Consolidated Financial Statements

Years Ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

Management's Responsibility

To the Shareholders of Bell Copper Corporation:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors and the Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management, and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of Bell Copper Corporations external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, the Board of Directors, Audit Committee and management to discuss their audit findings.

May 1, 2017

"Annie Storey"

CFO

Independent Auditors' Report

To the Shareholders of **Bell Copper Corporation**:

We have audited the consolidated statements of financial position of Bell Copper Corporation and its subsidiaries as at December 31, 2016 and 2015 and the consolidated statements of comprehensive income (loss), cash flows, changes in equity and the related schedules for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or misstatement.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or misstatement. 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 assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

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

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

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 of these consolidated financial statements, which states that Bell Copper Corporation has incurred significant losses from operations and has an accumulated deficit. This, along with other matters described in Note 1, indicates the existence of a material uncertainty which may cast significant doubt about the ability of Bell Copper Corporation to continue as a going concern.

Vancouver, British Columbia
May 1, 2017

MNP LLP

Chartered Professional Accountants

BELL COPPER CORPORATION

Consolidated Statements of Financial Position
As at December 31, 2016 and 2015

	Notes	December 31, 2016	December 31, 2015
ASSETS			
Current assets			
Cash		**$ 336,337**	$ 2,804
GST receivable		**8,782**	3,188
		345,119	5,992
Non-current assets			
Reclamation bonds		**24,183**	26,440
Exploration and evaluation assets	**6**	**4,177,268**	4,230,532
TOTAL ASSETS		**$ 4,546,570**	$ 4,262,964
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable	**8**	**1,710,921**	$ 1,336,456
Loans payable	**7**	**621,226**	724,507
Provision for contingent liabilities	**9**	**1,941,358**	1,999,880
Total liabilities		**4,273,505**	4,060,843
Shareholders' equity			
Share capital	**10**	**63,689,864**	63,571,631
Contributed surplus	**11**	**368,198**	228,491
Deficit		**(63,784,997)**	(63,598,001)
Total shareholders' equity		**273,065**	202,121
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 4,546,570**	$ 4,262,964

Nature of operations and going concern (Note 1)
Contingent liabilities (Note 9)
Commitments (Note 14)
Subsequent event (Note 17)

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

Approved on behalf of the directors on April 30, 2017

"Timothy Marsh" ***"Annie Storey"***

Director **Director**

BELL COPPER CORPORATION

Consolidated Statements of Comprehensive Loss
For the Years Ended December 31, 2016 and 2015

	Notes	Year ended December 31, 2016	Year ended December 31, 2015
Expenses			
Consulting and management fees	**8**	**$ 139,331**	$ 136,387
Finance costs	**7**	**25,882**	24,253
Foreign exchange loss (gain)		**(187,456)**	489,796
Insurance		**15,685**	19,227
Office and administrative services		**1,810**	3,222
Professional fees	**8**	**70,632**	44,629
Regulatory and filing fees		**43,105**	35,751
Share-based payments	**11**	**78,007**	50,307
Travel		**-**	993
Total expenses		**(186,996)**	(804,565)
Other income			
Loss on settlement of debt	**7**	**-**	(5,501)
Comprehensive loss for the period		**$ (186,996)**	$ (810,066)
Basic and diluted loss per share		**$ (0.00)**	$ (0.02)
Weighted average number of common shares outstanding		**43,468,733**	36,794,963

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

BELL COPPER CORPORATION

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015

		December 31, 2016		December 31, 2015
Cash provided by (used in):				
Operating activities				
Net loss for the period	**$**	**(186,996)**	$	(810,066)
Items not affecting cash:				
Gain on settlement of debt		**-**		5,501
Foreign exchange		**(177,710)**		322,738
Share-based payments		**78,007**		50,307
Warrants issued for loan extension		**6,129**		-
Finance cost		**-**		10,000
Changes in non-cash working capital items:				
Accounts payable		**374,464**		(131,797)
Prepaid expenses and deposits		**-**		4,875
GST receivable		**(5,594)**		13,491
Net cash (used in) provided by operating activities		**88,300**		(534,951)
Investing activities				
Refund of reclamation bonds		**2,257**		-
Payments received from joint venture partner		**1,120,695**		-
Exploration and evaluation assets expenditures		**(1,067,431)**		(82,054)
Net cash (used in) provided by investing activities		**55,521**		(82,054)
Financing activities				
Proceeds of loan payable		**-**		543,742
Proceeds of shares issued for cash		**173,804**		50,160
Accrued interest on loans payable		**15,907**		14,252
Net cash (used in) provided by financing activities		**189,711**		608,154
Net decrease in cash		**333,532**		(8,851)
Cash, beginning of the period		**2,804**		11,655
Cash, end of the period	**$**	**336,337**	$	2,804

Non-cash transactions (Note 15)

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

BELL COPPER CORPORATION

Consolidated Statements of Changes in Shareholder's Equity
For the Years Ended December 31, 2016 and 2015

