CONSOLIDATED FINANCIAL STATEMENTS

For the Years ended

November 30, 2016 and 2015

January 24, 2017

Independent Auditor's Report

To the Shareholders of China Minerals Mining Corporation

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

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

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

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

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

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of China Minerals Mining Corporation as at November 30, 2016 and November 30, 2015 and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about China Minerals Mining Corporation's ability to continue as a going concern.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

China Minerals Mining Corporation
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

		November 30, 2016		November 30, 2015
ASSETS				
Current assets				
Cash and cash equivalents (Note 3)	$	271,304	$	275,582
Short-term investments		-		11,500
Other receivables		5,155		2,832
Prepaid expenses		9,168		9,577
		285,627		299,491
Property, plant and equipment (Note 4)		503,654		562,428
Reclamation bonds (Note 6)		349,444		349,444
Exploration and evaluation assets (Note 5)		7,010,969		7,000,000
Total assets	$	8,149,694	$	8,211,363
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	$	88,057	$	154,993
Loan payable to related party (Note 8)		272,665		-
		360,722		154,993
Asset retirement obligation (Note 6)		1,665,153		1,619,054
Total liabilities		2,025,875		1,774,047
EQUITY				
Share capital (Note 7)		51,550,715		51,550,715
Share-based payment reserve		9,764,046		9,764,046
Foreign currency translation reserve		4,926		5,411
Deficit		(55,195,868)		(54,882,856)
Total equity		6,123,819		6,437,316
Total liabilities and equity	$	8,149,694	$	8,211,363

Nature of operations and going concern (Note 1)
Commitment and contingency (Note 9)
Subsequent event (Note 15)

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

Approved on behalf of the Board:

"Jeannine Webb" — Director

"Ling Zhu" — Director

China Minerals Mining Corporation
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	For the year ended November 30, 2016	2015
Expenses		
Accretion of asset retirement obligation	$ 35,130	$ 28,700
Amortization	58,774	828
Director and executive fees	12,334	156,506
Filing fees and transfer agent	12,547	19,441
Professional and consulting fees	41,377	156,428
Rent and office expenses	26,324	43,702
Salaries and benefits	97,245	131,237
Shareholder relations	1,330	4,770
Travel and others	-	1,726
Camp maintenance (Note 9(b))	34,775	116,111
Community relations	-	70,000
Total expenses	(319,836)	(729,449)
Other income (expenses)		
Interest income	3,309	6,469
Other income (Note 10)	-	66,176
Finance costs (Note 8)	(4,085)	-
Gain on disposal of equipment	7,600	9,233
Write-off of supplies inventory	-	(10,000)
Write-off of equipment (Note 4)	-	(286,990)
Write-down of exploration and evaluation assets (Note 5)	-	(12,186,775)
Net loss for the year	(313,012)	(13,131,336)
Item that may be reclassified subsequently to profit or loss		
Cumulative translation adjustments	(485)	3,493
Loss and comprehensive loss for the year	$ (313,497)	$ (13,127,843)
Basic and diluted loss per common share	$ (0.00)	$ (0.07)
Weighted average number of common shares outstanding	189,873,268	189,873,268

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

China Minerals Mining Corporation
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	For the year ended November 30, 2016	2015
Cash provided by (used in):		
Operating activities		
Net loss for the year	$ (313,012)	$ (13,131,336)
Items not affecting cash:		
Accretion of asset retirement obligation	35,130	28,700
Amortization	58,774	828
Gain on disposal of equipment	(7,600)	(9,233)
Write-off of supplies inventory	-	10,000
Write-off of equipment (Note 4)	-	286,990
Write-down of exploration and evaluation assets (Note 5)	-	12,186,775
	(226,708)	(627,276)
Changes in non-cash working capital		
Other receivables and prepaid expenses	(1,914)	72,216
Accounts payable and accrued liabilities	(66,936)	111,814
Finance costs	4,085	-
	(291,473)	(443,246)
Financing activities		
Loan received from related party (Note 8)	263,720	-
Investing activities		
Proceeds from disposal of equipment	7,600	11,565
Proceeds from government exploration tax credits (Note 5)	-	59,870
Exploration and evaluation expenditures	-	(18,562)
Short-term investments	11,500	-
	19,100	52,873
Effect of exchange rate changes on cash and cash equivalents	4,375	3,493
Decrease in cash and cash equivalents	(4,278)	(386,880)
Cash and cash equivalents, beginning of year	275,582	662,462
Cash and cash equivalents, end of year	$ 271,304	$ 275,582

