

Financial Statements of

Mountain Lake Minerals Inc.

For the years ended November 30, 2016 and 2015



INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Mountain Lake Minerals Inc.

We have audited the accompanying financial statements of Mountain Lake Minerals Inc. which comprise the statements of financial position as at November 30, 2016 and 2015, and the statements of comprehensive loss, cash flows and changes in equity for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mountain Lake Minerals Inc. as at November 30, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Mountain Lake Minerals Inc. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
April 7, 2017

Mountain Lake Minerals Inc.
Statements of Financial Position

As at November 30, 2016 and 2015 (in Canadian dollars)

	Note	2016	2015
ASSETS		\$	\$
Current assets			
Cash		653	6,435
Amounts receivable		10,273	10,530
Prepaid expenses		3,000	3,000
		13,926	19,965
Equipment	5	7,887	11,114
Exploration and evaluation assets	6	3,226,101	3,106,687
		3,247,914	3,137,766
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	576,636	369,876
Notes payable	7	66,000	66,000
		642,636	435,876
SHAREHOLDERS' EQUITY			
Share capital	8	4,892,127	4,892,127
Contributed surplus		491,079	487,969
Deficit		(2,777,928)	(2,678,206)
Total shareholders' equity		2,605,278	2,701,890
		3,247,914	3,137,766

Going concern – Note 1
Subsequent event – Note 11

Approved on behalf of the Board:

"Bill Fleming"

Director

"Paul Smith"

Director

See accompanying notes to audited financial statements.

Mountain Lake Minerals Inc.
Statements of Comprehensive Loss

For the years ended November 30, 2016 and 2015 (in Canadian dollars)

	Note	2016	2015
		\$	\$
Expenses			
Salaries and fees	9	72,000	55,500
Share transfer, listing and filing fees		13,197	21,732
Professional fees		9,000	18,216
Share-based payments	8	3,110	2,643
Office and general		2,152	15,998
Amortization	5	217	1,324
Travel and business development		46	4,884
Shareholder information and communications		-	1,553
		<u>99,722</u>	<u>121,850</u>
Other expenses			
Loss on marketable securities		-	1,447
Net loss and comprehensive loss		<u>(99,722)</u>	<u>(123,297)</u>
Loss per share – basic and diluted		<u>(0.00)</u>	<u>(0.00)</u>
Weighted average number of common shares outstanding		<u>27,673,011</u>	<u>27,673,011</u>

See accompanying notes to audited financial statements.

Mountain Lake Minerals Inc.
Statements of Changes in Equity

For the years ended November 30, 2016 and 2015 (in Canadian dollars)

	Common shares		Contributed	Deficit	Total
	Number	\$	Surplus	\$	Shareholders' Equity
			\$	\$	\$
Balance, November 30, 2014	27,673,011	4,892,127	485,326	(2,554,909)	2,822,544
Share-based payments	-	-	2,643	-	2,643
Comprehensive loss	-	-	-	(123,297)	(123,297)
Balance, November 30, 2015	27,673,011	4,892,127	487,969	(2,678,206)	2,701,890
Share-based payments	-	-	3,110	-	3,110
Comprehensive loss	-	-	-	(99,722)	(99,722)
Balance, November 30, 2016	27,673,011	4,892,127	491,079	(2,777,928)	2,605,278

See accompanying notes to audited financial statements.

Mountain Lake Minerals Inc.
Statements of Cash Flows

For the years ended November 30, 2016 and 2015 (in Canadian dollars)

	2016	2015
Cash provided by (used in)	\$	\$
Operating activities		
Net loss	(99,722)	(123,297)
Adjustments for:		
Amortization	217	1,324
Loss on marketable securities	-	1,447
Share-based payments	3,110	2,643
	(96,395)	(117,883)
Net change in non-cash working capital balances related to operations		
Amounts receivable	256	(3,544)
Prepaid expenses	-	10,830
Accounts payable and accrued liabilities	91,261	73,515
	(4,878)	(37,080)
Investing activities		
Proceeds from sale of marketable securities, net of transaction costs	-	20,911
Exploration and evaluation expenditures	(904)	(9,328)
	(904)	11,583
Decrease in cash for the year	(5,782)	(25,497)
Cash – beginning of year	6,435	31,932
Cash – end of year	653	6,435
Supplemental disclosures:		
Taxes paid	-	-
Interest paid	-	-

See accompanying notes to audited financial statements.

