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**NORVISTA CAPITAL CORPORATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED**  
**DECEMBER 31, 2016 AND 2015**

**(EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE STATED)**

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Norvista Capital Corporation

We have audited the accompanying consolidated financial statements of Norvista Capital Corporation 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 cash flows and consolidated statements of changes in shareholder's equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Norvista Capital Corporation 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.

UHY McGovern Hurley LLP



Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Canada  
April 27, 2017

# NORVISTA CAPITAL CORPORATION

## Consolidated Statements of Financial Position

(Expressed in Canadian Dollars unless otherwise stated)

	December 31, 2016	December 31, 2015
<b>ASSETS</b>		
Cash and cash equivalents (Note 3)	\$ 4,005,132	\$ 2,958,014
Due from broker	357,101	466
Public investments (Note 5)	7,593,671	3,028,362
Amounts receivable (Notes 6 and 13(a)(viii))	53,351	170
Prepaid expenses	6,400	18,001
Restricted cash (Note 4)	25,000	25,000
Non-public investments (Note 5)	2,352,459	2,346,000
<b>Total assets</b>	<b>\$ 14,393,114</b>	<b>\$ 8,376,013</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Notes 7 and 13)	\$ 191,227	\$ 62,343
Income tax payable (Note 14)	238,000	-
Taxes other than on income	1,721	-
<b>Total liabilities</b>	<b>430,948</b>	<b>62,343</b>
<b>Shareholders' equity</b>		
Share capital (Note 9)	13,770,695	10,674,443
Contributed surplus (Note 10)	553,389	181,600
Deficit	(361,918)	(2,542,373)
<b>Total shareholders' equity</b>	<b>13,962,166</b>	<b>8,313,670</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 14,393,114</b>	<b>\$ 8,376,013</b>

Nature of Operations (Note 1)

Commitments and contingencies (Note 17)

Subsequent Event (Note 18)

Approved by the Board of Directors:

"Stan Spavold" \_\_\_\_\_ Director

"Don Christie" \_\_\_\_\_ Director

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

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**NORVISTA CAPITAL CORPORATION****Statements of Income (Loss) and Comprehensive Income (Loss)**  
**(Expressed in Canadian Dollars unless otherwise stated)**

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<b>Years ended December 31,</b>	<b>2016</b>	<b>2015</b>
<b>Revenues</b>		
Realized gain on investments (Note 5)	\$ 119,409	\$ 11,078
Unrealized gain (loss) on investments (Notes 5 and 11)	3,327,892	(80,436)
Management fee income (Note 6)	62,399	-
Rental and other income (Note 13(a)(viii))	53,581	-
Interest income	19,112	58,195
<b>Total revenues</b>	<b>3,582,393</b>	<b>(11,163)</b>
<b>Operating expenses</b>		
Salaries and benefits (Note 13(b))	312,769	186,724
Travel	2,412	4,263
Professional fees (Note 13(a)(i)(ii)(iii))	263,342	213,694
Employee severance costs	-	180,000
Office rent (Note 13(a)(iv)(v))	92,869	70,364
Shareholder information	37,923	31,997
General and administrative	60,546	62,396
Investor relations	10,287	15,718
Stock-based compensation (Note 10)	381,976	181,600
Foreign exchange loss (gain)	12,001	(55,975)
Write-off - taxes other than on income	-	95,895
Management agreement termination cost (Note 17)	-	400,000
<b>Total operating expenses</b>	<b>1,174,125</b>	<b>1,386,676</b>
<b>Income (loss) before tax</b>	<b>2,408,268</b>	<b>(1,397,839)</b>
Income tax expense (Note 14)	238,000	-
<b>Net income (loss) and comprehensive income (loss) for the year</b>	<b>\$ 2,170,268</b>	<b>\$ (1,397,839)</b>
<b>Basic net income (loss) per share (Note 12)</b>	<b>\$ 0.03</b>	<b>\$ (0.03)</b>
<b>Diluted net income (loss) per share (Note 12)</b>	<b>\$ 0.03</b>	<b>\$ (0.03)</b>
<b>Weighted average number of shares outstanding</b>		
- basic (Note 12)	64,623,683	43,653,169
- diluted (Note 12)	65,092,700	43,653,169

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

# NORVISTA CAPITAL CORPORATION

## Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars unless otherwise stated)

Years ended December 31,	2016	2015
<b>Operating activities</b>		
Net income (loss) for the year	\$ 2,170,268	\$ (1,397,839)
Adjustments for:		
Write-off - taxes other than on income	-	95,895
Net (gain) loss on investments	(3,447,301)	69,358
Write-off of due to related party (Note 8)	-	(14,483)
Unrealized foreign exchange gain	9,678	(55,975)
Income tax expense	238,000	-
Stock-based compensation (Note 10)	381,976	181,600
Purchase of investments	(1,429,241)	(3,286,104)
Proceeds on disposal of investments	295,087	126,210
	(1,781,533)	(4,281,338)
Changes in non-cash operating capital:		
Due from broker	(356,635)	1,092
Amounts receivable	(53,181)	-
Taxes other than on income	1,721	(41,062)
Prepaid expenses	11,601	(18,001)
Accounts payable and accrued liabilities	128,884	(93,140)
<b>Net cash (outflows) from operating activities</b>	<b>(2,049,143)</b>	<b>(4,432,449)</b>
<b>Financing activities</b>		
Proceeds from issue of common shares (Note 9(b)(i))	3,325,000	-
Transaction costs (Note 9(b)(i))	(228,748)	-
Repayment to related party	-	(156)
<b>Net cash inflows (outflows) from financing activities</b>	<b>3,096,252</b>	<b>(156)</b>
<b>Investing activities</b>		
Investment in partnership units of Norvista Capital I Limited Partnership (Note 6)	(25)	-
Redemption of partnership units of Norvista Capital I Limited Partnership (Note 6)	25	-
<b>Net cash (outflows) from investing activities</b>	<b>-</b>	<b>-</b>
<b>Net change in cash and cash equivalents</b>	<b>1,047,109</b>	<b>(4,432,605)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>2,958,014</b>	<b>7,390,619</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 4,005,123</b>	<b>\$ 2,958,014</b>

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

## NORVISTA CAPITAL CORPORATION

### Consolidated Statements of Changes in Shareholders' Equity (Expressed in Canadian Dollars unless otherwise stated)

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total
<b>Balance, December 31, 2014</b>	<b>43,653,169</b>	<b>\$ 10,674,443</b>	<b>\$ 52,500</b>	<b>\$ (1,197,034)</b>	<b>\$ 9,529,909</b>
Expiry of stock options	-	-	(52,500)	52,500	-
Share-based compensation (Note 10)	-	-	181,600	-	181,600
Net loss for the year	-	-	-	(1,397,839)	(1,397,839)
<b>Balance, December 31, 2015</b>	<b>43,653,169</b>	<b>\$ 10,674,443</b>	<b>\$ 181,600</b>	<b>\$ (2,542,373)</b>	<b>\$ 8,313,670</b>
Common shares issued in private placement (Note 9(b)(i))	27,708,332	3,325,000	-	-	3,325,000
Transaction costs (Note 9(b)(i))	-	(228,748)	-	-	(228,748)
Share-based compensation (Note 10)	-	-	381,976	-	381,976
Expiry of stock options	-	-	(10,187)	10,187	-
Net income for the year	-	-	-	2,170,268	2,170,268
<b>Balance, December 31, 2016</b>	<b>71,361,501</b>	<b>\$ 13,770,695</b>	<b>\$ 553,389</b>	<b>\$ (361,918)</b>	<b>\$ 13,962,166</b>

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

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# NORVISTA CAPITAL CORPORATION

## Notes to Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars unless otherwise stated)

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### 1. Nature of Operations

Norvista Capital Corporation ("Norvista" or the "Company") and its subsidiaries operate as a publicly traded resource investment company and merchant bank focused on the metals and mining sector. The Company's strategy is to capitalize on the significant asset value contraction that has occurred over the last several years in the resource industry, with particular emphasis on base metal projects. Norvista focuses its efforts on the pursuit of highly prospective exploration projects while balancing exploration risk through investment in small to mid-scale, pre-production, opportunities requiring partial or full completion of feasibility studies. The Company is a publicly listed company that amalgamated under the Canada Business Corporations Act on June 4, 2014. The Company's shares are listed on the TSX Venture Exchange under the symbol "NVV". The Company's head office is located at 141 Adelaide St. W., Suite 1660, Toronto, Ontario, M5H 3L5.