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

China Minerals Mining Corporation
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Share-based Payment Reserve	Foreign Currency Translation Reserve	Deficit	Total Shareholders' Equity
Balance, December 1, 2015	189,873,268	$ 51,550,715	$ 9,764,046	$ 5,411	$ (54,882,856)	$ 6,437,316
Net loss for the year	-	-	-	-	(313,012)	(313,012)
Cumulative translation adjustment	-	-	-	(485)	-	(485)
Balance, November 30, 2016	189,873,268	$ 51,550,715	$ 9,764,046	$ 4,926	$ (55,195,868)	$ 6,123,819
Balance, December 1, 2014	189,873,268	$ 51,550,715	$ 9,764,046	$ 1,918	$ (41,751,520)	$ 19,565,159
Net loss for the year	-	-	-	-	(13,131,336)	(13,131,336)
Cumulative translation adjustment	-	-	-	3,493	-	3,493
Balance, November 30, 2015	189,873,268	$ 51,550,715	$ 9,764,046	$ 5,411	$ (54,882,856)	$ 6,437,316

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

1. NATURE OF OPERATIONS AND GOING CONCERN

China Minerals Mining Corporation ("China Minerals" or the "Company") was incorporated in January 2006 under the laws of British Columbia, Canada as Hawthorne Resources Inc. and renamed as Hawthorn Gold Corp. in October 2006. In April 2011, the Company's name was further changed to China Minerals. The Company's registered office is Suite 1100 – 1111 Melville Street, Vancouver, British Columbia, Canada. China Minerals is listed on the TSX Venture Exchange under the trading symbol "CMV". The Company and its subsidiaries are in the business of acquisition, exploration and development of mineral properties.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operations for the foreseeable future and meet its obligations and commitments in the normal course of business. As the Company is in the exploration stage, no revenue has been generated to date. At November 30, 2016, the Company had cash of $271,304, a working capital deficiency of $75,095 and a deficit of $55,195,868 (November 30, 2015 - $54,882,856). In September 2016, the Company received a loan of US$200,000 from a director of the Company with terms described in Note 8.

Notwithstanding the director's loan, the Company will not have sufficient working capital to fund operations for the next 12 months. In the past, operating capital and exploration requirements have been funded primarily from equity financing and the Company will need to arrange equity or other financing in the near future in order to continue in operation. While the Company has been successful in raising capital in the past, there can be no assurance that such financing will be available to the Company in the amount required or that it can be obtained on terms satisfactory to the Company. The Company's current financial situation indicates material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying values of the assets and liabilities, the reported expenses and the statements of financial position classifications that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

These financial statements were approved and authorized for issue by the Board of Directors on January 23, 2017.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Cassiar Gold Corp. ("Cassiar") and North American Mining Consulting Ltd. ("NAM"). The Company consolidates these subsidiaries on the basis that it controls these subsidiaries. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. All intercompany transactions and balances have been eliminated on consolidation.

Foreign currency translation

Functional and presentation currency

The Company's consolidated financial statements are presented in Canadian dollars, which is the Company's and its Canadian subsidiary's functional currency.

The Company's Chinese subsidiary (NAM) has its functional currency in Renminbi ("RMB"). The financial statements of the Chinese subsidiary are translated into the Canadian dollar presentation currency as follows:

- Assets and liabilities – at the closing rate at the date of the statement of financial position
- Equity – at historical rate
- Income and expenses – at the average rate of the period (as this is considered a reasonable approximation to actual rates).

All resulting changes are recognized in other comprehensive income (loss) as translation adjustments.

Transactions and balances

Foreign currency transactions are translated into the relevant functional currency using the exchange rate prevailing at the date of the transaction. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of loss.

Cash and cash equivalents

Cash and cash equivalents include cash held at major financial institutions and highly liquid guaranteed investment certificates that are readily available to the Company on demand or with maturity dates of three months or less.