	Common shares				
	Shares	Amount	Contributed surplus	Deficit	Total shareholders' equity
Balance, December, 31, 2014	32,030,076	$ 63,202,648	$ 87,532	$ (62,787,935)	$ 502,245
Common shares issues	9,382,714	368,983	-	-	368,983
Warrants issued for debt settlement	-	-	90,652	-	90,652
Share based payments	-	-	50,307	-	50,307
Total comprehensive loss for the period	-	-	-	(810,066)	(810,066)
Balance, December 31, 2015	41,412,790	63,571,631	228,491	(63,598,001)	202,121
Common shares issued	**3,481,080**	**118,233**	**55,571**	**-**	**173,804**
Share based payments	**-**	**-**	**78,007**	**-**	**78,007**
Warrants issued for loan extension	**-**	**-**	**6,129**	**-**	**6,129**
Total comprehensive gain for the period	**-**	**-**	**-**	**(186,996)**	**(186,996)**
Balance, December 31, 2016	**44,893,870**	**$ 63,689,864**	**$ 368,198**	**$ (63,784,997)**	**$ 273,065**

1. Nature of operations and going concern

Bell Copper Corporation ("the Company") was incorporated in British Columbia and is a public company listed on the TSX Venture Exchange ("TSX-V"). The principal business activity of the Company is the exploration and evaluation of mineral property interests. The corporate head office of the Company is located at 14th Floor, 1040 West Georgia Street, Vancouver, BC, V6E 4H8.

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether the properties contain mineral resources that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production. The ability of the Company to complete the acquisition, exploration and development of its properties will be affected principally by its ability to raise adequate amounts of capital through equity financings, debt financings, joint venturing of projects and or other means.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing registration or regulations, unregistered prior agreements, unregistered claims, aboriginal claims and noncompliance with regulatory and environmental requirements. The Company's assets are subject to increases in taxes and royalties, renegotiation of contracts, expropriation, currency exchange fluctuations and restrictions and political uncertainty.

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to a going concern which contemplates that the Company will be able to realize its assets and settle its liabilities in the normal course as they come due for the foreseeable future. As at December 31, 2016, the Company had no source of operating cash flows and reported net comprehensive loss for the period of $186,996 (December 31, 2015 – $810,066), a working capital deficit of $3,928,386 (December 31, 2015 - $4,054,851), and has an accumulated deficit of $63,784,997 (December 31, 2015 - $63,598,001). The Company expects to incur further losses in the development of its business, all of which may cast significant doubt about the Company's ability to continue as a going concern. Management has estimated that the Company will require additional financing to meet its obligations for the next fiscal year. Continued operations are dependent on the Company's ability to complete equity financings, secure project debt financing, and / or generate profitable operations in the future. During the years ended December 31, 2016 and 2015, the Company raised funds under a private placement and obtained a loan to fund operations (note 10). Subsequent to year end, the Company settled debt through the issuance of common shares and obtained cash from the exercise of warrants (note 17). It is not possible to predict whether further financing efforts will be successful or if the Company will attain profitable levels of operations.

These consolidated financial statements do not include adjustments or disclosures that may result should the Company not be able to continue as a going concern. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, and the reported comprehensive loss and classifications used on the statement of financial position. These adjustments could be material.

2. Basis of preparation

a) Statement of compliance

These consolidated financial statements are audited and represent the annual consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized by the Company's Board of Directors on April 30, 2017.

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: Rogue River Resources Corp. ("Rogue River") and Bell Resources (Nevada) Corporation. All inter-company transactions have been

eliminated upon consolidation.

These consolidated financial statements are stated in Canadian dollars and were prepared under the historical cost convention, except for share-based payment transactions.

b) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and all subsidiaries.

c) Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and contingency liabilities as at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Estimates and judgments 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 results may differ from these estimates.

The key critical judgment and sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are as follows:

Critical judgment in applying accounting policies:

Determination of functional currency

Based on the primary indicators in IAS 21 – The Effects of Changes in Foreign Exchange Rates, the Canadian dollar has been determined as the functional currency of the Company, because Canadian dollar is the currency of financing activities. Significant management judgment was exercised, since the second primary indicator related to the currency influencing the sales price was not applicable and did not produce conclusive evidence. Effects of changes in foreign exchange rates on the consolidation of the financial statements are reflected in net loss as foreign exchange gain (loss) on the statement of comprehensive loss.

Key sources of estimation uncertainty:

Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Impairment of exploration and evaluation assets

The Company makes certain estimates regarding the recoverability of the carrying values of exploration and evaluation assets. These assumption are changed when conditions exist that indicate the carrying value may be impaired, at which time an impairment loss is recorded. While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources

and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

Capitalization of exploration and evaluation costs

Management has determined that exploration and evaluation costs incurred during the period have future economic benefits and are economically recoverable. In making this judgment, management has assessed various sources of information, including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits.