### 2. Significant Accounting Policies

#### Statement of compliance

These consolidated financial statements have been prepared in accordance with and using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The policies set out below were consistently applied to all the periods presented unless otherwise noted below.

These financial statements were approved by the Board of Directors on April 27, 2017.

#### Basis of presentation

These financial statements have been prepared on a historical cost basis except for investments 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 year. It also requires management to exercise judgment in applying the Company's accounting policies.

#### Accounting policies

#### Significant accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Information about assumptions and estimation uncertainties that have risk of resulting in a material adjustment within the next fiscal year are included in the following notes:

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# NORVISTA CAPITAL CORPORATION

## Notes to Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars unless otherwise stated)

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### 2. Significant Accounting Policies (continued)

#### Accounting policies (continued)

#### Significant accounting judgments, estimates and assumptions (continued)

##### (i) Fair value of investment in securities not quoted in an active market or private company investments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Refer to Notes 5 and 16 for further details.

##### (ii) Fair value of financial derivatives

Investments in options and warrants which are not traded on a recognized securities exchange do not have a readily available market value. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available, the warrants and options are valued at intrinsic value. Refer to Notes 5 (a) & (b) for further details.

##### (iii) Recognition of deferred taxes

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

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.

##### (iv) Share-based payments

The Company uses the Black-Scholes option pricing model to fair value options in order to calculate share-based compensation expense. The Black-Scholes model involves six key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price of the Company's shares at date of issue, expected dividend yield, expected life, and expected volatility. Certain inputs are estimates which involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share based compensation expense. See Note 10.

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# NORVISTA CAPITAL CORPORATION

## Notes to Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars unless otherwise stated)

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### 2. Significant Accounting Policies (continued)

#### Accounting policies (continued)

#### Significant accounting judgments, estimates and assumptions (continued)

##### (v) Investment entity

The Company applies the exception to consolidation of particular subsidiaries, investment in associates and joint ventures available to investment entities. Management has determined that the Company qualifies for the exemption from consolidation given that the Company has the following typical characteristics of an investment entity:

- (a) The Company obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- (b) The Company commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation and investment income; and
- (c) The Company measures and values the performance of all its investments on a fair value basis.

#### Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the Company operates. The Company's consolidated financial statements are presented in Canadian dollars. The Canadian dollar is the functional currency of the Company.

#### Financial instruments

Financial assets and financial liabilities are recognized on the Company's consolidated statement of financial position when the Company has become a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. The Company's financial instruments consist of cash and cash equivalents, amounts receivable, public and non-public investments, due from broker, restricted cash, and accounts payable and accrued liabilities.

##### (i) Investments

Purchases and sales of investments are recognized on a trade date basis. Public and non-public investments at fair value through profit or loss are initially recognized at fair value, with changes in fair value reported in income (loss). At each financial reporting period, the Company's management estimates the fair value of its investments based on the criteria below and reflects such valuations in the consolidated financial statements.

Transaction costs are expensed as incurred in the consolidated statements of loss and comprehensive loss. The determination of fair value requires judgment and is based on market information where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such changes in valuations in the consolidated statements of loss and comprehensive loss. The Company is also required to present its investments (and other financial assets and liabilities reported at fair value) into three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring the fair value, and to provide additional disclosure in connection therewith (see Note 16, "Fair Value Measurements"). The three levels are defined as follows:

Level 1 – investment with quoted market price;

Level 2 – investment which valuation technique is based on observable market inputs; and

Level 3 – investment which valuation technique is based on non-observable market inputs.

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# NORVISTA CAPITAL CORPORATION

## Notes to Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars unless otherwise stated)

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### 2. Significant Accounting Policies (continued)

#### Accounting policies (continued)

##### Financial instruments (continued)

###### (i) Investments (continued)

###### Publicly-traded investments:

1. Securities, including shares, options, and warrants which are traded on a recognized securities exchange and for which no sales restrictions apply and for which an active market exists, are recorded at fair values based on quoted closing prices at the consolidated statement of financial position date or the closing price on the last day the security traded if there were no trades at the statement of financial position date. These are included in Level 1 as disclosed in Note 16.

2. Warrants or options of publicly-traded securities which do not have a quoted price are carried at an estimated fair value calculated using the Black-Scholes option pricing model if sufficient and reliable observable market inputs are available. If no such market inputs are available or reliable, the warrants and options are valued at intrinsic value. These are included in Level 2 as disclosed in Note 16.

3. Securities which are traded on a recognized securities exchange but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value. Shares that are received as part of a private placement that are subject to a standard four-month hold period are not discounted. In determining the discount for such investments, the Company considers the nature and length of the restriction, business risk of the investee corporation, relative trading volume and price volatility and any other factors that may be relevant to the ongoing and realizable value of the investments. These are included in Level 2 in Note 16.

The amounts at which the Company's publicly-traded investments could be disposed of may differ from carrying values based on market quotes, as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity. Such differences could be material.

###### Privately-held investments:

1. Securities in privately-held companies (other than options and warrants) are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the financial statements. These are included in Level 3 as disclosed in Note 16. Options and warrants of private companies are carried at their intrinsic value.

With respect to valuation, the financial information of private companies in which the Company has investments may not always be available, or such information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these may not be realized or realizable. In addition to the events described below, which may affect a specific investment, the Company will take into account general market conditions when valuing the privately-held investments in its portfolio. In the absence of occurrence of any of these events or any significant change in general market conditions indicates generally that the fair value of the investment has not materially changed.

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# NORVISTA CAPITAL CORPORATION

## Notes to Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars unless otherwise stated)

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### 2. Significant Accounting Policies (continued)

#### Accounting policies (continued)

##### Financial instruments (continued)

###### (i) Investments (continued)

Privately-held investments (continued):

2. An upward adjustment is considered appropriate and supported by pervasive and objective evidence such as a significant subsequent equity financing by an unrelated investor at a transaction price higher than the Company's carrying value; or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a positive impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable. Such events include, without limitation:

- political changes in a country in which the investee company operates which, for example, reduce the corporate tax burden, permit mining where, or to an extent that, it was not previously allowed, or reduce or eliminate the need for permitting or approvals;
- receipt by the investee company of environmental, mining, aboriginal or similar approvals, which allow the investee company to proceed with its project(s);
- filing by the investee company of a National Instrument 43-101 technical report in respect of a previously non-compliant resource;
- release by the investee company of positive exploration results, which either proves or expands their resource prospects; and
- important positive management changes by the investee company that the Company's management believes will have a very positive impact on the investee company's ability to achieve its objectives and build value for shareholders.