Short-term investments

Short-term investments comprise guaranteed investment certificates with maturity term over three months but less than a year.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated amortization and any impairment charges. The cost of an item of property, plant and equipment includes the purchase price and related costs in bringing the item to the location and preparing the condition necessary for its intended use, as well the estimated costs of dismantling, removing the item and restoring the site on which the item is installed.

Amortization expenses of assets used in exploration are capitalized to exploration and evaluation assets. Amortization is recorded over the expected useful lives of the assets on the declining balance basis at the following annual rates:

Buildings and bridges	10%
Site equipment	20%
Vehicles	30%
Computer equipment	30%
Office furniture	20%

Exploration and evaluation assets ("E&E" assets)

The Company capitalizes costs related to the acquisition and exploration of E&E assets. These costs include drilling, assaying, geological, geophysical, technical studies and any other exploratory activities. E&E assets for which commercially viable reserves have been identified are reclassified to development assets. They are tested for impairment immediately prior to reclassification out of E&E assets. When an unproven mineral interest is abandoned, all related expenditures are written off to operations for the period.

Impairment of non-current assets

Property, plant and equipment and exploration and evaluation assets are assessed for impairment when events or circumstances indicate that the carrying amounts of the assets may not be recoverable. An impairment loss is recognized for any amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Value in use is determined as the present value of the estimated future pre-tax cash flows expected to arise from the continued use of the asset in its present form and from its ultimate disposal. The Company reviews impairment on non-financial assets for possible reversal when events or circumstances warrant such consideration.

Asset retirement obligation ("ARO")

Restoration provision is made for future obligations to retire long-lived assets which include dismantling, removing facilities and restoring the affected areas to normal operations. The provision for future restoration costs is the best estimate of the present value of the cash flows required to settle the restoration obligation at the reporting date.

Upon initial recognition of the ARO liability, the amount is capitalized to the carrying value of the related asset and amortized as an expense over the economic life of the asset. The ARO liability increases in following periods as the accretion expenses are accounted for. The ARO is adjusted annually for changes to factors such as expected amount of cash flows required to discharge the liability, the timing of such cash flows and the discount rate.

Share-based payments

The Company uses the fair value method of accounting for share-based payments on stock option grants. Under this method, the cost of stock options is recorded based on the estimated fair value at the grant date, including an estimate of the forfeiture rate, and charged either to operations or capitalized to exploration and evaluation asset costs over the vesting period. The fair value is calculated using the Black-Scholes option pricing model.

Share-based payment transactions for employees and others providing similar services is determined based on the grant date fair value. Share-based payment for non-employees is determined based on the fair value of the goods or services received or option granted measured at the date on which the Company obtains such goods or services.

Each tranche in an option award is considered a separate award with its own vesting period. Share-based payment expense is recognized over each tranche's vesting period, in earnings or capitalized as appropriate, based on the number of awards expected to vest. Where awards are forfeited, the expense previously recognized is proportionately reversed in the period the forfeiture occurs. If stock options are ultimately exercised, the applicable amounts of reserves are transferred to share capital.

Loss per share

The Company uses the treasury stock method to calculate loss per share by taking the loss for the period divided by the weighted average number of common shares outstanding during the period. Using the treasury stock method, the dilutive effect on loss per share is calculated presuming the exercise of outstanding stock options.

For the years ended November 30, 2016 and 2015, basic and diluted losses per share are the same as the effect of potential issuances of shares under outstanding stock options are proved to be anti-dilutive.

Income taxes

Income taxes comprise current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year using enacted tax rates at the reporting date. Deferred tax is calculated using the liability method on temporary differences between the carrying values of assets and liabilities and their respective income tax bases.

Deferred tax assets and liabilities are measured at the enacted tax rates that are expected to apply when the assets are recovered and the liabilities settled. Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences to the extent that future taxable income will be available against which they can be used.

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and its related risks and rewards are transferred. Financial liabilities are derecognized when they expire, are discharged or cancelled.

The Company classifies its cash, short term investments and other receivables as loans and receivables and accounts payable and accrued liabilities as other financial liabilities.