Mineral reserve estimates

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as mineral prices and market conditions could have a material effect in the future on the Company's financial position and results of operations. No mineral resource has yet been identified on the Company's property. There is no certainty that the exploration effort will result in the identification of a mineral resource or that any mineral resource that might be discovered will prove to be economically recoverable.

Estimation of decommissioning and restoration costs and the timing of expenditure

The Company recognizes the liability for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets, when those obligations result from the exploration or development of its properties. The Company assesses its provision for site reclamation at each reporting date. Significant estimates and assumptions are made in determining the provision for site reclamation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to inflation rates, and discount rates. Those uncertainties may result in future actual expenditures differing from the amounts currently provided. The provision at the reporting date represents management's best estimate of the present value of any future reclamation costs required. To date, the Company has not recognized any decommissioning liabilities.

Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing deferred income tax assets recognized, 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 whether relevant tax planning opportunities are within the Company's control, are feasible and are 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.

Share-based payments and warrants

The Company has an equity-settled share-based scheme for directors, officers, employees and consultants. Management determines values for share-based payments using market-based valuation techniques. The fair value of the market-based

and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Similar calculations are made to value warrants. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and for stock based compensation, future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain, and any changes in these assumptions affect the fair value estimates.

3. Significant accounting policies

The significant accounting policies of the Company are as follows:

a) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned and controlled subsidiaries, Bell Resources (Nevada) Corporation and Rogue River Resources Corporation. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company transactions and balances have been eliminated upon consolidation.

b) Foreign currency translation

The functional and reporting currency of the Company and its subsidiaries is the Canadian dollar. In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Foreign exchange gains and losses are included in comprehensive loss.

c) Cash and cash equivalents

Cash is comprised of cash on hand and deposits in banks. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

d) Reclamation deposit

The Company maintains cash deposits, as required by regulatory bodies, as assurance for the funding of decommissioning costs. These funds are restricted to that purpose and are not available to the Company until the reclamation obligations have been fulfilled, and are therefore classified as long term assets.

e) Exploration and evaluation assets

General exploration and evaluation expenditures incurred prior to acquiring the legal right to explore are charged to the statement of comprehensive loss as incurred.

Exploration and evaluation assets represent the costs incurred on the exploration and evaluation of potential mineral resources and include costs such as exploratory drilling, sample testing, activities in relation to evaluation of technical feasibility and commercial viability of extracting a mineral resource, surveying, geological and geotechnical expenditures, land maintenance, sampling and storage, mineral claims and permits, and general and administrative costs relating to the support of exploration and evaluation activities. If economically recoverable ore reserves are developed, capitalized costs of the exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. No amortization charge is recognized in respect of exploration and evaluation assets. When an exploration and evaluation asset is abandoned, all related costs are written off to profit or loss.

The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. The recoverability of these assets is dependent upon successful development or sale of the undeveloped project. All capitalized exploration and evaluation expenditures are assessed for impairment if facts and circumstances indicate that impairment may exist. If a project does not prove viable or is abandoned, all unrecoverable costs associated with the project, net of any impairment provisions are expensed in comprehensive loss.

f) Provisions

Provisions are recognized when (a), the Company has a present obligation (legal or constructive) as a result of a past event, and (b), it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and (c) a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is included in comprehensive loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these decommissioning activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in comprehensive loss as a finance cost. Additional disturbances or changes in decommissioning costs will be recognized as additions or charges to the corresponding assets and decommissioning liability when they occur. For closed sites, changes to estimated costs are recognized immediately in comprehensive loss.

The Company does not currently have any such significant legal or constructive obligations for reclamation or decommissioning and therefore no decommissioning provisions have been recorded. The Company has recorded provisions for other contingencies (note 9).

g) Impairment of non-financial assets

Non-financial assets are evaluated at the end of each reporting period by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit ("CGU"), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets, where the recoverable amount of the CGU is the greater of the CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments to the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive loss.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of an impairment loss is recognized immediately in the statement of comprehensive loss.

h) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share

options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their trading value at the date the shares are issued.

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Share capital is reduced by the average per-common-share carrying amount, with the difference between this amount and the consideration paid, added to or deducted from reserves.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

i) 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 using the Black-Scholes option pricing model.

The fair value is estimated at grant date and each tranche is recognized on a graded-vesting basis over the period the 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 comprehensive loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to option and warrant 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 that 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 those options that expire after vesting, the recorded value is transferred to deficit.

j) Loss per share

Basic loss per share ("LPS") is calculated by dividing profit or loss attributable to ordinary equity holders (numerator) by the weighted average number of ordinary shares outstanding (denominator) during the period. The denominator is calculated by adjusting the shares issued at the beginning of the period by the number of shares bought back during the period, multiplied by a time-weighting factor.