3. Downward adjustments to carrying values are made when there is evidence of a decline in value as indicated by the assessment of the financial condition of the investment based on third party financing, operational results, forecasts, and other developments since acquisition, or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a negative impact on the investee company's prospects and therefore its fair value. The amount of the change to the fair value of the investment is based on management's judgment and any value estimated may not be realized or realizable. Such events include, without limitation:

- political changes in a country in which the investee company operates, which increases the tax burden on companies, which prohibit mining where it was previously allowed, which increases the need for permitting or approvals, etc.;
- denial of the investee company's application for environmental, mining, aboriginal or similar approvals which prohibit the investee company from proceeding with its projects;
- the investee company releases negative exploration results;
- changes to the management of the investee company take place which the Company believes will have a negative impact on the investee company's ability to achieve its objectives and build value for shareholders;
- the investee company is placed into receivership or bankruptcy; and
- based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern.

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# NORVISTA CAPITAL CORPORATION

## Notes to Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars unless otherwise stated)

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### 2. Significant Accounting Policies (continued)

#### Accounting policies (continued)

##### Financial instruments (continued)

###### (i) Investments (continued)

Privately-held investments (continued):

3. (continued) The resulting values may differ from values that would be realized had a ready market existed. The amounts at which the Company's privately-held investments could be disposed of may differ from the carrying value assigned. Such differences could be material.

Investment in associates:

Investment in associates are those entities over which the Company has or is deemed to have significant influence, but not control over, the financial and operating policies. Investment in associates are held as part of the Company's investment portfolio and carried in the consolidated statement of financial position at fair value even though the Company may have significant influence over the companies. This treatment is permitted by IAS 28, Investment in Associates ("IAS 28"), which allows investments held by venture capital or similar organizations to be excluded from its scope where those investments are measured at fair value through profit or loss in accordance with IAS 39, with changes in fair value recognized in the statement of loss within unrealized gains or losses on investments.

Investments in subsidiaries:

As an investment entity, the Company does not consolidate its subsidiaries unless those subsidiaries provide services that relate to the Company's investment activities. Investment in subsidiaries that do not provide services that relate to the Company's investment activities are measured at fair value through profit or loss.

The Company has the following subsidiaries that have not been consolidated:

Company	Principal place of business	Ownership interest
Akuna Minerals Inc.	Ontario, Canada	80%

Subsidiaries over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity and that provide services that relate to the Company's investment activities are consolidated. These subsidiaries are fully consolidated.

From the date control is transferred to the Company and are de-consolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and these subsidiaries after eliminating inter-entity balances and transactions.

The Company has the following subsidiaries that have been consolidated:

Company	Principal place of business	Ownership interest
Norvista Capital General Partner Ltd.	Ontario, Canada	100%
Norvista Capital Management Corp. ("NCMC")	Ontario, Canada	100%

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# NORVISTA CAPITAL CORPORATION

## Notes to Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars unless otherwise stated)

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### 2. Significant Accounting Policies (continued)

#### Accounting policies (continued)

##### **Financial instruments (continued)**

###### (ii) Amounts receivable

Receivables are classified as loans and receivables and are initially recorded at the fair value of the amount expected to be received and subsequently measured at amortized cost less any provision for impairment. Individual significant receivables are considered for recoverability when they are past due or when other objective evidence is received that a specific counterparty will default.

###### (iii) Financial liabilities

All financial liabilities are classified as at amortized cost except for financial derivatives and any financial liabilities from inception classified as at fair value through profit or loss. All financial liabilities are recognized initially at fair value plus directly attributable transaction costs except for those designated at fair value through profit and loss.

Financial liabilities at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the consolidated statement of income (loss) and comprehensive income (loss). Financial liabilities at amortized cost are measured at initial cost plus interest calculated using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period.

##### **Cash and cash equivalents**

Cash and cash equivalents are comprised of cash on hand and deposits that generally mature within 90 days from the date of acquisition. Deposits are held in Canadian chartered banks or in a financial institution controlled by a Canadian chartered bank.

##### **Impairment of financial assets**

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Financial assets are considered to be impaired if objective evidence indicates that a change in the market, economic or legal environment in which the Company invested has had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale investment is calculated by reference to its fair value.

Impairment losses are recognized in the consolidated statement of income (loss) and comprehensive income (loss). For financial assets measured at amortized cost, any reversal of impairment is recognized in the statement of income (loss) and comprehensive income (loss).

##### **Due from broker**

Due from broker consists of cash owed to the Company from its brokers.

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# NORVISTA CAPITAL CORPORATION

## Notes to Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars unless otherwise stated)

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### 2. Significant Accounting Policies (continued)

#### Accounting policies (continued)

##### Revenue recognition

Realized gains and losses on the disposal of investments and unrealized gains and losses in the value of investments are reflected in the statement of income (loss) and comprehensive income (loss) on a trade date basis. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed, so as to recognize the full realized gain or loss in the period of disposition. All transaction costs are expensed as incurred. Dividend income is recorded on the ex-dividend date. Interest income and other income are recorded on an accrual basis. Finder's fee income is recorded when the underlying transaction is substantially completed under the engagement terms and the related revenue is reasonably determinable and collectible.

##### Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive loss.

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

##### Income (loss) per share

Basic income (loss) per share is calculated by dividing the net income (loss) by the weighted-average number of the Company's common shares outstanding during the period. Diluted income (loss) per share is calculated by dividing the applicable net loss by the sum of the weighted-average number of common shares outstanding if dilutive common shares had been issued during the period. The calculation of diluted earnings per share assumes that outstanding stock options and warrants with an average exercise price below market price of the underlying shares are exercised and the assumed proceeds are used to repurchase common shares of the Company at the average market price for the period.

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# NORVISTA CAPITAL CORPORATION

## Notes to Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars unless otherwise stated)

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### 2. Significant Accounting Policies (continued)

#### Accounting policies (continued)

##### Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For options that expire unexercised, the recorded value is transferred to deficit.

##### Accounting policies adoptions and changes

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. At January 1, 2016, the Company adopted this standard and there was no material impact on the Company’s consolidated financial statements.

In December 2014, the IASB amended IFRS 10 - Consolidated Financial Statements (“IFRS 10”), IFRS 12 - Disclosure of Interests in Other Entities (“IFRS 12”) and IAS 28 - Investment in Associates and Joint Ventures (“IAS 28”) to address issues that have arisen in the context of applying the consolidation exception for investment entities. The amendments confirm, among other things, that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value. An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12. At January 1, 2016, the Company adopted this standard and there was no material impact on the Company’s consolidated financial statements.

##### Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2017. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB as a complete standard in July 2014 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, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

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# NORVISTA CAPITAL CORPORATION

## Notes to Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars unless otherwise stated)

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### 2. Significant Accounting Policies (continued)

#### *Accounting policies (continued)*

#### Recent accounting pronouncements (continued)

IFRS 15 - Revenue From Contracts With Customers ("IFRS 15") proposes to replace IAS 18 - Revenue, IAS 11 - Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

### 3. Cash and Cash Equivalents

As at	December 31, 2016	December 31, 2015
Cash	\$ 1,883,360	\$ 1,647,905
Cash equivalents	2,121,772	1,310,109
	<b>\$ 4,005,132</b>	<b>\$ 2,958,014</b>

### 4. Restricted Cash

The Company has a corporate credit card with a major financial institution with an aggregate credit limit of \$25,000. As at December 31, 2016, the financial institution holds \$25,000 in a Guaranteed Investment Certificate (December 31, 2015 - \$25,000) as collateral on the credit card amount as long as the credit card is active. The restricted cash amount would change if there was any change in the credit limit on the card.