Management judgments and estimates

The preparation of consolidated financial statements in accordance with IFRS requires management use of estimates, assumptions and judgment that impact the Company's reported financial results. These estimates are based on past experiences and expectations of future events. Uncertainty on these judgments could result in material reassessments of the carrying amounts in the Company's financial position.

The key judgments and estimates that affect the consolidated financial statements are:

Impairment of exploration and evaluation assets (E&E assets)

The Company carries out impairment assessment on its E&E assets when circumstances indicate their carrying values may exceed their recoverable amounts. The process of determining the impairment involves significant judgment and estimation on the recoverability of the E&E assets as it relies on both an interpretation of geological and technical data as well as market conditions including commodity prices, investor sentiment and global financing. As new information comes up, the recoverable amounts of the assets and the impairment loss may differ from these judgments and estimates. During the year ended November 30, 2015, after impairment evaluations, the Company reduced its E&E assets to an estimated recoverable amount of $7 million. For the year ended November 30, 2016, there were no new indicators of impairment on the Company's E&E assets.

Impairment of property, plant and equipment

The Company carries out impairment assessment on its property, plant and equipment when circumstances indicate their carrying values may exceed their recoverable amounts. The process of determining the impairment involves significant judgment and estimation on the recoverability of the carrying value of the property, plant and equipment, which is impacted by factors such as the condition of and demand for such assets. Therefore, actual recoverable amounts of the assets and the impairment loss may differ from these judgments and estimates. In 2015, after impairment assessments, an impairment charge of $286,990 on its property, plant and equipment was recorded.

Asset retirement obligation ("ARO")

Provision on the retirement of the E&E assets and site restoration is based on many assumptions and judgments: future estimated costs, expected amounts of cash flows to discharge the obligation, timing of such cash flows and the prevalent market discount rate. Any changes to the assumptions will result in an adjustment to the provision which affects the Company's liabilities and operating results.

New, amended and future accounting pronouncements

Standards and amendments issued but not yet effective for the year ended November 30, 2016, are as follows:

IFRS 9, *Financial Instruments* addresses classification, measurement and recognition of financial assets and financial liabilities. In July 2014, IASB completed the final version of the Standard which replaces IAS 39, *Financial Instruments: Recognition and Measurement.* IFRS 9 provides a revised model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a reformed approach to hedge accounting. The effective date for this standard is for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company does not expect any impact from this amendment.

IFRS 16, *Leases*, addresses accounting for leases and lease obligations and replaces the leasing guidance in IAS 17, *Leases.* The guidance requires lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The guidance is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company does not expect any impact from this guidance.

3. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents are denominated in Canadian dollar, U.S. dollar and Chinese renminbi and the details are as follows:

		November 30, 2016		November 30, 2015
Cash at bank and in hand - Canadian dollars	$	10,379	$	34,048
Cash at bank and in hand - U.S. dollars		255,106		4,809
Cash at bank and in hand - Chinese reminbi		5,819		3,681
Short-term deposits - Canadian dollars		-		233,044
Cash and cash equivalents in Canadian dollars	$	271,304	$	275,582

4. PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Buildings	Site Equipment	Vehicles	Computers	Office Furniture	Total
As at November 30, 2014	$ 20,000	$ 1,224,411	$ 82,531	$ 21,000	$ 64,988	$ 18,064	$ 1,430,994
Disposal	-	-	-	(8,000)	-	-	(8,000)
Impairment write-down	-	(444,411)	-	-	-	-	(444,411)
As at November 30, 2015	20,000	780,000	82,531	13,000	64,988	18,064	978,583
Disposal	-	-	-		-	-	-
As at November 30, 2016	$ 20,000	$ 780,000	$ 82,531	$ 13,000	$ 64,988	$ 18,064	$ 978,583
Accumulated amortization							
As at November 30, 2014	$ -	$ 346,390	$ 41,419	$ 12,345	$ 62,439	$ 17,747	$ 480,340
Amortization	-	87,802	8,222	2,052	765	63	98,904
Disposal	-	-	-	(5,668)	-	-	(5,668)
Impairment write-down	-	(157,421)	-	-	-	-	(157,421)
As at November 30, 2015	-	276,771	49,641	8,729	63,204	17,810	416,155
Amortization	-	50,326	6,579	1,281	536	52	58,774
As at November 30, 2016	$ -	$ 327,097	$ 56,220	$ 10,010	$ 63,740	$ 17,862	$ 474,929
Net book value							
As at November 30, 2015	$ 20,000	$ 503,229	$ 32,890	$ 4,271	$ 1,784	$ 254	$ 562,428
As at November 30, 2016	$ 20,000	$ 452,903	$ 26,311	$ 2,990	$ 1,248	$ 202	$ 503,654