Mountain Lake Minerals Inc.

Notes to the Financial Statements

For the years ended November 30, 2016 and 2015

NOTE 1 – NATURE OF BUSINESS AND GOING CONCERN

Mountain Lake Minerals Inc. (“Mountain Lake Minerals” or the “Company”) was incorporated under the Business Corporations Act (British Columbia) on May 16, 2012. The address of the Company’s head office is 1853 Sunken Lake Road, RR2, Wolfville, Nova Scotia, Canada, B4P 2R2. Its registered office is Suite 1750 – 1185 West Georgia Street, Vancouver, British Columbia, V6E 4E6.

The Company is a junior exploration company exploring for precious and base metal deposits. Mountain Lake’s current projects are located in the provinces of Newfoundland, New Brunswick and Ontario Canada and include: a 100% interest in the Glover Island gold exploration property and a 100% interest in the Little River gold-antimony exploration property as well as interests in other properties (note 6).

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes that the Company will realize its assets and discharge its liabilities in the normal course of business for at least the next twelve months. However, there is significant doubt as to the Company’s ability to continue as a going concern. The Company has experienced losses and negative cash flow from operations since incorporation. As at November 30, 2016, the Company has cash of \$653 to settle current liabilities of \$642,636 (of which \$194,000 is to related parties).

The Company’s ability to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete their development, and future profitable production or proceeds from the disposition of its resource property interests. The timing and availability of additional financing will be determined largely by the performance of the Company and market conditions and there is no certainty that the Company will be able to raise funds as they are required in the future.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to reflect these financial statements on a liquidation basis which could differ from accounting principles applicable to a going concern.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These audited financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

The financial statements were authorized for issue by the Board of Directors on April 7, 2017.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for cash and marketable securities which are measured at fair value.

c) Functional and presentation currency

These financial statements are presented in Canadian dollars which is the Company’s functional currency.

d) Use of estimates

The preparation of these financial statements requires management to make estimates, judgments and assumptions that affect the amounts reported in the financial statements and notes. By their nature, these estimates, judgments and assumptions are subject to measurement uncertainty and affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of revenues and expenses. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The more significant areas are as follows:

Mountain Lake Minerals Inc.
Notes to the Financial Statements

For the years ended November 30, 2016 and 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Use of estimates (continued)

Critical accounting estimates

Estimate of recoverability for non-financial assets:

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value.

Share-based payments

The amounts recorded for share-based payments are based on estimates. The Black Scholes model is based on estimates of assumptions for expected volatility, expected number of options to vest, dividend yield, risk-free interest rate, expected forfeitures and expected life of the options. Changes in these assumptions may result in a material change to the amounts recorded for the issuance of stock options.

Decommissioning liabilities

Management's assumption that there are currently no decommissioning liabilities is based on the facts and circumstances that existed during the year.

Critical accounting judgments

The following accounting policies involve judgments or assessments made by management:

Management is required to apply judgment in determining whether technical feasibility and commercial viability can be demonstrated for the mineral properties. Once technical feasibility and commercial viability of a property can be demonstrated, exploration costs will be reclassified to mineral properties under exploration and subject to different accounting treatment. As at November 30, 2016 management had determined that no reclassification of exploration expenditures was required.

The assessment of deferred income tax assets and liabilities requires management to make judgments on whether or not the Company's deferred tax assets are probable to be recovered from future income. Management has determined that the recoverability of the Company's deferred tax assets are remote due to the history of losses. As a result no deferred income tax assets have been recognized as at November 30, 2016 and 2015.

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgement. Management monitors future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

e) Exploration and Evaluation Assets

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired. Exploration and evaluation expenditures are capitalized as incurred as intangible assets. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, which management has determined to be indicated by a feasibility study and a decision to proceed with development, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to resource property and development assets.