# NORVISTA CAPITAL CORPORATION

## Notes to Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars unless otherwise stated)

### 5. Investments

#### (a) Public investments

	As at December 31, 2015		Transactions during the year ended December 31, 2016			As at December 31, 2016		Securities Held
	Cost	Cumulative Unrealized Gain (Loss)	Fair Value	Purchased/ (Proceeds on Disposal of Investments)	Realized Gain on Investments	Unrealized Gain	Fair Value	
Capstone Mining Corp.	\$ 55,583	\$ (46,783)	\$ 8,800	\$ -	\$ -	\$ 16,000	\$ 24,800	20,000
Pretium Resources Inc.	151,125	(12,324)	138,801	(265,802)	114,676	12,325	-	-
Copper Mountain Mining CP	26,700	(22,250)	4,450	-	-	4,850	9,300	10,000
ThreeD Capital Inc. (formerly Brownstone Energy Inc).	80,000	(60,000)	20,000	-	-	7,000	27,000	200,000
X-Terra Resources Inc.	98,205	(34,372)	63,833	(29,285)	4,733	74,881	114,162	736,535
Nevada Zinc Corporation ("Nevada Zinc") *	1,295,972	798,504	2,094,476	625,595	-	1,611,773	4,331,844	8,840,499
Minera Alamos Inc. ("Minera Alamos") shares **	351,000	20,250	371,250	199,570	-	632,305	1,203,125	9,625,000
Minera Alamos warrants <sup>(1)(2)(3)</sup> **	324,000	2,752	326,752	87,930	-	523,455	938,137	8,187,500
Rockcliff Copper Corporation ("Rockcliff") shares ***	-	-	-	352,350	-	326,221	678,571	7,142,857
Rockcliff warrants <sup>(4)</sup> ***	-	-	-	147,650	-	119,082	266,732	3,571,429
	\$ 2,382,585	\$ 645,777	\$ 3,028,362	\$ 1,118,008	\$ 119,409	\$ 3,327,892	\$ 7,593,671	

\* The Company shares common directors and management with Nevada Zinc.

\*\* The Company has one director in common with Minera Alamos.

\*\*\* The Company has common directors and management with Rockcliff.

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# NORVISTA CAPITAL CORPORATION

## Notes to Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars unless otherwise stated)

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### 5. Investments (continued)

#### (a) Public investments (continued)

<sup>(1)</sup> 6,750,000 Minera Alamos warrants with each warrant exercisable into one common share of Minera Alamos at a strike price of \$0.10 per share for four years expiring June 8, 2019. On June 8, 2015, the fair value of the warrants was estimated to be \$324,000 using the Black-Scholes option pricing model with the following assumptions: exercise price of \$0.10, risk free interest rate of 0.87%, expected life of 4 years and an expected volatility of 180%.

On December 31, 2016, the fair value of the warrants was estimated to be \$781,452 using the Black-Scholes option pricing model with the following assumptions: exercise price of \$0.10, risk free interest rate of 0.73%, expected life of 2.644 years and an expected volatility of 149%.

<sup>(2)</sup> 1,250,000 Minera Alamos warrants with each warrant exercisable into one common share of Minera Alamos at a strike price of \$0.15 per share for three years expiring May 4, 2019. On May 4, 2016, the fair value of the warrants was estimated to be \$76,575 using the Black-Scholes option pricing model with the following assumptions: exercise price of \$0.15, risk free interest rate of 0.57%, expected life of 3 years and an expected volatility of 181%.

On December 31, 2016, the fair value of the warrants was estimated to be \$136,217 using the Black-Scholes option pricing model with the following assumptions: exercise price of \$0.15, risk free interest rate of 0.73%, expected life of 2.34 years and an expected volatility of 152%.

<sup>(3)</sup> 187,500 Minera Alamos warrants with each warrant exercisable into one common share of Minera Alamos at a strike price of \$0.15 per share for three years expiring June 3, 2019. On June 3, 2016, the fair value of the warrants was estimated to be \$11,355 using the Black-Scholes option pricing model with the following assumptions: exercise price of \$0.15, risk free interest rate of 0.51%, expected life of 3 years and an expected volatility of 182%.

On December 31, 2016, the fair value of the warrants was estimated to be \$20,468 using the Black-Scholes option pricing model with the following assumptions: exercise price of \$0.15, risk free interest rate of 0.73%, expected life of 2.42 years and an expected volatility of 149%.

<sup>(4)</sup> 3,571,429 Rockcliff warrants with each warrant exercisable into one common share of Rockcliff at a strike price of \$0.10 per share for two years expiring August 16, 2018. On August 16, 2016, the fair value of the warrants was estimated to be \$147,650 using the Black-Scholes option pricing model with the following assumptions: exercise price of \$0.10, risk free interest rate of 0.55%, expected life of 2 years and an expected volatility of 201%.

On December 31, 2016, the fair value of the warrants was estimated to be \$266,732 using the Black-Scholes option pricing model with the following assumptions: exercise price of \$0.10, risk free interest rate of 0.73%, expected life of 1.62 years and an expected volatility of 197%.

# NORVISTA CAPITAL CORPORATION

## Notes to Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars unless otherwise stated)

### 5. Investments (continued)

#### (a) Public investments (continued)

	As at December 31, 2014		Transactions During the Year Ended December 31, 2015			As at December 31, 2015		
	Cost	Cumulative Unrealized Gain (Loss)	Fair Value	Purchased/ (Proceeds on Disposal of investments)	Realized gain on investments	Unrealized Gain (Loss)	Fair Value	Securities Held
Capstone Mining Corp.	\$ 55,583	\$ (15,183)	\$ 40,400	\$ -	\$ -	\$ (31,600)	\$ 8,800	20,000
Pretium Resources Inc.	151,125	(17,325)	133,800	-	-	5,001	138,801	20,000
Copper Mountain Mining CP	26,700	(11,100)	15,600	-	-	(11,150)	4,450	10,000
Brownstone Energy Inc.	80,000	(40,000)	40,000	-	-	(20,000)	20,000	2,000,000
X-Terra Resources Inc.	98,205	9,821	108,026	-	-	(44,193)	63,833	982,046
Nevada Zinc Corporation ("Nevada Zinc") *	800,000	800,000	1,600,000	495,972	-	(1,496)	2,094,476	7,222,333
Eldorado Gold Corp.	-	-	-	(11,078)	11,078	-	-	-
Minera Alamos Inc. ("Minera Alamos") shares **	-	-	-	351,000	-	20,250	371,250	6,750,000
Minera Alamos Inc. warrants <sup>(1)</sup> **	-	-	-	324,000	-	2,752	326,752	6,750,000
	\$ 1,211,613	\$ 726,213	\$ 1,937,826	\$ 1,159,894	\$ 11,078	\$ (80,436)	\$ 3,028,362	

\* The Company shares common directors and management with Nevada Zinc.

\*\* The Company has one director in common.

<sup>(1)</sup> Each Minera Alamos warrant is exercisable into one common share of Minera Alamos at a strike price of \$0.10 per share for four years expiring June 8, 2019. On June 8, 2015, the fair value of the warrants was estimated to be \$324,000 using the Black-Scholes option pricing model with the following assumptions: exercise price of \$0.10, risk free interest rate of 0.87%, expected life of 4 years and an expected volatility of 180%.

On December 31, 2015, the fair value of the warrants was estimated to be \$326,752 using the Black-Scholes option pricing model with the following assumptions: exercise price of \$0.10, risk free interest rate of 0.62%, expected life of 3.44 years and an expected volatility of 183%.