For the year ended November 30, 2016, amortization of $nil (2015 - $98,076) was capitalized to exploration and evaluation assets and $58,774 (2015 - $828) expensed to operations.

During the year ended November 30, 2015, the Company performed an impairment assessment on its property, plant and equipment. As a result, an impairment charge of $286,990 was recognized.

5. EXPLORATION AND EVALUATION ASSETS

Cassiar Project, British Columbia

The Company, through its subsidiary Cassiar Gold Corp., owns 100% of the Cassiar project's mineral assets. The Cassiar project is located in northern British Columbia, Canada.

The Cassiar project's two major areas of exploration and development activities are Table Mountain and Taurus properties. Table Mountain is a past-producing underground gold mine. The property has a fully permitted gold mill and tailings management facility which are available for future ore processing.

Since the acquisition of the Cassiar projects in 2008, the Company had conducted exploration programs on both Table Mountain and Taurus properties until 2013. Since 2014, the Company has not carried out any exploration activities except for maintaining the exploration permits.

Legal Matter with the Minister of Forests, Lands and Natural Resource Operations, Minister of Aboriginal Relations and Reconciliation, Kaska Dena Council and 0995817 B.C. Ltd.

In April 2013, the Province of British Columbia (the "Province") and the Kaska Dena Council ("KD") entered into an agreement which they have characterized as an "Incremental Treaty Agreement" ("ITA"). Under the ITA the Province agreed to make certain crown grants to the KD once express conditions precedent were satisfied. The crown grants in question are referred to for convenience as the "Land Parcels" and overlap, in part, Cassiar's mineral claims 226148, 226149, 510750, 514937, and 617143. The Land Parcels were transferred by the Province to a KD owned corporation (0995817 B.C. Ltd.) in April 2015.

China Minerals and Cassiar (together, the "Company") filed a petition in January 2016 seeking judicial review of the decision of the Minister of Aboriginal Relations and Reconciliation (the "Ministry") to sign the ITA with the KD. The Company's claims included that the Ministry failed to consult with or provide notice to the Company in advance of signing the ITA notwithstanding the impact of the ITA on the mineral tenures of the Company through the grant of the Land Parcels to the KDC.

The Company also claimed that the Minister of Forests, Lands and Natural Resource Operations violated their right to procedural fairness by failing to consult the Company before transferring the Land Parcels to the KD owned corporation pursuant to the ITA. The Company further alleged that the Minister of Forests, Lands and Natural Resource Operations failed to consider relevant factors in making his decision, failed to exercise independent judgment in transferring the lands, exceeded his jurisdiction and/or made an error of law by not considering the Company's mineral interests. The Company also made a number of claims regarding the Provincial respondents' failure to provide the Company with relevant information and the provision of misleading information to the Company.

The relief sought by the Company included declarations regarding the violation of the Company's right to procedural fairness, as well as relief with respect to the transfer of the Land Parcels at issue.

On July 12, 2016, the Ministry entered into a Land Transfer Agreement with the relevant KD owned corporation (the "Land Transfer Agreement"). The Land Transfer Agreement provided that the KD owned corporation would re-convey ownership of the Land Parcels to the Province within ten days of an amendment to the ITA.

The Company was not advised of this development by the Province or the respondent ministers, nor was it advised of any negotiations leading up to the execution of the Land Transfer Agreement.

On December 13, 2016, the Ministry entered into an amending agreement to the ITA with the KD Council (the "ITA Amendment") regarding the transfer of certain other parcels in fee simple to the KD Council and a payment of $200,000 to the KD Council for entering into the amended ITA.