Diluted loss per share is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential units. The effects of anti-dilutive potential units are ignored in calculating diluted earnings per share. All options are considered anti-dilutive when the Company is in a loss position.

k) Income taxes

Tax expense comprises current and deferred tax. Tax expense is recognized in income except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amount of assets

in the statement of financial position and their corresponding tax bases used in the computation of taxable profit or loss, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, deferred tax liabilities are not recognized for taxable temporary differences arising on investments in subsidiaries where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future, or on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

l) Segmented information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's President and CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Company manages its business on the basis of one reportable segment under two geographic regions, being Canada and the United States ("USA").

m) Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition.

Fair value through profit or loss

Financial assets at fair value through profit or loss are initially recognized at fair value with changes in fair value recorded through the statement of comprehensive loss. Cash is included in this category of financial assets.

Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available-for-sale and that are not classified in any of the other categories. Subsequent to initial recognition at fair value, they are measured at fair value and changes therein are recognized in other comprehensive income (loss) and presented within equity in accumulated other comprehensive loss. When an investment is derecognized, the cumulative gain or loss in accumulated other comprehensive income is transferred to comprehensive loss. The Company does not have any available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date, and are carried at amortized cost, using the effective interest method, less any impairment. Loans and receivables are comprised of accounts receivable, GST receivable, and reclamation bonds.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, held with the intention of holding these investments to maturity and subsequently measured at amortized cost. These investments are included in non-current assets, except for those which are expected to mature within twelve months after the end of the reporting period. The Company has no financial assets classified as held-to-maturity investments.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence indicating that one or more events have had a negative impact on the estimated future cash flows of that asset. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

An impairment loss in respect of a financial assets measured at amortized cost is calculated as the difference between its carrying amount and the net 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 asset is calculated by reference to its fair value and any amounts in other comprehensive income are transferred to earnings.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Financial assets are de-recognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred.

Gains or losses related to impairment or de-recognition are recognized in the statement of comprehensive loss in the period in which they occur. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

Financial liabilities

The Company classifies its financial liabilities as other financial liabilities. Management determines the classification of its financial liabilities at initial recognition. Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the statement of comprehensive loss over the period to maturity using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other financial liabilities include accounts payable and accrued liabilities, loan payable, and provision for contingent liabilities.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issuance costs.

n) Recent accounting standards

Recently adopted accounting standards

There were no new pronouncements issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning before or on January 1, 2016 that have a material impact on the Company.

Future accounting standards

The following new standards have been issued but are not yet effective:
The IASB has issued a new standard, IFRS 9, Financial Instruments ("IFRS 9"), which will ultimately replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments and the issuance of IFRS 9 is part of the first phase of this project. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at

amortized cost or fair value, replacing the multiple rules in IAS 39. For financial assets, 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. IFRS 9 requires a single impairment method to be used, replacing multiple impairment methods in IAS 39. For financial liabilities measured at fair value, fair value changes due to changes in an entity's credit risk are presented in other comprehensive income. The Company will be required to adopt IFRS 9 in the annual period beginning January 1, 2018. The Company does not expect the implementation to have a significant impact on the Company's results of operations, financial position and disclosures.

4. Capital management

The Company classifies its share capital as capital, which at December 31, 2016 totalled $63,689,864 (December 31, 2015 - $63,571,631). When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish qualitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

5. Financial instruments and financial risk management

a) Financial assets and liabilities by category

The Company has designated cash as fair value through profit or loss, measured at fair value. Changes in the fair values are recorded in comprehensive profit and loss. Accounts receivable, GST receivable, and reclamation bonds are designated as loans and receivables, and are measured at amortized cost using the effective interest method. Accounts payable and accrued liabilities are designated as other financial liabilities and are measured initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Management did not identify any material embedded derivatives, which require separate recognition and measurement. The Company had no held-to-maturity financial instruments during the period.

b) Fair value

The fair value of financial instruments is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted market prices, as appropriate, in the most advantageous market for that instrument to which the Company has immediate access. Where quoted market prices are not available, the Company uses the closing price of the most recent transaction for that instrument. In the absence of an active market, fair values are determined based on prevailing market rates for instruments with similar characteristics. The fair value of current financial instruments approximates their carrying values as long as they are short term in nature or bear interest at market rates.

c) Fair value hierarchy

Financial instruments that are held at fair value are categorized based on a valuation hierarchy which is determined by the valuation methodology utilized:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial assets and liabilities which are measured and recognized on the consolidated statement of financial position at fair value on a recurring basis consist of cash and cash equivalents, which are categorized as a level 1 financial instrument.

Cash and cash equivalents are classified as held for trading and are recorded at fair value in the consolidated statement of financial position. The Company had no other financial instruments recorded at fair value. There were no transfers between levels 1 and 2 during the period.

d) Financial risk management

The Company's Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in response to the Company's activities. Management regularly monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

In the normal course of operations, the Company is exposed to various risks such as interest rate, foreign exchange, credit and liquidity risks. To manage these risks, management determines what activities must be undertaken to minimize potential exposure to risks. The objectives of the Company in managing risks are as follows:

- Maintaining sound financial condition;
- Financing operations; and
- Ensuring liquidity to all operations.