# NORVISTA CAPITAL CORPORATION

## Notes to Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars unless otherwise stated)

### 5. Investments (continued)

#### (b) Non-public investments

	As at December 31, 2015			Transactions during the year ended December 31, 2016			As at December 31, 2016	
	Cost	Cumulative Unrealized Gain	Fair Value	Purchased	Foreign Exchange Loss	Net Gain	Fair Value	Securities Held
	Petrowolf Resources LLC ("Petrowolf")							
- Partnership Units	\$ 268,655	\$ 77,345	\$ 346,000	\$ 16,146	\$ (9,687)	\$ -	\$ 352,459	263
Akuna Minerals Inc.	2,000,000	-	2,000,000	-	-	-	2,000,000	16,000
	\$ 2,268,655	\$ 77,345	\$ 2,346,000	\$ 16,146	\$ (9,687)	\$ -	\$ 2,352,459	

	As at December 31, 2014			Transactions During the Year Ended December 31, 2015			As at December 31, 2015	
	Cost	Cumulative Unrealized Gain	Fair Value	Purchased/ Acquired	Proceeds from Sale	Net Gain	Fair Value	Securities Held
	Petrowolf Resources LLC ("Petrowolf")							
- Partnership Units	\$ 268,655	\$ 21,370	\$ 290,025	\$ -	\$ -	\$ 55,975	\$ 346,000	250
- Warrants <sup>(1)</sup>	-	-	-	-	-	-	-	125
Akuna Minerals Inc.	-	-	-	2,000,000	-	-	2,000,000	16,000
	\$ 268,655	\$ 21,370	\$ 290,025	\$ 2,000,000	\$ -	\$ 55,975	\$ 2,346,000	

<sup>(1)</sup> Warrants: Each Petrowolf warrant is exercisable into one partnership unit of Petrowolf at a strike price of US\$1,000 per unit on or before the earlier of (i) any return of capital or distribution by Petrowolf to its investors; (ii) within 30 days after Petrowolf drilling the vertical test well; or (iii) June 27, 2016. The Petrowolf warrant is valued at an intrinsic value of \$nil. During the year ended December 31, 2016, the Company exercised 12.5 of its 125 Petrowolf warrants for US\$12,500.

# NORVISTA CAPITAL CORPORATION

Notes to Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars unless otherwise stated)

## 5. Investments (continued)

### (c) Total investments

	As at December 31, 2015			Transactions during the year ended December 31, 2016			As at December 31, 2016	
	Cost	Cumulative Unrealized Gain	Fair Value	Purchased/ (Proceeds on Disposal of Investments)	Realized Gain on Investments	Exchange Loss	Net Gain	Fair Value
<b>Public investments</b>	\$ 2,382,585	\$ 645,777	\$ 3,028,362	\$ 1,118,008	\$ 119,409	\$ -	\$ 3,327,892	\$ 7,593,671
<b>Non-public investments</b>	2,268,655	77,345	2,346,000	16,146	-	(9,687)	-	2,352,459
	<b>\$ 4,651,240</b>	<b>\$ 723,122</b>	<b>\$ 5,374,362</b>	<b>\$ 1,134,154</b>	<b>\$ 119,409</b>	<b>\$ (9,687)</b>	<b>\$ 3,327,892</b>	<b>\$ 9,946,130</b>

	As at December 31, 2014			Transactions during the year ended December 31, 2015			As at December 31, 2015	
	Cost	Cumulative Unrealized Gain	Fair Value	Purchased/ (Proceeds on Disposal of Investments)	Realized Gain on Investments	Exchange Loss	Net Gain	Fair Value
<b>Public investments</b>	\$ 1,211,613	\$ 726,213	\$ 1,937,826	\$ 1,159,894	\$ 11,078	\$ -	\$ (80,436)	\$ 3,028,362
<b>Non-public investments</b>	268,655	21,370	290,025	2,000,000	-	55,975	-	2,346,000
	<b>\$ 1,480,268</b>	<b>\$ 747,583</b>	<b>\$ 2,227,851</b>	<b>\$ 3,159,894</b>	<b>\$ 11,078</b>	<b>\$ 55,975</b>	<b>\$ (80,436)</b>	<b>\$ 5,374,362</b>

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# NORVISTA CAPITAL CORPORATION

## Notes to Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars unless otherwise stated)

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### 6. Norvista Capital I Limited Partnership

On March 14, 2016, a partnership was formed under the name of Norvista Capital I Limited Partnership (the "LP"). A wholly owned subsidiary of Norvista, Norvista Capital General Partner I Ltd., serves as the "General Partner" of the LP and the Company serves as the manager of the LP and provides investment management services to the LP and is responsible for the day-to-day business of the LP. The LP has been created by the Company to avoid concentrated equity ownership in Norvista while accommodating institutional investors who want to make private equity investments in the junior resource space and have such investments sourced, structured and managed by Norvista. As at December 31, 2016, the General Partner had no partnership units in the LP.

The General Partner is entitled to 0.01% of the net income or net loss of the LP and the LP pays the General Partner an annual management fee equal to 2% of their net asset value, calculated and paid monthly in arrears. During the year ended December 31, 2016, the General Partner recorded a management fee of \$62,399. As at December 31, 2016, the Company had a \$46,356 management fee receivable from the LP which was included in the amounts receivable in the consolidated statements of financial positions as at December 31, 2016.

On or before the dissolution of the LP or implementation of one of the liquidity alternatives, an incentive bonus will be payable by the LP to the General Partner calculated as 15% of the amount by which the increase in the Net Asset Value from formation until dissolution of the LP exceeds a threshold increase of 10% per annum compounded annually, excluding the effect of distributions to the LP, if any. The one-time performance fee, if any, will be paid within 10 calendar days of the dissolution date of the LP.

The Company accounts for its investment in the LP using a nominal value of \$nil as it does not own any partnership units and is only able to recover up to 0.01% of the net income of the LP.

### 7. Accounts Payable and Accrued Liabilities

As at	December 31, 2016	December 31, 2015
Accounts payable	\$ 6,610	\$ 4,567
Accrued liabilities	184,617	57,776
	<b>\$ 191,227</b>	<b>\$ 62,343</b>

The following is an aged analysis of the accounts payable and accrued liabilities:

As at	December 31, 2016	December 31, 2015
Less than 1 month	\$ 191,227	\$ 62,343
	<b>\$ 191,227</b>	<b>\$ 62,343</b>

### 8. Due to Related Party

The amounts due to related party are unsecured, non-interest bearing and due on demand. The amounts are due to Norvista Resources Corporation ("Norvista Resources"), which is a shareholder of the Company and has directors in common with the Company. During the year ended December 31, 2015, the Company repaid \$156 of the amount owed to Norvista Resources. The remaining balance of \$14,483 was forgiven and is included in general and administrative expenses in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2015.

# NORVISTA CAPITAL CORPORATION

## Notes to Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars unless otherwise stated)

### 9. Share Capital

#### a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares without par value.

#### b) Common shares issued

	Number of Common Shares	Amount
<b>Balance - December 31, 2014 and December 31, 2015</b>	<b>43,653,169</b>	<b>\$ 10,674,443</b>
Common shares issued in private placement (i)	27,708,332	3,325,000
Transaction costs (i)	-	(228,748)
<b>Balance - December 31, 2016</b>	<b>71,361,501</b>	<b>\$ 13,770,695</b>

(i) On March 29, 2016, the Company completed a non-brokered private placement (the "Offering"). Pursuant to the Offering, Norvista issued 27,708,332 common shares (the "Offered Shares") at a price of \$0.12 per Offered Share for aggregate gross proceeds to Norvista of \$3,325,000. The Company incurred transaction costs of \$228,748 for the Offering.