An impairment review of exploration and evaluation assets is performed, either individually or at the cash generating unit level, when there are indicators the carrying amount of the assets may exceed their recoverable amounts. To the extent this occurs, the excess is fully provided against the carrying amount, in the period in which this is determined.

Mountain Lake Minerals Inc.
Notes to the Financial Statements

For the years ended November 30, 2016 and 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Exploration and Evaluation Assets

Exploration and evaluation assets are reviewed for indicators of impairment on a regular basis and these costs are carried forward provided at least one of the following conditions is met:

such costs are expected to be recovered through successful exploration and development of the area of interest or by its sale;
or

exploration and evaluation activities in the area have not yet reached a stage that permits reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned in the future.

f) Equipment

Items of equipment are recorded at cost less accumulated depreciation and accumulated impairment. The cost of an item includes the purchase price and directly attributable costs to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Depreciation is recognized using the declining balance method at the following rates:

Computer hardware	30%
Office and exploration equipment	20%
Vehicles	30%

Depreciation methods, useful lives and residual values are reviewed at each financial year end and are adjusted if appropriate.

g) Impairment

Financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for objective evidence of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against accounts receivable. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss. When available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period. Impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

Mountain Lake Minerals Inc.
Notes to the Financial Statements

For the years ended November 30, 2016 and 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Impairment (continued)

Non-financial assets

The Company's non-financial assets, excluding exploration and evaluation assets, are reviewed for indicators of impairment annually. If indication of impairment exists, the asset's recoverable amount is estimated. Long-lived assets that are not amortized are subject to an annual impairment assessment.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

h) Share-based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at fair value of the equity instruments at the date of grant. Fair value is measured using the Black-Scholes pricing model. The fair value determined at the grant date of the equity-settled share-based payments is expensed as services are rendered over the vesting period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Equity-settled share-based payment transactions with parties other than employees and those providing similar services 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.

i) Income Taxes

Income tax on profit or loss consists of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset would be recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Mountain Lake Minerals Inc.
Notes to the Financial Statements

For the years ended November 30, 2016 and 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Loss per Share

Loss per share is computed by dividing the net loss attributable to common shareholders by the weighted average number of shares outstanding during the period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

k) Financial Instruments

- (i) All financial assets are classified into one of the following four categories: fair value through profit or loss ("FVTPL"), held to maturity ("HTM"), available for sale ("AFS") and loans and receivables.

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL. Financial assets classified as FVTPL are stated at fair value and changes are recognized in profit or loss. HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. AFS financial assets subsequent to initial recognition are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS monetary items, are recognized in other comprehensive income or loss. When an investment is derecognized, the cumulative gain or loss in the investment revaluation reserve is transferred to profit or loss. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Company's cash has been classified as FVTPL financial assets. The Company does not presently have any financial assets designated as AFS or HTM. The carrying value of the Company's cash approximates its fair value due to its nature. The carrying value of the marketable securities approximates its fair value as its carrying value is adjusted to fair value at each reporting period.

The Company has the following non-derivative financial liabilities: accounts payable and notes payable. The carrying value of financial liabilities approximates their fair value due to their short-term nature. Such financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Common shares and convertible notes of the Company are classified as equity. Repayments of convertible notes and incremental costs directly attributable to the issue of common shares, share options and warrants are recognized as a deduction from equity, net of any tax effects.

- (ii) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value.
- i. Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
 - ii. Level 2: Inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts, volatility measurements used to value option contracts and observable credit default swap spreads to adjust for credit risk where appropriate), or inputs that are derived principally from or corroborated by observable market data or other means.
 - iii. Level 3: Inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Mountain Lake Minerals Inc.
Notes to the Financial Statements

For the years ended November 30, 2016 and 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Decommissioning Liabilities

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. A pre-tax discount rate that reflects the time value of money and the risks specific to the liability are used to calculate the net present value of the expected future cash flows. These costs are charged to the statement of loss over the economic life of the related asset, through depreciation expense using either the unit-of-production or the straight-line method as appropriate. The related liability is progressively increased each period as the effect of discounting unwinds, creating an expense recognized in the statement of loss. The liability is assessed at each reporting date for changes to the current market-based discount rate, and the amount or timing of the underlying cash flows needed to settle the obligation.

