

**OMINECA MINING AND METALS LTD.**  
**(An Exploration Stage Corporation)**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the period ended September 30, 2016

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

**OMINECA MINING AND METALS LTD.**  
**(An Exploration Stage Corporation)**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the condensed consolidated interim financial statements for the period ended September 30, 2016.

**NOTICE TO READER OF THE**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The Management of Omineca Mining and Metals Ltd. is responsible for the preparation of the accompanying condensed consolidated interim financial statements as at September 30, 2016.

These condensed consolidated interim financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company, MacKay LLP.

The condensed consolidated interim financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with International Financial Reporting Standards ("IFRS").

*"Timothy J Termuende"*

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Timothy J. Termuende, P. Geo  
Chief Executive Officer

*"Glen J Diduck"*

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Glen J. Diduck, CPA, CA  
Chief Financial Officer

**OMINECA MINING AND METALS LTD.**  
**(An Exploration Stage Corporation)**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Unaudited – prepared by management)  
Expressed in Canadian dollars

	Sep 30 2016 (unaudited)	Dec 31 2015 (audited)
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 89,778	\$ 12,598
Accounts receivable	8,802	4,829
Prepaid expenses	6,044	4,162
Current investments (Note 4)	13,331	16,814
BCMETC receivable	9,513	40,548
	<u>127,468</u>	<u>78,951</u>
Reclamation bonds (Note 12)	65,000	65,000
Property and equipment (Note 5)	18,753	44,928
Exploration and evaluation assets (Notes 6 and 11)	7,227,748	7,182,358
	<u>\$7,438,969</u>	<u>\$7,371,237</u>
<b>Liabilities and Shareholder's Equity</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 11)	\$ 355,491	\$ 283,337
<b>Long term payables</b>		
Decommissioning provision (Note 12)	85,407	\$85,407
Debenture payable (Note 7)	65,000	65,000
	<u>6,433,838</u>	<u>6,365,193</u>
	<u>6,969,736</u>	<u>6,798,937</u>
<b>Shareholder's equity</b>		
Share capital (Note 8)	16,988,397	16,841,947
Equity component of convertible debenture (Note 7)	448,116	144,872
Contributed surplus (Note 8)	546,762	361,748
Accumulated other comprehensive loss (Notes 4 and 16)	(8,788)	(37,555)
Deficit	(17,475,254)	(16,738,712)
	<u>499,233</u>	<u>572,300</u>
	<u>\$7,438,969</u>	<u>\$7,371,237</u>
<b>Nature and continuance of operations (Note 1)</b>		
<b>Commitments and contingencies (Note 12)</b>		
<b>Subsequent events (Note 17)</b>		

**On behalf of the Board:**

"Timothy J Termuende" Director  
Mr. Timothy J. Termuende (Signed)

"Andrew Davidson" Director  
Mr. Andrew Davidson (Signed)

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

**OMINECA MINING AND METALS LTD.**  
**(An Exploration Stage Corporation)**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
(Unaudited – prepared by management)  
Expressed in Canadian dollars

	Three Months Ended Sep 30		Nine Months Ended Sep 30	
	2016	2015	2016	2015
<b>Expenses</b>				
Administration costs	\$ 25,030	\$ 47,882	\$ 104,816	\$ 148,355
Professional fees (Note 11)	5,333	10,500	29,680	49,343
Public company costs	2,010	7,746	12,863	19,301
Trade shows, travel and promotion	6,056	7,389	29,444	42,519
<b>Loss before other expenses</b>	<b>38,429</b>	73,517	<b>176,803</b>	259,518
<b>Other expenses</b>				
Depreciation	1,802	4,795	8,520	14,386
Share-based payments (Note 8)	1,269	-	185,014	-
Write down of exploration and evaluation assets (Note 6)	94,961	131,278	371,888	385,595
<b>Loss before other items</b>	<b>(136,461)</b>	(209,590)	<b>(742,225)</b>	(659,499)
<b>Other items</b>				
Investment income	126	71	149	1,383
Loss on sale of investments	(13,508)	-	(13,508)	-
Gain on disposal of property and equipment	17,345	-	17,345	-
Option proceeds in excess of carrying value	-	-	-	3,952
Other income	1,550	183	1,700	2,885
Premium on flow-through shares	-	906	-	13,550
<b>Loss for the period</b>	<b>(130,948)</b>	(208,430)	<b>(736,539)</b>	(637,729)
Other comprehensive gain (loss)				
Unrealized gain (loss) on investments	13,974	(2,601)	28,767	(5,301)
<b>Comprehensive loss for the period</b>	<b>\$(116,974)</b>	\$(211,031)	<b>\$(707,772)</b>	\$(643,030)
<b>Earnings per share – basic and diluted (Note 10)</b>	<b>\$(0.00)</b>	\$(0.00)	<b>\$(0.01)</b>	\$(0.01)
<b>Weighted average number of shares – basic and diluted (Note 10)</b>	<b>73,894,386</b>	70,916,386	<b>72,455,019</b>	69,999,768