Stan Spavold, Chairman, Don Christie, Chief Executive Officer ("CEO") and Director and Bruce Durham, Managing Director and Director of Norvista, purchased an aggregate of 1,458,332 Offered Shares pursuant to the Offering. Upon completion of the Offering, Messrs. Spavold, Christie and Durham hold an aggregate of 2,661,695 common shares of Norvista or approximately 3.73% of the total common shares issued and outstanding.

### 10. Stock Options

The following table reflects the continuity of stock options for the years ended December 31, 2016 and 2015:

	Number of Stock Options	Weighted Average Exercise Price
<b>Balance - December 31, 2014</b>	525,000	\$ 0.25
Expired	(525,000)	0.25
Granted (i)	4,355,000	0.15
<b>Balance - December 31, 2015</b>	4,355,000	\$ 0.15
Granted (ii)	1,775,000	0.20
Cancelled	(533,334)	0.15
Expired	(133,334)	0.15
<b>Balance - December 31, 2016</b>	5,463,332	\$ 0.17

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# NORVISTA CAPITAL CORPORATION

## Notes to Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars unless otherwise stated)

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### 10. Stock Options (continued)

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

<b>Expiry Date</b>	<b>Exercise Price (\$)</b>	<b>Weighted Average Remaining Contractual Life (years)</b>	<b>Number of Options Outstanding</b>	<b>Number of Options Vested</b>	<b>Grant Date Fair Value (\$)</b>
August 17, 2017	0.15	0.63	533,332	533,332	40,757
July 29, 2020	0.15	3.58	3,155,000	2,103,333	241,104
April 6, 2021	0.20	4.27	1,775,000	1,775,000	294,534
	0.17	3.51	5,463,332	4,411,665	576,395

(i) On September 23, 2015, the Company granted a total of 4,355,000 stock options to directors, officers and employees of the Company pursuant to the Company's incentive stock option plan. The stock options are exercisable at a price of \$0.15 per share and expire on July 29, 2020. The stock options vest one-third (1/3) on July 29, 2015, one-third (1/3) on July 29, 2016 and one-third (1/3) on July 29, 2017. The fair value of the stock options was estimated to be \$332,807 using Black-Scholes option pricing model on the following assumptions: exercise price of \$0.15, risk free interest rate of 0.58%, an expected life of 5 years and an expected volatility of 115.95%. During the year ended December 31, 2016, 533,334 options were cancelled due to the resignation of certain directors. In addition, due to the resignation of these directors, the expiry date of 133,334 options changed to November 26, 2016 and the expiry date of 533,332 options changed to August 17, 2017. During the year ended December 31, 2016, stock-based compensation of \$87,442 was recorded in the consolidated statements of income (loss) and comprehensive income (loss) (2015 - \$181,600).

(ii) On April 6, 2016, the Company granted a total of 1,775,000 stock options to certain directors and officers of the Company pursuant to the Company's incentive stock option plan. The stock options are exercisable at a price of \$0.20 per share and expire on April 6, 2021. Of the stock options granted, 1,175,000 vested on the date of grant with the remaining 600,000 vesting over the next 12 months based on the satisfaction of certain performance criteria. As at December 31, 2016, those performance criteria were met and the 600,000 options vested. The fair value of the stock options was estimated to be \$294,534 using Black-Scholes option pricing model on the following assumptions: exercise price of \$0.20, risk free interest rate of 0.62%, an expected life of 5 years and an expected volatility of 121.88%. During the year ended December 31, 2016, stock-based compensation of \$294,534 was recorded in the consolidated statements of income (loss) and comprehensive income (loss) (2015 - \$nil).

# NORVISTA CAPITAL CORPORATION

## Notes to Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars unless otherwise stated)

### 11. Unrealized gain (loss) on investments

Years ended December 31,	2016	2015
Reversal of previously recorded unrecognized loss on investments upon sales	\$ 20,919	\$ -
Changes in unrealized gain (loss) on investments held at year end	3,306,973	(80,436)
	\$ 3,327,892	\$ (80,436)

### 12. Basic and Diluted Income (Loss) per Share

Years ended December 31,	2016	2015
Weighted average number of common shares outstanding - basic	64,623,683	43,653,169
Dilutive effect of stock options	469,017	-
Weighted average number of common shares outstanding - dilutive	65,092,700	43,653,169

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 \$2,408,268 (year ended December 31, 2015 – loss of \$1,397,839) and the weighted average number of common shares outstanding of 64,623,683 (year ended December 31, 2015 – 43,653,169). Diluted income per share for the year ended December 31, 2016 included the effect of 5,463,332 options. Diluted loss for the year ended December 31, 2015, did not include the effect of stock options as they are anti-dilutive.

### 13. Related Party Balances and Transactions and Major Shareholders

#### (a) Related party balances and transactions

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

Year ended December 31,	2016	2015
Marrelli Support Services Inc. ("MSSI") (i)	\$ 64,544	\$ 60,728
DSA Corporate Services Inc. ("DSA") (ii)	11,188	13,491
Durham Exploration Services Inc. ("Durham") (iii)	165,600	120,000
Norvista Resources (iv)	-	52,600
Gerald McCarvill (v)	3,390	14,690
Teton Tisa Time, LLC (vi)	60,000	-

(i) Fees are related to services of Carmelo Marrelli to act as the Chief Financial Officer ("CFO") of the Company. Carmelo Marrelli is the President of MSSI. Services were incurred in the normal course of operations for bookkeeping, accounting and CFO services. As at December 31, 2016, MSSI was owed \$2,352 (December 31, 2015 - \$6,000) and this amount was included in accounts payable and accrued liabilities.

(ii) The CFO of the Company is an officer of DSA. Fees are related to corporate secretarial and filing services provided by DSA. As at December 31, 2016, DSA was owed \$657 (December 31, 2015 - \$953) and this amount was included in accounts payable and accrued liabilities.

(iii) Consulting fees are paid to Durham, a company controlled by Bruce Durham, a director of the Company. The amounts charged by Durham were conducted on normal market terms and were recorded at their exchange value. As at December 31, 2016, Durham was owed \$41,300 (December 31, 2015 - \$33,900) and this amount was included in accounts payable and accrued liabilities.

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# NORVISTA CAPITAL CORPORATION

## Notes to Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars unless otherwise stated)

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### 13. Related Party Balances and Transactions and Major Shareholders (continued)

#### (a) Related party balances and transactions (continued)

(iv) The Company had a rental agreement with Norvista Resources, a shareholder of the Company, to rent office facilities from Norvista Resources, at \$10,000 per month. The rental agreement was terminated on July 31, 2015. The amounts charged by Norvista Resources were conducted on normal market terms and were recorded at their exchange value.

(v) On March 17, 2015, the Company entered into a rental agreement with a director of the Company, Gerald McCarvill, where the Company would begin paying rent on August 1, 2015 at a monthly rate of \$3,000. The rental agreement was terminated in February 2016.

(vi) Consulting fees were paid to Teton Tisa Time, LLC, a company controlled by Stan Spavold, a director of the Company. The amount of \$60,000 charged was related to the Offering of the Company and was recorded in share capital as transaction costs (note 9(b)(i)).

(vii) See Notes 5, 6, 9 and 17 and 18.