On December 15, 2016, counsel for the Provincial respondents wrote to the Company's counsel taking the position that the judicial review proceedings were now moot because the ITA had been amended and the Land Parcels would be transferred back to provincial Crown ownership.

At a Court hearing on January 4, 2017, counsel for the Provincial respondents sought to adjourn the Company's application for document production, and to argue that the judicial review hearing should not proceed on January 17-19, 2017 as planned. In doing so, counsel for the Provincial respondents attempted to rely upon the fact that recently (following the Company's initiation of litigation) the Provincial respondent had indicated that it would reverse the transfer of the Land Parcels. The Court decided to set additional hearing time (January 16-20, 2017) to hear the various motions during the same week that the judicial review itself was scheduled to be heard.

On January 16, 2017, at the Court hearing, both parties presented their arguments on whether the judicial review was moot. On January 17, 2017, the Court rendered its decision that it would not hear the judicial review on the basis that the land parcels had now been transferred back to the Crown; as such the dispute over the third party rights became moot.

With the return of the Land Parcel to Crown ownership, and subject to available funding, the Company will be able to move forward with activities on its mineral properties.

Impairment Write-off of Exploration and Evaluation Assets in 2015

During the year 2015, having identified the continuing depressed metal market prices and the transfer by the Ministry of the two crown land parcels to KDFN, the Company recognized impairment on its Cassiar properties and wrote down the carrying value of the project to its estimated fair value of $7 million. In determining the estimated fair value of the project, the Company primarily considered comparable in-situ valuation and also the amount of exploration expenditures incurred by the Company on the project.

The Company's expenditures on its exploration and evaluation assets were as follows:

As at November 30,		**2016**		**2015**
Balance, beginning of the year	$	7,000,000	$	18,834,105
Exploration costs				
Amortization		-		98,076
Asset retirement obligation		10,969		314,464
Costs incurred during the year		10,969		412,540
Less:				
Mineral exploration tax credits		-		(59,870)
Write-down of exploration and evaluation expenditures		-		(12,186,775)
Balance, end of the year	$	7,010,969	$	7,000,000

During the year ended November 30, 2015, the Company received British Columbia mining exploration tax credits ("BCMETC") from the Canada Revenue Agency in the amount of $59,870 for reimbursements of its 2013 qualifying exploration expenditures on the Cassiar project. The exploration tax credit has been recorded as a reduction to the exploration and evaluation assets.

6. Asset Retirement Obligation ("ARO")

The Company has future obligations relating to retiring its exploration and evaluation assets at the Cassiar Property including dismantling, remediation and treatment of the site. The exact nature and costs of the obligation are subject to change because of the ongoing changes of environmental requirements enacted by government agencies.

A continuity of the asset retirement obligation is as follows:

		November 30, 2016		November 30, 2015
Asset retirement obligation - beginning balance	$	1,619,054	$	1,275,890
Change in estimates		10,969		314,464
Accretion expense		35,130		28,700
Asset retirement obligation - ending balance	$	1,665,153	$	1,619,054

The total discounted cash flow estimated to settle the obligations as at November 30, 2016 was $1,665,153 which was adjusted for inflation at the rate of 2% and then discounted at a risk free rate of 2.16%. Certain minimum amounts of ARO will occur each year with the significant amounts expected to be incurred in 2026.

At November 30, 2016, the Company has $349,444 (2015 - $349,444) of reclamation bonds with the Ministry of Energy and Mines of British Columbia as commitments to meet its regulatory obligations. $85,000 of the reclamation bonds will be maturing on February 9, 2017 and $264,444 on August 11, 2017. The reclamation bonds are interest bearing at prime rate less 0.60% and 0.70% respectively. The reclamation bonds are hypothecated and automatically renewed upon maturity.

7. SHARE CAPITAL

Authorized - unlimited number of common shares without par value

Issued and outstanding – see Consolidated Statements of Changes in Equity

Stock option plan

The Company has a stock option plan whereby the Board of Directors may, from time to time, grant options to directors, officers, employees and consultants. The term of the option grants is from two to five years and the vesting period varies from twelve to eighteen months. The maximum number of common shares reserved for issue shall not exceed 10% of the total number of common shares issued and outstanding as at the grant date.