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

**OMINECA MINING AND METALS LTD.**  
**(An Exploration Stage Corporation)**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
(Unaudited - prepared by management)  
Expressed in Canadian dollars

	Share Capital		Equity Component of Convertible Debenture	Contributed surplus		Accumulated Other Comprehensive Income	Deficit	Total
	Shares	Amount		Share-based payments	Warrant reserve			
Balance, June 30, 2015	70,916,386	\$16,841,947	\$144,872	\$361,748	\$ -	\$(37,600)	\$(16,262,399)	\$1,048,568
Residual value of warrants issued	-	13,550	-	(13,550)	-	-	-	-
Other comprehensive loss for the period	-	-	-	-	-	(2,601)	-	(2,601)
Loss for the period	-	-	-	-	-	-	(208,430)	(208,430)
<b>Balance, September 30, 2015</b>	<b>70,916,386</b>	<b>\$16,855,497</b>	<b>\$144,872</b>	<b>\$348,198</b>	<b>\$ -</b>	<b>\$(40,201)</b>	<b>\$(16,470,829)</b>	<b>\$ 837,537</b>
Balance, June 30, 2016	73,894,386	\$16,988,397	\$144,872	\$531,943	\$13,550	\$(22,762)	\$(17,344,306)	\$ 311,694
Recognition of equity portion of amended convertible debenture	-	-	303,244	-	-	-	-	303,244
Share-based payments	-	-	-	1,269	-	-	-	1,269
Other comprehensive gain for the period	-	-	-	-	-	13,974	-	13,974
Loss for the period	-	-	-	-	-	-	(130,948)	(130,948)
<b>Balance, September 30, 2016</b>	<b>73,894,386</b>	<b>\$16,988,397</b>	<b>\$448,116</b>	<b>\$533,212</b>	<b>\$13,550</b>	<b>\$ (8,788)</b>	<b>\$(17,475,254)</b>	<b>\$ 499,233</b>

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

**OMINECA MINING AND METALS LTD.**  
**(An Exploration Stage Corporation)**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Unaudited – prepared by management)  
Expressed in Canadian dollars