In order to satisfy these objectives, the Company has adopted the following policies:

- Prepare budget documents at prevailing market rates to ensure clear, corporate alignment to performance management and achievement of targets;
- Recognize and observe the extent of operating risk within the business; and
- Identify the magnitude of the impact of market risk factors on the overall risk of the business and take advantage of natural risk reductions that arise from these relationships.

There have been no changes in risks that have arisen or how the Company manages those risks during the period.

(i) Interest rate risk

The Company's interest rate risk arises primarily from the interest received on cash, which is invested on a short term basis to enable adequate liquidity for payment of operational and capital expenditures. Interest rate risk is considered minimal.

(ii) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, reclamation bonds, accounts receivable, demand debenture and accounts payable and accrued liabilities that are denominated in US dollars. Management also recognizes that the Company is exposed to financial risks arising from fluctuations in foreign exchange rates and the degree of volatility of these rates, as many of its exploration activities are conducted in United States dollars. The Company does not use derivative instruments to reduce its exposure to foreign exchange risk.

(iii) Commodity price risk

The Company will be exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company's future operations will be

significantly affected by changes in the market prices of these commodities. Prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, the level of interest rates, the rate of inflation and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors may in turn be influenced by changes in international investment patterns and monetary systems and political developments.

(iv) Credit risk

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations and arises principally from trade receivables. The Company's credit risk is primarily attributable to cash, GST/HST receivable and reclamation bond. The Company limits its exposure to credit risk on cash as these financial instruments are held with major Canadian and international banks, from which management believes the risk of loss to be remote. Credit risk on note receivable, GST/HST receivable and reclamation bond is considered to be minimal given the relatively immaterial values. The carrying amount of financial assets recorded in the financial statements, net of any allowances, represents the Company's maximum exposure to credit risk.

(v) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk by maintaining cash. Liquidity requirements are managed based on expected cash flow to ensure there is capital to meet short term and long term obligations. As disclosed in note 1, the ability of the Company to continue as a going concern is dependent on many factors.

6. Exploration and evaluation assets

a) Kabba, Mohave County, Arizona, USA

On November 1, 2005, the Company entered into an agreement to acquire a 100% interest in the Kabba property located in the Maynard District, Mohave County, Arizona by issuing 250,000 common shares of the Company at a deemed value of $62,500. In a concurrent transaction with a separate party, the Company was also required to pay advance royalties of US$130,300, and an additional US$38,740 of advance royalties per year until November 1, 2015 (all payments are current). This royalty is applicable to a sublease portion of the property, and the 4% NSR can be decreased to 2% by paying US$3,250,000 within the first 10 years of the sublease. During the year ended December 31, 2014, this agreement was extended to 2025. Under the extended agreement, advance royalties of US$38,682 per year were payable until 2016, increasing to $51,310 per year until 2019, and increasing to US$61,572 per year thereafter.

On April 19, 2016, the Company announced that it had completed an option agreement with Kennecott Exploration Company ("Kennecott"), part of the Rio Tinto Group, under which Kennecott has the right to earn a 51% interest in the Company's Kabba porphyry copper project by spending US$ 3,000,000 on the Kabba project over the next 5 years. The parties structured the agreements by first moving the Kabba properties into a limited liability company - MMDEX, LLC (MMDEX) owned wholly by Bell. Upon signing, Kennecott acquired a 5% interest in MMDEX. Kennecott can terminate the option at any point or accelerate completion of the option by making cash payments to Bell. If Kennecott terminates the option before it earns its full 51%, it will resign as a member of MMDEX and convey its 5% initial ownership back to MMDEX. During the option period, Kennecott will maintain all relevant leases, permits, and rentals.

The agreement allows for a second option under which Kennecott will have the right to earn an additional 19% (70% in total) in the project by spending an additional US$ 10,000,000 on the project within 8 years after completing the first option. Again, under the second option Kennecott could terminate the option at any point, and could also accelerate completion of the option by making cash payments to Bell. If Kennecott acquires the first option (51%) or second option (70%), the parties will jointly advance the project through MMDEX pursuant to a shareholder operating agreement, with Kennecott as manager. The parties will fund MMDEX in proportion to their interest in the project (either 51/49 or 70/30). Any member of MMDEX who fails to contribute its share of project costs would be subject to dilution and other remedies. Any member whose interest falls below 10% will have its interest converted to a 1% Net Smelter Return royalty capped at US$30,000,000. Kennecott has the right to assign any or all of its interest in MMDEX, whereas Bell's right to assign its

interest is subject to a right of first refusal by Kennecott.