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

m) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance expense.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed. The Company presently does not have any amounts considered to be provisions.

n) New adoption

The Company did not adopt any new or amended accounting standards during the year ended November 30, 2016 which had a significant impact on the Financial Statements.

o) New standards

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

New accounting standards effective for annual periods on or after January 1, 2018:

IFRS 9 Financial Instruments - In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013, new general hedging requirements were added to the standard. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

The extent of the impact of adoption of the standard and interpretation on the financial statements of the Company has not been determined.

Mountain Lake Minerals Inc.
Notes to the Financial Statements

For the years ended November 30, 2016 and 2015

NOTE 3 – CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition and exploration of mineral properties and maintain the necessary corporate and administrative functions to facilitate these activities. The Company's definition of capital is shareholders' equity, which as at November 30, 2016 was \$2,605,278 (2015 - 2,701,890).

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing, primarily equity financing, to fund its activities. There can be no assurance that the Company will be able to continue to raise capital in this manner. To carry out the planned exploration and fund administrative costs, the Company will utilize 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 believes there is sufficient geologic and economic potential and if it has adequate financial resources to do so.

The Company generally invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid financial instruments, such as cashable guaranteed investment certificates, held with a major Canadian financial institution.

There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

NOTE 4 – FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts and notes payable. Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. Cash is designated as held-for-trading and measured at fair value. Accounts payable and notes payable are designated as other financial liabilities and measured at amortized cost. The recorded values of all financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

Fair values of financial instruments

During the year ended November 30, 2016, there were no transfers between level 1, level 2, and level 3 classified assets and liabilities. The fair values of the Company's financial instruments are considered to approximate the carrying amounts. The following table provides the disclosures of the fair value and the level in the hierarchy:

	November 30, 2016			November 30, 2015		
	Level 1	Level 2	Level 3	Level	Level 2	Level 3
Cash	\$ 653	\$ -	\$ -	\$ 6,435	\$ -	\$ -

Credit risk

The Company has no significant credit risk arising from operations. The Company does not engage in any sales activities, so is not exposed to major credit risks attributable to customers. The Company's credit risk is primarily attributable to cash. The Company holds its cash with Canadian chartered banks and the risk of default is considered to be remote.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due (Note 1). The Company's accounts payable are due within one year. 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 stock market conditions generally or as a result of conditions specific to the Company. The Company's approach to managing liquidity risk is to ensure it will have sufficient liquidity to meet liabilities when due. As at November 30, 2016, the Company has cash of \$653 to settle current liabilities of \$642,636 (of which \$194,000 is to related parties).

Interest rate risk

Interest rate risk is the risk that future cash flows of the Company's assets and liabilities can change due to a change in interest rates. The Company is not exposed to interest rate risk as no financial instruments are interest-bearing. It is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from the financial statements.

Mountain Lake Minerals Inc.
Notes to the Financial Statements

For the years ended November 30, 2016 and 2015

NOTE 5 - EQUIPMENT

	Office furniture and equipment	Equipment	Vehicles	Total
	\$	\$	\$	\$
Cost				
Balance, November 30, 2016, 2015 and 2014	4,256	781	42,009	47,046
Accumulated Depreciation				
Balance, November 30, 2014	2,279	352	26,677	30,308
Additions	895	429	4,300	5,624
Balance, November 30, 2015	3,174	781	31,977	35,932
Additions	217	-	3,010	3,227
Balance, November 30, 2016	3,391	781	34,987	39,159
Net book value				
November 30, 2016	865	-	7,022	7,887
November 30, 2015	1,082	-	10,032	11,114

Amortization of \$3,010 (2015 - \$4,300) was capitalized to exploration and evaluation assets.