	Three Months Ended Sep 30		Nine Months Ended Sep 30	
	2016	2015	2016	2015
<b>Cash flows from operating activities</b>				
Loss for the period	\$(130,948)	\$(208,430)	\$(736,539)	\$(637,729)
Adjustment for:				
Depreciation	1,802	4,795	8,520	14,386
Gain on disposal of property and equipment	(17,345)	-	(17,345)	-
Loss on sale of investments	13,508	-	13,508	-
Option proceeds in excess of carrying value	-	-	-	(3,952)
Premium on flow through shares	-	(906)	-	(13,550)
Share-based payments	1,269	-	185,014	-
Write down of evaluation and exploration assets	94,961	131,278	371,888	385,595
	<u>(36,753)</u>	<u>(73,263)</u>	<u>(174,954)</u>	<u>(255,250)</u>
Changes in non-cash working capital items				
(Increase) decrease in accounts receivable	3,139	30,983	(3,974)	18,246
Decrease in BCMETC receivable	39,832	-	39,832	-
(Increase) decrease in prepaids	1,706	(5,119)	(1,882)	(1,619)
Increase (decrease) in accounts payable	(1,827)	(672)	72,153	(100,779)
	<u>6,097</u>	<u>(48,071)</u>	<u>(68,825)</u>	<u>(339,402)</u>
<b>Cash flows from financing activities</b>				
Proceeds from financings	-	-	147,500	271,000
Share issue costs	-	-	(1,050)	(11,814)
	<u>-</u>	<u>-</u>	<u>146,450</u>	<u>259,186</u>
<b>Cash flows from investing activities</b>				
Purchase reclamation bond	-	-	-	(25,000)
Proceeds from sale of investments	23,242	-	23,242	-
Exploration and evaluation assets	(4,650)	(27,015)	(58,687)	(326,822)
Proceeds from disposal of property and equipment	35,000	-	35,000	-
	<u>53,592</u>	<u>(27,015)</u>	<u>(445)</u>	<u>(351,822)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>59,689</b>	<b>(75,086)</b>	<b>77,180</b>	<b>(432,038)</b>
Cash and cash equivalents, beginning of period	30,089	99,417	12,598	456,369
<b>Cash and cash equivalents, end of period</b>	<b>\$ 89,778</b>	<b>\$ 24,331</b>	<b>\$ 89,778</b>	<b>\$ 24,331</b>
<b>Cash and cash equivalents comprise:</b>				
Bank deposits	\$ 78,741	\$ 18,817	\$ 78,741	\$ 18,817
Term deposits	11,037	5,514	11,037	5,514
	<u>\$ 89,778</u>	<u>\$ 24,331</u>	<u>\$ 89,778</u>	<u>\$ 24,331</u>

The Company made no cash payments for income taxes or interest.  
The Company received cash payments of \$126 (2015 - \$71) for interest.  
See Note 14 Supplemental Cash Flow Information

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

**September 30, 2016 and 2015**

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## **1. Nature and Continuance of Operations**

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Omineca Mining and Metals Ltd. (the "Company", "OMM") was incorporated on March 15, 2011, pursuant to the Alberta Business Corporation Act (Alberta), and is extra-provincially registered in the Yukon and British Columbia. The Company is a junior resource company holding properties in British Columbia and the Yukon for the purpose of exploring for, and the development of mineral resources. As the Company has not commenced production on any of its mining properties the Company is an exploration stage company. The ultimate parent company is 49 North Resources Inc., who owns 64.26% of the share capital of the Company and is the ultimate controlling party.

The Company's corporate office and principal place of business is Suite 200, 44-12<sup>th</sup> Avenue South, Cranbrook, British Columbia, Canada.

Management believes the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. These uncertainties cast a substantial doubt regarding the Company's ability to continue as a going concern. External financing, predominantly by the issuance of equity to the public, will be sought to finance the operations of the Company. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

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## **2. Basis of Preparation**

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### **(a) Statement of Compliance**

The unaudited condensed consolidated interim financial statements for the Company for the period ending September 30, 2016 and 2015 are prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standard 34 ("IAS 34"), Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These unaudited condensed consolidated interim financial statements were authorized for issue by the Company's Board of Directors on November 25, 2016.

### **(b) Basis of Measurement**

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss ("FVTPL") and available-for-sale ("AFS") which are stated at their fair value. In addition, these unaudited condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These unaudited condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

### **(c) Use of Estimates and Judgments**

The preparation of financial statements in compliance with IFRS requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Financial results as determined by actual events could differ from these estimates.

The estimates and underlying assumptions are evaluated and reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

**September 30, 2016 and 2015**

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## **2. Basis of Preparation - continued**

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### Significant accounting estimates

- i. The inputs used in accounting for share-based payments in profit or loss.
- ii. Amounts of provisions, if any, for environmental rehabilitation and restoration.

### Significant accounting judgments

- i. The determination of categories of financial assets and financial liabilities.
  - ii. The assessment of indications of impairment of each exploration and evaluation property and related determination of the recoverable amount and write-down of those properties where applicable.
  - iii. The assessment of the going concern assumption (see Note 1).
  - iv. The realization of the deferred income tax asset or liability.
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## **3. Significant Accounting Policies**

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The accounting policies set out below have been applied consistently to all periods presented in these unaudited condensed consolidated interim financial statements. The accounting policies have been applied consistently by the Company and its wholly-owned subsidiary. The unaudited condensed consolidated interim financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

### a) Principles of consolidation

The unaudited condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary, CVG Mining Ltd. ("CVG"). All significant intercompany balances and transactions have been eliminated.