A reconciliation of exploration and evaluation assets is as follows:

		Kabba, Arizona USA
Balance, December 31, 2014	$	3,283,837
Acquisition costs		515,551
Exploration costs		
Drilling		418,442
Field expenses		12,702
Balance, December 31, 2015	$	4,230,532
Acquisition costs		**663**
Exploration costs		
Administration		**4,541**
Drilling		**1,039,153**
Field expenses		**23,074**
Earn in funds received from joint venture partner		**(1,120,695)**
Balance, December 31, 2016	**$**	**4,177,268**

7. Loans payable

On March 24, 2015, the Company announced it had entered into a loan agreement with Desert Fox Mineral Co. ("Desert Fox") for $150,000, with interest accruing at 12% per year. The loan was due in 12 months and is secured against the Company's Kabba mineral property. An origination fee of 500,000 common shares of the Company with a fair value of $10,000 was paid to Desert Fox. On March 8, 2016, the Company entered into an agreement to extend the terms of the loan from Desert Fox Minerals Co. to March 19, 2017. 1,000,000 with a fair value of $6,129 were granted to the lender for their cooperation with the extension request. These warrants are exercisable at $0.05 for a period of 12 months. Subsequent to year end, the Company further extended the term of the loan to March 19, 2018 for a further 1,000,000 warrants exercisable at $0.10 for a period of 12 months. Should the loan not be paid by the due date, Desert Fox has the option of acquiring the Kabba properties for $500,000 less the loan principal amount and accrued interest.

In June 2015, the Company entered into a loan agreement with Godbe Drilling LLC. The loan is non-interest bearing with no specific terms of repayment and is repayable through the issuance of common shares. During the year ended December 31, 2015, the Company issued 6,083,046 (Note 10) common shares in order to repay a portion of the outstanding loan and as part of this agreement, 3,041,523 warrants were also issued (Note 11). This resulted in a loss on debt settlement of $29,823 which is included in the statement of comprehensive loss.

8. Related party transactions

Key management compensation

Compensation paid to key management, including amounts noted below, is as follows:

		December 31, 2016		December 31, 2015
Fees	**$**	**139,488**	$	136,387
Share-based payments		**78,007**		50,307
Total	**$**	**217,495**	$	186,694

During the year ended December 31, 2016 and 2015, the Company entered into transactions with the following related parties:

Individual	Relationship	Nature of Transactions	**Incurred year ended December 31, 2016**	Incurred year ended December 31, 2015	**Balance payable at December 31, 2016**	Balance payable at December 31, 2015
Tim Marsh	Chief executive officer and director	Management and geological consulting	**$ 79,488**	$ 76,387	**$ 270,180**	$ 198,910
ISG Professional Services Inc.	Annie Storey, chief financial officer and director, is shareholder	Financial consulting	**60,000**	60,000	**171,500**	119,000
Nexvu Services Inc.	Owned by Nexvu Capital, of which Brian Leeners, former chief financial officer and former director, is a shareholder	Rent and administrative services	**-**	-	**5,250**	5,250
			$ 139,488	$ 136,387	**$ 446,930**	$ 323,160

Subsequent to December 31, 2016, the Company settled $275,000 of amounts owing to related parties through the issuance of 5,500,000 common shares at $0.05 per share.

9. Contingent liabilities

The Company's exploration and evaluation assets are affected by the laws and regulations concerning environmental protection that exist in the various jurisdictions. It is not possible to estimate the future impact on operating results, if any, as a result of, future changes in regulations or developments.

During 2008, the Company was invoiced a total of $1,460,695 by Golden Gryphon for amounts related to option payments and exploration work. Although the full amount of this invoice is in dispute, the Company has accrued $597,858 as at December 31, 2016 ($445,000 USD) (December 31, 2015 - $615,880) as a contingent liability. On September 4, 2009, the Company filed an appearance to proceedings commenced by Golden Gryphon. Management is not aware of any further action taken by Golden Gryphon related to the disputed amount since September 2009. The Company continues to believe that the full amount of the claim is without merit.

The Company's subsidiary, Rogue River, entered into a stock purchase agreement as of January 25, 2007 with Fischer-Watt Gold Company, Inc. ("Fischer-Watt") for purchase of the La Balsa property. As part of the purchase, Rogue River granted to Fischer-Watt a 1% net smelter royalty ("NSR") for production from the porphyry portion of the property. The agreement was subject to the purchase of one-half of the NSR for $1,000,000 USD as at December 31, 2016 (CAD $1,353,500) (December 31, 2015 – $1,384,000) in the event that commercial production was not achieved on the porphyry portion of the property by December 4, 2012 ("the "Repurchase Right"). Since no economically significant porphyry has been discovered on the property to date, the Repurchase Right is currently in dispute, however the Company has elected to accrue this amount as a contingent liability. The Company continues to believe that the full amount of the claim is without merit.

10. Share capital

Authorized: unlimited common voting shares, without par value.

On January 28, 2016, the Company announced a non-brokered private placement of up to 3 million units at a price of $0.05 per unit to raise proceeds of up to $150,000. Each unit consists of one common share and one common share purchase warrant with each warrant entitling the holder to acquire one additional common share at a price of $0.08 per share for 12 months from closing. On July 5, 2016, the Company announced it had closed the final tranche of this private placement, issuing 3,481,080 units for gross proceeds of $174,054. Share issuance costs of $250 were incurred as a result of this private placement.