NOTE 6 - EXPLORATION AND EVALUATION ASSETS

	Glover Island	Little River	Total
	\$	\$	\$
Balance, November 30, 2014	2,100,000	841,058	2,941,058
Expenditures	160,007	5,622	165,629
Balance, November 30, 2015	2,260,007	846,680	3,106,687
Expenditures	116,012	3,402	119,414
Balance, November 30, 2016	2,376,019	850,082	3,226,101

Glover Island, Newfoundland and Labrador, Canada

The Company has an undivided 100% interest in the Glover Island property, a gold exploration property in Newfoundland and Labrador consisting of a mineral license and a mining lease. The property is subject to a net smelter returns royalty ("NSR") of 1% of commercial production, which reduces to 0.5% after the payment of the first \$1.0 million. The NSR becomes effective after payment of the South Coast Royalty. The South Coast Royalty is a 3% NSR paid either from production of the Glover Island property or the production of certain other mineral interests including the Pine Cove property (held and operated by Anaconda Mining Inc.) to an aggregate of \$3.0 million.

On November 25, 2016, the Company submitted a request to reduce the number of claims on the mining lease from 77 to approximately 35. Approval is subject to the completion of an inspection by the Company of the proposed new lease area to ensure compliance with environmental regulations. On December 7, 2016, the Department of Natural Resources of Newfoundland Labrador performed the inspection and issued the report with no non-compliance issues noted.

As of April 7, 2017, the Company owes the Department of Natural Resources \$267,500 on annual rental fees on the mining lease (\$115,500 for 2016 and \$152,000 for 2015). While there is no specific due date for the payment of the balance, the partial surrender of the lease would reduce the outstanding balance accordingly.

Management plans to reduce the property size and focus on the lease area to only include those claims where there are known mineral reserves.

Mountain Lake Minerals Inc.
Notes to the Financial Statements

For the years ended November 30, 2016 and 2015

NOTE 6 – EXPLORATION AND EVALUATION ASSETS

Little River, Newfoundland and Labrador, Canada

The Company has a 100% interest in other mineral claims in Newfoundland and Labrador. The third party option holders have retained a 2% net smelter return royalty and the Company has the exclusive right and option to acquire half of the net smelter return royalty for \$1.5 million.

On August 10, 2016, the Company transferred one of its licenses back to the optionor. As of November 30, 2016, the Company has 2 licenses on this property with a total of 134 claims (2015 – 3 licenses with 448 claims). The Company dropped lease claims during the year in order to focus further exploration on the claims where management believes there are known mineral reserves.

Other Properties

Hong Kong Claims, Ontario, Canada

The Company has a 41.8% interest in a mineral property known as Hong Kong Claims in Ontario. At this time the Company and the other owner have decided not to carry out further exploration. Ongoing maintenance costs are expensed as incurred.

NOTE 7 – NOTES PAYABLE

On April 17, 2013, the Company received gross proceeds of \$88,000 pursuant to an interim bridge loan financing (the “Convertible Notes”) from various directors, officers, and other private investors. The convertible notes are non-interest bearing and matured on November 30, 2014 (amended by agreement of the Company and all note-holders from the original maturity date of September 30, 2013). As at November 30, 2015, the balance of the notes payable was \$66,000 (2014 - \$66,000). After maturity, the notes can no longer be converted into common shares and, accordingly, were recorded as current liabilities on November 30, 2015 and 2016.

NOTE 8 – SHARE CAPITAL

The Company’s authorized capital consists of an unlimited numbers of common shares without par value.

The Company did not issue any common share during the years ended November 30, 2016 and 2015.

Stock Options

The Company has a Stock Option Plan (the “Plan”) which provides that the number of options granted may not exceed 10% of the issued and outstanding shares. Options granted under the Plan generally have a five-year term and are granted at a price no lower than the market price of the common shares at the time of the grant.

On September 1, 2015 the Company modified 350,000 options granted to the President which reduced the exercise price from \$0.20 to \$0.05 and extended the expiry date from October 30, 2017 to September 1, 2018. The fair value of the former options was approximately the same as the modified options. As a result, no share-based compensation was recorded for the modification.