### b) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances, term deposits and investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

### c) Financial instruments

The Company holds various financial instruments. Unless otherwise indicated, it is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Financial instruments recognized in the unaudited condensed consolidated interim statements of financial position include cash and cash equivalents, accounts receivable, current and long term investments, reclamation bonds, accounts payable and accrued liabilities and debenture payable.

#### Financial assets

##### Financial assets at fair value through profit or loss ("FVTPL")

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 with any resultant gain or loss recognized in profit or loss.

The Company has classified cash and cash equivalents as FVTPL.

##### Available-for-sale ("AFS") financial assets

Investments in marketable securities are classified as AFS financial assets. Investments are initially recognized at fair value and are subsequently carried at fair value with changes recognized in other comprehensive income or loss. Fair value is based on quoted closing bid prices for publicly traded shares without recognizing the possible effects of price fluctuations, quantities traded and similar items. Regular way purchases and sales of financial assets are accounted for at settlement date.



**September 30, 2016 and 2015**

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### **3. Significant Accounting Policies - continued**

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Investments in entities in which the Company does not have control or significant influence are designated as available-for-sale. The fair value for investments designated as available-for-sale is recorded on the unaudited condensed consolidated interim statement of financial position, with unrealized gains and losses, net of related income taxes, recorded in accumulated other comprehensive income ("AOCI"). The cost of securities sold is based on the specific identification method. Realized gains and losses, including any impairment loss, on these equity securities are removed from AOCI and recorded in income or loss.

Shares held in escrow have been valued at fair value, discounted by the put option for the length of the escrow period; which is calculated using the Black-Scholes option-pricing model.

The Company has classified current and long-term investments as AFS financial assets.

#### Loans and receivables

Accounts receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost less impairment losses.

The impairment loss of receivables is based on a review of all outstanding amounts at period end. Bad debts are written off during the period in which they are identified.

The Company has classified accounts receivable and reclamation bonds as loans and receivables.

Transaction costs associated with FVTPL and AFS financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

#### Impairment of financial assets

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset is impaired. Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

Where the decline is permanent the Company will write-off the investment through profit or loss (with the net effect to the equity section the same).

#### Financial liabilities

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities and debenture payable are classified as other-financial-liabilities.

#### d) Exploration and evaluation expenditures

##### Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

##### Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs and payments made to contractors during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

**September 30, 2016 and 2015**

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### **3. Significant Accounting Policies - continued**

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The Company may occasionally enter into option arrangements, whereby the Company may transfer part of a mineral interest, as consideration, for an agreement by the optionee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the optionee on its behalf. Any cash or other consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess consideration accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss. The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount and at the end of each reporting period.

Under IFRS 6 Exploration for and Evaluation of Mineral Resources, one or more of the following facts and circumstances indicate that an entity should test exploration and evaluation assets for impairment:

- i. The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- ii. Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- iii. Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- iv. Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties. As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Exploration and evaluation expenditures are classified as intangible assets.

e) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets requiring a substantial period of time to get ready for their intended use or sale are capitalized as part of the cost of that asset.

f) Mineral tax credit

The Federal and Provincial taxation authorities provide companies with tax incentives for undertaking mineral exploration programs in certain areas. The Company accrues these credits as a reduction of exploration and evaluation expenditures in the period that the related expenditures were incurred. These accrued credits are subject to review by the relevant authorities and by their nature are subject to measurement uncertainty. Adjustments if any, resulting from such a review are recorded in the period that the tax filings are amended.

g) Option Agreements

Certain of the Company's activities are conducted through joint arrangements in which two or more parties have joint control. A joint arrangement is classified as either a joint operation or a joint venture, depending on the rights and obligations of the parties to the arrangement.

Joint operations arise when the Company has a direct ownership interest in jointly controlled assets and obligations for liabilities. The consolidated financial statements include the Company's interest in the assets, liabilities, revenues, expenses, and cash flows of this type of arrangement.