During the year ended December 31, 2015, the Company settled debt in the amount of $393,986 by issuing 7,879,714 shares at a market price of $0.04 per share, resulting in a gain on settlement of debt in the amount of $85,152 included in

the statement of comprehensive loss. 3,734,972 warrants were issued in conjunction with this debt settlement (Note 11).

In June 2015, the Company announced a non-brokered private placement to raise up to 2 million units at a price of $0.05 per unit for gross proceeds of $100,000. Each unit consists of one common share and one-half warrant, which each warrant entitling the holder to acquire one additional common share at a price of $0.10 per share for six months from closing. As at December 31, 2015, the Company had raised $12,700 under this private placement.

In May 2015, the Company completed a non-brokered private placement raising gross proceeds of $37,460 which was comprised of 749,200 units at a price of $0.05 per unit. Each unit consists of one common share and one-half warrant, which each warrant entitling the holder to acquire one additional common share at a price of $0.10 per share for six months from closing.

Per the terms of the Desert Fox loan discussed in note 7, an origination fee of 500,000 common shares of the Company with a fair value of $10,000 was paid to Desert Fox during the year ended December 31, 2015.

11. Options and warrants

a) Stock options

The Company has adopted an incentive stock option plan (the "SOP"), as amended, under the rules of the TSX-V pursuant to which it is authorized to grant options to executive officers, directors, employees and consultants. Under the SOP, the option exercise price of any option granted shall be equal to the greater of either the amount designated by the administrator at the time of grant, or the discounted market price of the Company's common shares for the 10 trading days immediately preceding the day on which the TSX-V received notice that options have been granted under this SOP. For the purpose of the SOP, the discounted market price is calculated in accordance with the policies of the TSX-V at the time of grant of the options. The administrator may also determine that the option exercise price per common share may escalate at a specified rate or rates. The options can be granted for a maximum term of 5 years and certain options vest 25% on the date of grant and 25% every 6 months thereafter for 18 months, while others vest immediately. No individual may hold options to purchase common shares of the Company exceeding 5% of the total number of common shares outstanding from time to time. Pursuant to the policies of the TSX Venture Exchange, shares issued upon the exercise of options are restricted from trading during the 4 month period subsequent to the exercise of the options. For stock options granted to employees, officers, directors and consultants, the Company recognizes stock based compensation expense based on the estimated fair value of the stock options granted as calculated using the Black-Scholes option-pricing model on the date of the grant.

On December 8, 2016, the Company issued 2,245,273 stock options to directors, officers and consultants of the Company. The stock options are exercisable at $0.05 for a period of 5 years, resulting in share based payments expense of $78,007. The options vested immediately.

On April 15, 2015, the Company issued 1,733,499 stock options to directors, officers and consultants of the Company. The stock options are exercisable at $0.05 for a period of 5 years, resulting in share based payments expense of $50,307. The options vested immediately.

A summary of options outstanding as at December 31, 2016 is as follows:

Expiry date	Number of options		Exercise price	Weighted average remaining contractual life (years)
January 20, 2019	**5,000,000**	**$**	**0.05**	**2.05**
April 15, 2020	**1,733,499**		**0.05**	**3.29**
December 8, 2021	**2,245,273**		**0.05**	**4.94**

A summary of stock option activity is as follows:

	Number of options	Average exercise price
Balance, December 31, 2014	5,000,000	$ 0.05
Granted	1,733,499	0.05
Balance, December 31, 2015	6,733,499	0.05
Granted	**2,245,273**	**0.05**
Balance, December 31, 2016	**8,978,772**	**$ 0.05**

The fair value of stock options granted were estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	December 31, 2016	December 31, 2015
Risk free rate of interest	**1.00%**	**1.25%**
Expected life of options	**5 years**	**5 years**
Exercise price of options	**$ 0.05**	**$ 0.05**
Expected annualized volatility	**244%**	**199%**
Expected dividend rate	**0%**	**0%**

b) Warrants

During the year ended December 31, 2016, the Company issued 3,481,080 with a fair value of $55,571 pursuant to the private placement discussed in note 10. In addition, the Company issued 1,000,000 warrants with a fair value of $6,129 pursuant to the loan extension discussed in note 7. The Company issued a further 1,000,000 warrants subsequent to December 31, 2016, also pursuant to the loan extension.

During the year ended December 31, 2015, the Company issued 4,236,572 warrants further to the private placement and debt settlement discussed in note 10. The warrants have an exercise price of $0.10 per share and expire per the summary below. The warrants were assessed as having a fair value of $nil.

A summary of warrant activity is as follows:

	Number of warrants	Average exercise price
Balance, December 31, 2014	-	$ -
Granted	4,236,572	0.10
Expired / forfeited	(374,600)	0.10
Balance, December 31, 2015	3,861,972	$ 0.10
Granted	**4,481,080**	**0.08**
Expired / forfeited	**(3,861,972)**	**0.10**
Balance, December 31, 2016	**4,481,080**	**$ 0.08**

During the year ended December 31, 2015, the Company issued 3,734,972 warrants as part of debt settlement agreements. All warrants were issued with an exercise price of $0.10 and a six month expiry date.