Stock options

The continuity of the Company's stock options to November 30, 2016 is as follows:

	Number of options		Weighted average exercise price
Balance, November 30, 2014	3,765,000	$	0.13
Forfeited	(585,000)		(0.13)
Balance, November 30, 2015	3,180,000	$	0.13
Expired	(1,865,000)		(0.15)
Balance, November 30, 2016	1,315,000	$	0.10

At November 30, 2016, the Company's outstanding stock options are as follows:

Number of Options Outstanding and Exercisable	Weighted Average Remaining Contractual Life (Yr)		Weighted Average Exercise Price	Expiry Date
1,315,000	0.54	$	0.10	June 14, 2017

8. RELATED PARTY TRANSACTIONS

In September 2016, the Company received a director's loan in the amount of US$200,000 (CAD $263,720) bearing interest at 8% per annum and payable on September 21, 2017 (the "Maturity Date"). The Maturity Date can be extended for an additional term of one year to September 21, 2018. At November 30, 2016, interest of $4,085 was accrued on the loan.

NAM, the Company's Beijing subsidiary, had an office lease with Beijing Mansion No. 1 Real Estate Ltd., a company owned by a director of the Company. The subsidiary was charged office rents of $12,074 for the first quarter of 2015 until the lease was terminated in February 2015. The Company had nil amount (2015 - $nil) owed to this related party.

Key management compensation

The Company's key management personnel are the directors, Chief Executive Officer and Chief Financial Officer. Their aggregate compensation is as follows:

		Year ended November 30, 2016		2015
Remuneration and short-term benefits	$	102,334	$	255,768
Share-based payments		-		-
Total compensation	$	102,334	$	255,768

9. COMMITMENT AND CONTINGENCY

a) The Company has an office lease commitment of $8,325 in total with the expiry date on August 31, 2017.

b) In September 2015, the Company received notice from the British Columbia Environment Health Services ("Health Services") that there was evidence of domestic sewage discharge to its camp site community's drinking water due to a breakage in the Company's camp sewage system. The existing sewerage system must be repaired and the water must be tested to the Health Services' drinking water standards. Prior to November 30, 2016, the sewerage system was remediated; however, as severe weather conditions at the camp has hampered access to the water, Health Services has provided the Company with an extension until Spring 2017 to complete water testing and analysis by an accredited laboratory acceptable to Health Services. The Company accrued in 2015 estimated remediation costs of $63,000, of which $52,744 had been incurred in 2016 and the remaining costs of water sampling will be expended in 2017. In September 2016, the Company received an insurance payment of $60,508 for the sewerage damage claim.

10. OTHER INCOME

Other income for the year ended November 30, 2016 was $nil (2015 – $66,176) relating to the rentals of some of the Cassiar camp facilities and the provision of administrative services to a mineral exploration operation.

11. SEGMENTED INFORMATION

The Company has one operating segment, being the acquisition, exploration and evaluation of mineral properties and two geographic segments - Canada and China. Their assets, liabilities, expenses and other income are as follows:

		Year ended November 30, 2016 Canada		China		Total
Current assets	$	279,808	$	5,819	$	285,627
Property, plant and equipment		503,654		-		503,654
Reclamation bonds		349,444		-		349,444
Exploration and evaluation assets		7,010,969		-		7,010,969
Total assets	$	8,143,875	$	5,819	$	8,149,694
Current liabilities	$	360,722		-	$	360,722
Asset retirement obligation		1,665,153		-		1,665,153
Total liabilities	$	2,025,875		-	$	2,025,875
Expenses	$	(317,245)	$	(2,591)	$	(319,836)
Other income		6,635		189		6,824
Cumulative translation adjustments		-	$	(485)		(485)
Loss and comprehensive loss for the year	$	(310,610)	$	(2,887)	$	(313,497)

	Year ended November 30, 2015		
	Canada	China	Total
Current assets	$ 290,785	$ 8,706	$ 299,491
Property, plant and equipment	562,428	-	562,428
Reclamation bonds	349,444	-	349,444
Exploration and evaluation assets	7,000,000	-	7,000,000
Total assets	$ 8,202,657	$ 8,706	$ 8,211,363
Current liabilities	$ 154,993	-	$ 154,993
Asset retirement obligation	1,619,054	-	1,619,054
Total liabilities	$ 1,774,047	-	$ 1,774,047
Expenses	$ (695,590)	$ (33,859)	$ (729,449)
Other income (expense)	(12,402,117)	230	(12,401,887)
Cumulative translation adjustments	-	3,493	3,493
Loss and comprehensive loss for the year	$ (13,097,707)	$ (30,136)	$ (13,127,843)

12. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, short term investments, other receivables, accounts payable and loan payable to related party.