Joint ventures arise when the Company has rights to the net assets of the arrangement. For these arrangements the

**September 30, 2016 and 2015**

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### **3. Significant Accounting Policies - continued**

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Company uses the equity method of accounting and recognizes initial and subsequent investments at cost, adjusting for the Company's share of the joint venture's income or loss, less dividends received thereafter. Joint ventures are tested for impairment whenever objective evidence indicates that the carrying amount of the investment may not be recoverable under the equity method of accounting. The impairment amount is measured as the difference between the carrying amount of the investment and the higher of its fair value less costs of disposal and its value in use.

Impairment losses are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

#### **h) Property and equipment**

Property and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items. The depreciation method, useful life and residual values are assessed annually.

Depreciation is determined using the declining balance method, using the rates below which approximate the estimated useful life of the asset:

Excavation equipment	30% per annum
Computer equipment	50% per annum
Furniture, fixtures and equipment	20% per annum
Vehicles	30% per annum

An item is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

#### **i) Impairment of non-financial assets**

At the end of each reporting period the carrying amounts of the assets are reviewed to determine whether there is any indication that those assets are impaired. Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's value in use and fair value less costs to sell. 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. The impairment loss is recognized in profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized immediately in profit and loss.

#### **j) Rehabilitation obligations**

The Company recognizes the fair value of a legal or constructive liability for a rehabilitation obligation in the period in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. Changes in the liability for rehabilitation obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in profit or loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

#### **k) Income taxes**

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income (loss).

**September 30, 2016 and 2015**

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### **3. Significant Accounting Policies - continued**

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Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current period and any adjustment to income taxes payable in respect of previous periods. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

#### **l) Share capital**

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants, options, equity portion of convertible debenture and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity.

#### **Valuation of equity units issued in private placements**

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 fair value of common shares issued in private placements was determined to be the more easily measurable component and 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 attached warrants. Any fair value attributed to warrants is recorded to contributed surplus.

#### **Flow-through shares**

Resource expenditure deductions for income tax purposes related to exploratory activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's year is disclosed separately as flow-through share commitments in Note 12, if any.

The Company may also be subject to Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financing expense until qualifying expenditures are incurred.

#### **m) Per share amounts**

Basic earnings per common share are computed by dividing the net income for the period by the weighted average number of common shares outstanding for the period. Diluted earnings per share amounts reflect the potential

**September 30, 2016 and 2015**

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### **3. Significant Accounting Policies - continued**

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dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to re-purchase common shares of the Company at the average market price during the period.

#### **n) Share-based payments**

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. The fair value of options to purchase common shares is calculated at the date of the grant using the Black-Scholes option-pricing model. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

#### **o) New accounting pronouncements**

Certain new accounting standards and interpretations have been published that are mandatory for the September 30, 2016 reporting period. There was no significant impact to the unaudited condensed consolidated interim financial statements as a result of adopting these amendments effective January 1, 2016.

##### **IFRS 2 Share-based Payment**

The amendment clarifies vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition.

##### **IFRS 13 Fair Value Measurement**

This amendment clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation. This amendment also clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-

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### **3. Significant Accounting Policies - continued**

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term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

#### IAS 1 Disclosure Initiatives

Amends IAS 1 Presentation of Financial statements to clarify that information should not be obscured by aggregating or providing immaterial information and that materiality considerations apply to all parts of the financial statements.

#### IAS 24 Related Party Disclosures

The amendments to IAS 24 clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation.

#### IAS 16 Property, Plant and Equipment

The amendment clarifies the requirements for the revaluation method to address concerns about the calculation of the accumulated depreciation or amortization at the date of the revaluation.

Certain new accounting standards and interpretations have been published that are not mandatory for the September 30, 2016 reporting period. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its unaudited condensed consolidated interim financial statements or whether to early adopt any of the new requirements. The following is a brief summary of the new standards:

#### IAS 7 – Statement of Cash Flows

Amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The amendments require disclosures that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. They are effective for annual periods beginning on or after January 1, 2017, with earlier application being permitted.

