed in Canadian dollars)**

17. General and administrative

	Year Ended December 31,	
	2016	2015
Professional fees	\$ 98,165	\$ 91,762
Management compensation	72,000	69,000
Office and general	13,286	15,677
Shareholder and investors relations	12,295	14,879
Reporting issuer costs	8,693	11,765
Salaries and benefits	3,796	41,461
Bank charges	966	1,451
Depreciation	-	806
	\$ 209,201	\$ 246,801

18. Related party disclosures**(a) Related party transactions**

Related parties include the Board of Directors and officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Remuneration of directors and key management personnel (including Chief Executive Officer, Chief Financial Officer ("CFO") and directors), other than consulting fees, of the Company was as follows:

	Year Ended December 31,	
	2016	2015
Management compensation and salaries and benefits ⁽¹⁾⁽²⁾	\$ 90,479	\$ 120,147

(1) Salaries and benefits include director fees. The Board of Directors and select officers do not have employment or service contracts with the Company. Directors are entitled to director fees and stock options for their services and officers are entitled to fees and stock options for their services. During the year ended December 31, 2016 and the year ended December 31, 2015, the directors of the Company have waived their director fees to conserve cash.

(2) The amounts charged are recorded at their fair value.

The Company entered into the following transactions with related parties:

	Notes	Year Ended December 31,	
		2016	2015
Marrelli Support Services Inc. ("Marrelli Support")	(i)	\$ 27,833	\$ 30,777
DSA Corporate Services Inc. ("DSA")	(ii)	\$ 15,015	\$ 15,669

(i) During the year ended December 31, 2016, the Company paid professional fees of \$27,833 (year ended December 31, 2015 - \$30,777) to Marrelli Support, an organization of which Carmelo Marrelli is president. Carmelo Marrelli is the CFO of the Company. These services were incurred in the normal course of operations for general accounting and financial reporting matters. Marrelli Support also provides bookkeeping services to the Company. As at December 31, 2016, Marrelli Support was owed \$11,258 (December 31, 2015 - \$2,500) and this amount was included in amounts payable and other liabilities.

CR Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2016 and 2015

(Expressed in Canadian dollars)

18. Related party disclosures (continued)

(a) Related party transactions (continued)

(ii) During the year ended December 31, 2016, the Company paid professional fees of \$15,015 (year ended December 31, 2015 - \$15,669) to DSA, an organization of which Carmelo Marrelli controls. Carmelo Marrelli is also the corporate secretary and sole director of DSA. These services were incurred in the normal course of operations for corporate secretarial matters. As at December 31, 2016, DSA was owed \$3,810 (December 31, 2015 - \$2,599) and this amount was included in amounts payable and other liabilities.

(b) Other related party transactions

On April 30, 2013, the Company borrowed \$800,000 from Dundee, which is a shareholder in the Company. On May 22, 2014, the maturity date of the promissory note was extended to April 30, 2015. On February 9, 2015, the Company repaid the promissory note and unpaid interest to Dundee by delivering to Dundee 12,500,000 common shares of Yorbeau. The Company has one common director with Yorbeau. See notes 8 and 11.

19. Income taxes

(a) Major items causing the Company's income tax rate to differ from the federal statutory rate of approximately 26.90% (2015 - 26.90%) are as follows:

Year Ended December 31,	2016	2015
Income before income taxes	\$ 187,424	\$ 1,516,264
Combined statutory income tax rate	26.90%	26.90%
Income tax expense at the combined Canadian statutory income tax rate:	(50,417)	(407,875)
Adjustments to benefit resulting from:		
Permanent differences	6,783	(104,415)
Quebec tax credits	18,039	175,052
Tax benefit not recognized and other	7,556	162,186
Income tax (expense)	\$ (18,039)	\$ (175,052)

The following temporary differences have not been recognized for accounting purposes:

Year Ended December 31,	2016	2015
Temporary differences		
Exploration and development	\$ 4,316,000	\$ 4,810,000
Share issue costs	-	20,000
Non-capital losses	4,740,000	4,529,000
	\$ 9,056,000	\$ 9,359,000

The non-capital losses expire from 2026 to 2036. The other temporary differences do not expire under current legislation.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

CR Capital Corp.
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(Expressed in Canadian dollars)

19. Income taxes (continued)

(b) Tax loss carry-forwards

At December 31, 2016, the Company has available non-capital losses carry-forwards for Canadian tax purposes that have not been recognized in the financial statements and that will expire as follows:

2026	\$	374,000
2027		319,000
2028		813,000
2029		430,000
2030		787,000
2031		280,000
2032		562,000
2033		431,000
2034		445,000
2035		-
2036		<u>299,000</u>
	\$	<u>4,740,000</u>

20. Segmented information

As at December 31, 2016, the Company does not have a specific operating segment since the Company has divested of its mineral properties in Canada and will reposition the Company to optimize the value for shareholders.

21. Contingencies

Tax matters

In the ordinary course of business, the Company is subject to ongoing audits by tax authorities. While the Company believes that its tax filing positions are appropriate and supportable, from time to time, certain matters are reviewed and challenged by the tax authorities.

The Company regularly reviews the potential for adverse outcomes in respect of tax matters. The Company believes that the ultimate disposition of any tax matters in dispute with tax authorities will not have a material adverse effect on its liquidity, financial position or results of operations because the Company believes that it has complied with the appropriate taxation rules. Should the ultimate tax liability materially differ from the Company's expectations, the Company's cash position could be affected positively or negatively in the period in which the matters are resolved.