On September 1, 2015, the Company granted 800,000 stock options to director and officer and vested in different stages. Share-based compensation of \$1,571 was recorded (2015 - \$1,410). The weighted average fair value of the 800,000 options was \$0.004. The fair value of these options was determined on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions: Share price \$0.005, risk free interest rate of 0.43%, the expected life of 1.88 years, expected volatility of 307%, forfeiture rate of 0% and expected dividends of \$Nil.

On October 1, 2015, the Company granted 800,000 stock options to directors and vested in different stages. Share-based compensation of \$1,539 was recorded (2015 - \$1,233). The weighted average fair value of the 800,000 options was \$0.004. The fair value of these options was determined on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions: Share price \$0.005, risk free interest rate of 0.43%, the expected life of 1.88 years, expected volatility of 307%, forfeiture rate of 0% and expected dividends of \$Nil.

Mountain Lake Minerals Inc.
Notes to the Financial Statements

For the years ended November 30, 2016 and 2015

NOTE 8 – SHARE CAPITAL (continued)

Stock Options (continued)

Continuity of stock options for the years ended September 30, 2016 and 2015 is as follows:

	November 30, 2016		November 30, 2014	
	Underlying Shares	Weighted Average Exercise Price	Underlying Shares	Weighted Average Exercise Price
Stock options outstanding, beginning of the year	2,125,000	\$0.05	1,625,000	\$0.20
Granted	-	-	1,600,000	\$0.04
Expired / Cancelled	-	-	(1,100,000)	\$(0.20)
Stock options outstanding, end of the year	2,125,000	\$0.05	2,125,000	\$0.05

The following table summarizes the stock options outstanding and exercisable at November 30, 2016 and 2015:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Weighted Average Remaining Life of Options	Expiry Date
175,000	175,000	\$0.20	0.08	October 30, 2017
350,000	150,000	\$0.05	0.29	September 1, 2018
800,000	400,000	\$0.025	0.66	September 1, 2018
800,000	400,000	\$0.05	0.70	October 1, 2018
2,125,000	1,125,000		1.72	

NOTE 9 – RELATED PARTY TRANSLATIONS

Payments to key management personnel including the President and Chief Executive Officer, Chief Financial Officer, Directors and companies directly controlled by key management personnel are for salaries, consulting fees, management fees, or professional fees and are directly related to their position in the Company or to services provided to the Company.

For the year ended November 30, 2015, key management personnel compensation was \$72,000 (2015 - \$55,500). The Company also granted stock options to officers and directors. See Note 8.

These transactions are measured at exchange amounts, which are the amounts of consideration negotiated, established and agreed to by the related parties.

Included in accounts payable and accrued liabilities are amounts owing to related parties totally \$249,500 (2015 - \$177,500). Included in notes payable (Note 7) are amounts owing to related parties totalling \$1,500 (2015 - \$1,500).

NOTE 10 - INCOME TAX

In assessing deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment and concluding the deferred tax assets were not realized.

Mountain Lake Minerals Inc.
Notes to the Financial Statements

For the years ended November 30, 2016 and 2015

NOTE 10 - INCOME TAX

	For the years ended November 30,	
	2016	2015
Canadian statutory income tax rate	31%	31%
	\$	\$
Income tax recovery at statutory rate	(30,900)	(38,200)
Effect on income taxes of:		
Permanent differences	1,300	4,700
Losses not recognized	29,600	33,500
Income taxes recoverable	-	-

The nature and effect of the Company's unrecognized deferred tax assets is as follows:

	2015	2014
	\$	\$
Equipment	3,500	2,500
Exploration and evaluation assets	360,000	361,000
Non-capital losses carried forward	331,800	301,700
Capital losses carried forward	7,300	7,300
Share issue costs	-	500
	702,600	673,000

As at November 30, 2016, the Company had non-capital losses carried forward of approximately \$1,070,000 (2015 - \$973,000) which may be applied to reduce future years' taxable income, expiring as follows:

	\$
2032	235,000
2033	375,000
2034	243,000
2035	120,000
2036	98,000
	1,071,000

NOTE 11 - SUBSEQUENT EVENT

Subsequent to year ended November 30, 2016, the Company entered into agreements to settle outstanding accounts payable in the amounts of \$269,000.