(viii) During the year ended December 31, 2016, Norvista charged rent and office expenses of \$26,790 to Rockcliff and rent and office expenses of \$26,791 to Nevada Zinc, for an aggregate total income of \$53,581. In addition, Norvista recovered out of pocket expenses from both companies. Both companies share common directors and management with Norvista. The amounts charged by Norvista were conducted on normal market terms and were recorded at their exchange value. As at December 31, 2016, \$6,951 was owed to Norvista by Nevada Zinc (December 31, 2015 - \$nil) and this amount was included in amounts receivable.

#### (b) Remuneration of directors and key management

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. Remuneration of directors, the CEO and the CFO of the Company was as follows:

<b>Years ended December 31,</b>	<b>2016</b>	<b>2015</b>
Salaries	\$ 244,000	\$ 120,000
Director fees	39,262	-
Stock-based compensation (Note 10)	280,686	180,349

#### (c) Major shareholders

To the knowledge of the directors and senior officers of the Company, as at December 31, 2016, no person or corporation beneficially owns or exercises control over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company other than Mr. Donald Sobey who controls 17.28% of the common shares of the Company and Clearwater Fine Foods Incorporated and its 100% owned subsidiary FP Resources Limited which controls 17.58% of the common shares of the Company. These holdings can change at any time at the discretion of the owners.

None of the Company's major shareholders have different voting rights compared to holders of the Company's common shares.

The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, it is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

# NORVISTA CAPITAL CORPORATION

## Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars unless otherwise stated)

### 14. Income Taxes

#### (a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined statutory rate of 26.5% (2015 - 26.5%) were as follows:

	2016	2015
Income (loss) before income taxes	\$ 2,408,268	\$ (1,397,839)
Expected income tax (recovery) based on the statutory rate:	638,000	(370,000)
Adjustments to expected income tax benefit:		
Share issue costs	(61,000)	-
Investments	-	1,000
Permanent differences	101,000	48,000
Other	45,000	(114,000)
Change in benefit of tax assets not recognized	(485,000)	435,000
Current income tax provision	\$ 238,000	\$ -

#### (b) Deferred Income Tax

Recognized deferred tax assets and liabilities:

	2016	2015
Investments	\$ 1,071,000	\$ 171,000
Non-capital losses carry-forwards	(684,000)	(171,000)
Other deferred tax assets recognized	(149,000)	-
Deferred income tax liability	\$ 238,000	\$ -

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences as it is not probable that future taxable profit will be available against which the Company can use the benefits.

	2016	2015
Non-capital loss carry-forwards	\$ 3,263,000	\$ 4,689,000
Share issue costs	-	143,000
Cumulative eligible capital	-	262,000
	\$ 3,263,000	\$ 5,094,000

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# NORVISTA CAPITAL CORPORATION

## Notes to Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars unless otherwise stated)

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### 14. Income Taxes (continued)

(b) Deferred Income Tax (continued)

The Company has approximately \$5,843,000 of non-capital losses (December 31, 2015 - \$4,689,000) in Canada which under certain circumstances can be used to reduce taxable income of future years. The Canadian losses expire in the following periods:

2025	\$	91,000
2026		348,000
2027		349,000
2028		453,000
2029		491,000
2030		544,000
2031		423,000
2032		388,000
2033		587,000
2034		313,000
2035		1,238,000
2036		618,000
		<hr/>
	\$	5,843,000

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### 15. Capital Disclosure

The Company considers its capital to consist of share capital, contributed surplus, and deficit. The Company's objectives when managing capital are: (a) to allow the Company to respond to changes in economic and/or marketplace conditions by maintaining the Company's ability to purchase new investments; (b) to give shareholders sustained growth in value by increasing shareholders' equity; while (c) taking a conservative approach towards management of financial risks.

The Company's management reviews its capital structure on an on-going basis and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying investments. The Company's current capital is composed of its shareholders' equity and, to-date, has adjusted or maintained its level of capital by: (a) raising capital through equity financings; and (b) realizing proceeds from the disposition of its investments.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX Venture Exchange which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2016, management believes it is compliant with known requirements. The Company expects that its capital resources will be sufficient to discharge its liabilities as of the current statement of financial position date.

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# NORVISTA CAPITAL CORPORATION

## Notes to Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars unless otherwise stated)

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### 16. Fair Value Measurements

Financial assets and financial liabilities at December 31, 2016 and December 31, 2015 are as follows:

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	Assets and liabilities amortized cost	Assets and liabilities at fair value at through profit and loss	Total
<b>December 31, 2016</b>			
Cash and cash equivalents	\$ 1,883,360	\$ 2,121,772	\$ 4,005,132
Due from broker	\$ 357,101	\$ -	\$ 357,101
Amounts receivable	\$ 53,351	\$ -	\$ 53,351
Public investments	\$ -	\$ 7,593,671	\$ 7,593,671
Non-public investments	\$ -	\$ 2,352,459	\$ 2,352,459
Restricted cash	\$ 25,000	\$ -	\$ 25,000
Accounts payable and accrued liabilities	\$ (191,227)	\$ -	\$ (191,227)
<b>December 31, 2015</b>			
Cash and cash equivalents	\$ 1,647,905	\$ 1,310,109	\$ 2,958,014
Due from broker	\$ 466	\$ -	\$ 466
Amounts receivable	\$ 170	\$ -	\$ 170
Public investments	\$ -	\$ 3,028,362	\$ 3,028,362
Non-public investments	\$ -	\$ 2,346,000	\$ 2,346,000
Restricted cash	\$ 25,000	\$ -	\$ 25,000
Accounts payable and accrued liabilities	\$ (62,343)	\$ -	\$ (62,343)

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Norvista's operations involve the purchase and sale of securities. Accordingly, the majority of the Company's assets are currently comprised of financial instruments which can expose it to several risks, including market, liquidity, credit and currency risks. A discussion of the Company's use of financial instruments and their associated risks is provided below:

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# NORVISTA CAPITAL CORPORATION

## Notes to Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars unless otherwise stated)

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### 16. Fair Value Measurements (Continued)

#### Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favorable prices. In addition, most of the Company's investments are in the resource sector. The Company mitigates this risk by attempting to have a portfolio which is not singularly exposed to any one issuer.

For the year ended December 31, 2016, a 10% decrease (increase) in the closing prices of its portfolio investments would result in an estimated decrease (increase) in after-tax net income (loss) of \$759,000, or \$0.01 per share (2015 - \$303,000, or \$0.01 per share).

#### 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 the Company's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company, or if the value of the Company's investments declines, resulting in losses upon disposition. In addition, some of the investments the Company holds are lightly traded public corporations or not publicly traded and may not be easily liquidated. The Company generates cash flow from proceeds from the disposition of its investments. Norvista believes that it has sufficient cash and cash equivalents and investments which are freely tradable and relatively liquid to fund its obligations as they become due under normal operating conditions. All of the Company's liabilities and obligations are due within one year.

The following table shows the Company's source of liquidity by assets as at December 31, 2016.

#### Liquidity by period

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	Total	Less than 1 year	1 -3 years	Non-liquid assets
Cash and cash equivalents	\$ 4,005,132	\$ 4,005,132	\$ -	\$ -
Due from broker	\$ 357,101	\$ 357,101	\$ -	\$ -
Amounts receivable	\$ 53,351	\$ 53,351	\$ -	\$ -
Restricted cash	\$ 25,000	\$ -	\$ 25,000	\$ -
Public investments	\$ 7,593,671	\$ 7,593,671	\$ -	\$ -
Non-public investments	\$ 2,352,459	\$ -	\$ 2,352,459	\$ -

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# NORVISTA CAPITAL CORPORATION

## Notes to Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars unless otherwise stated)

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### 16. Fair Value Measurements (Continued)

#### Liquidity risk (continued)

The following table shows the Company's source of liquidity by assets as at December 31, 2015.