A summary of warrants outstanding as at December 31, 2016 is as follows:

Expiry date	Number of warrants	Exercise price	Weighted average remaining contractual life (years)
March 19, 2017	**1,000,000**	**$ 0.08**	**0.21**
May 16, 2017	**2,711,080**	**0.08**	**0.37**
July 6, 2017	**770,000**	**0.08**	**0.51**

12. Financial instruments

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

As at December 31, 2016	Loans and receivables	Assets/liabilities at fair value through profit and loss	Other liabilities	Total
Cash	**$ -**	**$ 336,337**	**$ -**	**$ 336,337**
Reclamation bonds	**24,183**	**-**	**-**	**24,183**
Accounts payable	**-**	**-**	**1,710,921**	**1,710,921**
Loan payable	**-**	**-**	**621,226**	**621,226**

At December 31, 2015	Loans and receivables	Assets/liabilities at fair value through profit and loss	Other liabilities	Total
Cash	$ -	$ 2,804	$ -	$ 2,804
Reclamation bonds	26,440	-	-	26,440
Accounts payable	-	-	1,336,456	1,336,456
Loans payable	-	-	724,507	724,507

13. Segmented information

The Company has one reportable operating segment, being the acquisition and exploration and future development of mineral properties. The Company's exploration and evaluation assets are all located in the United States.

14. Commitments

The Company is committed under various contracts and agreements on its exploration and evaluation assets, as described in note 6.

During the year ended December 31, 2013, the Company received notice that Gordon J. Fretwell Law Corporation ("GJFLC") has been awarded a default judgment against the Company in the amount of $263,414 for outstanding legal fees. This amount has been included in accounts payable and accrued liabilities as at December 31, 2016. The balance payable at December 31, 2016 is $160,000 (December 31, 2015 is $160,000). Subsequent to December 31, 2016, the Company settled $100,000 of this amount for 2,000,000 common shares of the Company at $0.05 per share.

15. Non-cash transactions

The Company incurred the following non-cash transactions:

	December 31, 2016	December 31, 2015
Fair value of warrants issued for loan extension	**$ 6,129**	$ -
Fair value of shares issued for settlement of debt	**-**	399,476

16. Income taxes

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of operations and comprehensive loss for the years ended December 31, 2016 and 2015:

		December 31, 2016		December 31, 2015
Income (loss) before taxes		**(186,996)**		(810,066)
Statutory tax rate		**26%**		26%
Expected income tax (recovery)		**(48,619)**		(210,617)
Non-deductible expenses		**8,434**		81,460
Change in unrecognized deferred tax assets		**40,185**		129,157
Total income tax expense (recovery)	**$**	**-**	**$**	**-**

The unrecognized deductible temporary differences at December 31, 2016 and 2015 are as follows:

Canada:		**December 31, 2016**		December 31, 2015
Property and equipment		**1,451,111**		840,698
Exploration and evaluatoin assets		**13,124,395**		1,841,395
Long-term liabilities		**-**		1,615,880
Financing costs		**20,906**		-
Net capital losses		**2,507,483**		2,507,483
Non-capital losses		**17,631,629**		17,536,496
Total unrecognized deductible temporary differences	**$**	**34,735,524**	$	24,341,952

United States:		**December 31, 2016**		December 31, 2015
Exploration and evaluation assets		**-**		2,132,506
Contingent liability		**1,343,500**		-
Net operating losses		**289**		213,394
Total unrecognized deductible temporary differences	**$**	**1,343,789**	$	2,345,900

As at December 31, 2016, the Company has non capital loss carry forwards of approximately $17,790,440 (2015 - $17,551,557) which may be carried forward to apply against future years income tax for Canadian income tax purposes, subject to final determination by taxation authorities, expiring in the following years:

	Non-capital losses	Expiry date
$	2,178,349	2026
	1,385,106	2027
	3,041,088	2028
	3,926,175	2029
	1,426,674	2030
	2,042,073	2031
	1,204,771	2032
	460,823	2033
	1,145,779	2034
	522,960	2035
	297,039	2036
	17,631,629	

In addition, the Company has available tax losses in the US that total $289 (2015 - $139,126). The remaining losses can be carried forward to offset against future taxable income for US tax purposes with expiry periods in 20 years.

17. Subsequent events

Subsequent to December 31, 2016:

a) the Company settled $378,750 of debt by issuing 7,575,000 common shares of the Company at a price of $0.05 per share. Of this debt, $275,000 was payable to related parties;

b) the Company extended the terms of its loan with Desert Fox Minerals Co. The loan is now due on March 19, 2018. The Company issued 1,000,000 warrants with a fair value of $6,129 in exchange for this loan extension, exercisable at $0.10 per share for a term of 12 months; and

c) 2,971,380 warrants were exercised for gross proceeds of $237,710.