The fair values of the Company's cash and cash equivalents, short-term investments and other receivables approximate their carrying values, which are the amounts receivable on the consolidated statements of financial position date.

Financial risk management

The Company's objective in risk management is to maintain its ability to continue as a going concern. It is exposed to the following risks:

Liquidity risk

Liquidity risk is the risk that the Company might not be able to meet its obligations and commitments as they come due. As at November 30, 2016, the Company had cash of $271,304, a working capital deficiency of $75,095 and a deficit of $55,195,868.

The Company manages liquidity risk with an annual budget to identify the timeline and amounts of its financial requirements. In September 2016, the Company received a director's loan of $263,720 (US$200,000). Based on the Company's 2017 budget, the Company will require additional debt or equity financing to meet its obligations for the next twelve months. (See Note 1).

Credit risk

Credit risk arises from cash and cash equivalents and short-term investments held with financial institutions as well as credit exposure on outstanding receivables.

The Company's cash and cash equivalents, including guaranteed investment certificates, are held at high-credit rating financial institutions. The Company's maximum exposure to credit risk is the carrying amounts of cash and receivables on its consolidated statement of financial position.

13. CAPITAL MANAGEMENT

The Company's capital management objective is to ensure its ability to continue as a going concern to meet its operational obligations and to maintain capital access to fund its Cassiar mineral exploration activities.

The capital that the Company manages is the total of liabilities and equity on the consolidated statements of financial position. The Company may modify the capital structure to meet its funding needs by issuing new equity shares and/or debt instruments, disposing assets or bringing in joint venture partners. To facilitate the management of its capital, the Company prepares annual budgets approved by the Board of Directors. The budget is reviewed and updated periodically to account for changes in the expenditures and economic conditions.

14. INCOME TAXES

a) A reconciliation of deferred taxes (recovery) at statutory rates with the reported taxes is as follows:

		2016		2015
Loss before income taxes	$	(313,012)	$	(13,131,336)
Statutory tax rate		26%		26%
Expected income tax recovery at statutory rates		(81,383)		(3,414,147)
Non-deductible expenses		628		1,011
Unrecognized benefits of non-capital losses		80,755		3,413,136
Total deferred tax recovery	$	-	$	-

b) Details of deferred tax assets are as follows:

		2016		2015
Equipment	$	1,045,181	$	1,029,900
Resource deductions		2,329,884		2,332,736
Financing costs		-		-
Asset retirement obligation		432,940		420,954
Non-capital losses available for future periods		6,649,194		6,741,805
		10,457,199		10,525,395
Unrecognized tax benefits		(10,457,199)		(10,525,395)
Net deferred tax assets	$	-	$	-

As of November 30, 2016, the Company has non-capital losses for Canadian income tax purposes of approximately $25,573,822 which can be carried forward to reduce taxable income in future years. These tax losses expire at various times between years 2017 and 2036. In addition, the Company has resource deductions available to reduce taxable income of future years. The Company did not recognize deferred income tax assets because the Company has a history of losses as evidenced by its accumulated deficit.

15. SUBSEQUENT EVENT

On December 15, 2016, the Province advised the Company that the Crown's land parcels which were transferred to Kaska Dena Council in April 2015 would be returned to the Crown ownership.

At the Court hearing held on January 4, 2017, the Province sought to adjourn the Company's application for document production, and to argue that the judicial review hearing should not proceed on January 17-19, 2017, as the land parcels would be returned to the Crown.

On January 16, 2017, at the Curt hearing, both parties presented their arguments on whether the judicial review was moot. On January 17, 2017, the Court rendered its decision that it would not hear the judicial review on the basis that the land parcels had now been transferred back to the Crown; as such the dispute over the third party rights became moot.