#### Liquidity by period

	Total	Less than 1 year	1 -3 years	Non-liquid assets
Cash and cash equivalents	\$ 2,958,014	\$ 2,958,014	\$ -	\$ -
Due from broker	\$ 466	\$ 466	\$ -	\$ -
Amounts receivable	\$ 170	\$ 170	\$ -	\$ -
Restricted cash	\$ 25,000	\$ -	\$ 25,000	\$ -
Public investments	\$ 3,028,362	\$ 3,028,362	\$ -	\$ -
Non-public investment	\$ 2,346,000	\$ -	\$ 2,346,000	\$ -

#### Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company has no significant concentration of credit risk arising from its operations. Cash and cash equivalents and due from broker are held at select Canadian financial institutions, from which management believes the risk of loss to be remote. Amounts receivable as at December 31, 2016 which total \$53,351 (December 31, 2015 - \$170) are in good standing. Management believes that the credit risk concentration with respect to amounts receivable is low.

#### Currency risk and sensitivity analysis

The Company's functional and reporting currency is the Canadian dollar and all expenditures are transacted in Canadian dollars other than the investment in Petrowolf which is denominated in the United States dollar. A 10% appreciation (depreciation) of the United States dollar against the Canadian dollar, with all other variables held constant, would result in approximately a \$35,000 increase (decrease) in the Company's net income for the year.

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# NORVISTA CAPITAL CORPORATION

## Notes to Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars unless otherwise stated)

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### 16. Fair Value Measurements (Continued)

#### Fair value of financial instruments

The Company has determined the carrying values of its financial instruments as follows:

i. The carrying values of cash and cash equivalents, due from broker, amounts receivable, due to related party and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments.

ii. Public investments and non-public investments are carried at amounts in accordance with the Company's accounting policy as set out in Note 2.

There were no transfers to or from any level of the fair value hierarchy during the year ended December 31, 2016 or 2015.

The following table illustrates the classification and hierarchy of the Company's financial instruments, measured at fair value in the statements of financial position as at December 31, 2016:

#### As at December 31, 2016 - (Investments, at fair value)

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Aggregate Fair Value
Cash equivalents	\$ -	\$ 2,121,772	\$ -	\$ 2,121,772
Publicly traded investments	6,388,802	1,204,869	-	7,593,671
Non-public investments <sup>(1)</sup>	-	-	2,352,459	2,352,459

#### As at December 31, 2015 - (Investments, at fair value)

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Aggregate Fair Value
Cash equivalents	\$ -	\$ 1,310,109	\$ -	\$ 1,310,109
Publicly traded investments	2,701,610	326,752	-	3,028,362
Non-public investment and non-trading warrants <sup>(1)</sup>	-	-	2,346,000	2,346,000

<sup>(1)</sup> The fair value of shares of non-public investments and non-public investment warrants, is determined by the acquisition price. At the statement of financial position date, the Company used the latest transaction price for these securities, obtained from the entity, to value the investment. Non-public investment warrants are valued at the intrinsic value.

# NORVISTA CAPITAL CORPORATION

## Notes to Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars unless otherwise stated)

### 16. Fair Value Measurements (Continued)

#### Level 3 hierarchy:

The following table presents the changes in fair value measurements of financial instruments classified as Level 3. These financial instruments are measured at fair value utilizing non-observable market inputs. The net change in unrealized gains is recognized in the statements of comprehensive loss.

Investment at fair value	Opening balance at January 1	Purchases	Net unrealized gain (loss)	Ending balance
December 31, 2016	\$ 2,346,000	\$ 16,146	\$ (9,687)	\$ 2,352,459
December 31, 2015	290,025	2,000,000	55,975	2,346,000

Within Level 3, the Company includes non-public company investments. The key assumptions used in the valuation of these instruments include (but are not limited to) the value at which a recent financing was done by the investee, company-specific information, trends in general market conditions, the marketability of the shares and the share performance of comparable publicly-traded companies.

The following table presents the fair value, categorized by key valuation techniques and the unobservable inputs used within Level 3 as at:

Valuation technique	December 31, 2016		December 31, 2015	
	Fair value	Unobservable inputs	Fair value	Unobservable inputs
Recent financing	\$ 2,352,459	Transaction price	\$ 2,346,000	Transaction price
	\$ 2,352,459		\$ 2,346,000	

For those investments valued based on recent financing, management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at December 31, 2016 and December 31, 2015. A 10% decrease (increase) on the fair value of these investments will result in a corresponding increase (decrease) of approximately \$235,000 (December 31, 2015 - \$235,000) in the total fair value of the investments. The Company has applied a marketability discount of 0% to its non-public investments. Had the Company applied a marketability discount of 5% it would have resulted in a corresponding decrease of approximately \$118,000 (December 31, 2015 - \$117,000) in the total fair value of the investments. While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

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# NORVISTA CAPITAL CORPORATION

## Notes to Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars unless otherwise stated)

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### 17. Commitments and contingencies

#### Tax positions

In assessing the probability of realizing income tax assets and the valuation of income tax liabilities, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers relevant tax planning opportunities that are within the Company's control, are feasible and within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

#### Management agreement

The Company has a management agreement with NCMC dated June 4, 2014 (the "Management Agreement").

Pursuant to the terms of the Management Agreement, NCMC is entitled to receive, in respect of each financial year of the Company, a performance fee (the "Performance Fee") calculated as follows: 20% of the aggregate realized positive value of all realization events of portfolio investments made by the Company less the aggregate amount, if any, of that portion of operating expenditures paid for by the Company which exceeds 3% of the net asset value of the Company. The Performance Fee will be paid at the time of the realization of the portfolio investments as determined by NCMC.

In the event that any person or group of persons, acting jointly or in concert, acquires control of at least 50% of the voting securities of the Company (a "Change of Control"), NCMC may elect, in its sole discretion, to terminate the Management Agreement by giving the Company written notice of such termination within 90 days after a Change of Control. In the event that the NCMC terminates the Management Agreement upon a Change of Control, the Company shall (i) call a meeting of shareholders to approve the change of the Company's name to remove any reference to "Norvista Capital"; and (ii) continue to pay to NCMC the Performance Fee for any investments initiated by NCMC prior to the Change of Control for a period of five (5) years from the date of termination.

On November 24, 2015, Norvista announced that it had entered into an agreement to acquire 100% of the shares of NCMC whereupon it will terminate the Management Agreement with no penalty. The fee paid to the shareholders' of NCMC was \$400,000, which Norvista determined to be related to the termination costs for the Management Agreement .

NCMC is a related party of the Company as it has officers and shareholders in common with Norvista.

For the year ended December 31, 2015, performance fees of \$nil were paid to NCMC and no performance fees were payable as at December 31, 2015 or December 31, 2016.

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# **NORVISTA CAPITAL CORPORATION**

**Notes to Consolidated Financial Statements**

**December 31, 2016**

**(Expressed in Canadian Dollars unless otherwise stated)**

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## **18. Subsequent Event**

On January 30, 2017, Norvista announced that effective January 26, 2017 the Board of Norvista granted a total 1,000,000 stock options to certain officers and directors pursuant to the Company's incentive stock option plan. The options are exercisable at a price of \$0.17 per common share and expire on January 26, 2022. These options vested immediately upon grant.