#### IFRS 9 – Financial instruments

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income. The application of this standard is effective for annual periods beginning on or after January 1, 2018.

#### IFRS 15 – Revenue from contracts with customers

IFRS 15 clarifies the principles for recognizing revenue from contracts with customers. The application of this standard is effective for annual periods beginning on or after January 1, 2018.

#### IFRS 16 – Leases

The new standard recognizes most leases for lessees under a single model, eliminating the distinction between operating and finance leases. The application of this standard is effective for annual periods beginning on or after January 1, 2019.

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### **4. Investments**

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The Company holds securities that have been designated as available-for-sale as follows:

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**4. Investments - continued**

	<b>September 30, 2016</b>		<b>December 31, 2015</b>	
	<b>Market Value</b>	<b>Cost</b>	<b>Market Value</b>	<b>Cost</b>
<b>Current:</b>				
Common shares in public companies	<b>\$ 13,331</b>	<b>\$ 22,119</b>	<b>\$ 16,814</b>	<b>\$ 54,369</b>

For securities traded in an active market, market value is based on the quoted closing bid prices of the securities at September 30, 2016 and 2015. The fair value of these securities may differ from the quoted trading price due to the effect of market fluctuations and adjustment for quantities traded. Cost is calculated using the quoted closing bid price on the date of receipt of the securities.

The company sold securities during the quarter, receiving proceeds of \$23,242 (2015 - \$nil) with resultant losses on sales recorded of \$13,508 (2015 - \$nil).

The Company recorded other comprehensive gain (loss) of \$13,974 (2015 - (\$2,601)) in the period, resulting in accumulated other comprehensive loss of \$8,788 (2015 - \$37,555) at September 30, 2016.

**5. Property and Equipment**

<b>Cost</b>	<b>Excavation Equipment</b>	<b>Computer Equipment</b>	<b>Furniture Fixtures &amp; Equipment</b>	<b>Vehicles</b>	<b>Total</b>
Balance at June 30, 2015	\$323,934	\$527	\$1,473	\$17,850	\$343,784
Additions/Disposals	-	-	-	-	-
<b>Balance at September 30, 2015</b>	<b>323,934</b>	<b>527</b>	<b>1,473</b>	<b>17,850</b>	<b>343,784</b>
Balance at June 30, 2016	323,934	527	1,473	17,850	343,784
Additions/Disposals	(156,500)	-	-	-	(156,500)
<b>Balance at September 30, 2016</b>	<b>\$167,434</b>	<b>\$527</b>	<b>\$1,473</b>	<b>\$17,850</b>	<b>\$187,284</b>
<b>Accumulated Depreciation</b>					
Balance at June 30, 2015	\$272,199	\$527	\$1,011	\$15,528	\$289,265
Depreciation	4,565	-	25	205	4,795
<b>Balance at June 30, 2015</b>	<b>276,764</b>	<b>527</b>	<b>1,036</b>	<b>15,733</b>	<b>294,060</b>
Balance at June 30, 2016	\$287,718	\$527	\$1,105	\$16,224	\$305,574
Depreciation	1,638	-	21	143	1,802
Disposals	(138,845)	-	-	-	(138,845)
<b>Balance at September 30, 2016</b>	<b>\$150,511</b>	<b>\$527</b>	<b>\$1,126</b>	<b>\$16,367</b>	<b>\$168,531</b>
<b>Carrying Value</b>					
At September 30, 2015	\$ 47,170	\$ -	\$ 437	\$ 2,117	\$ 49,724
<b>At September 30, 2016</b>	<b>\$ 16,923</b>	<b>\$ -</b>	<b>\$ 347</b>	<b>\$ 1,483</b>	<b>\$ 18,753</b>

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**6. Exploration and Evaluation Assets**

The Company has classified its exploration and evaluation properties into two geographical locations, namely British Columbia and the Yukon. The following is a summary of the properties:

	British Columbia			Yukon	Total
	Abo	Fraser Canyon	Wingdam	Kiwi	
June 30, 2015	\$1	\$38,279	\$6,912,676	\$202,795	\$7,153,751
Exploration costs	-	2,300	25,914	-	28,214
Accretion & interest	-	-	131,278	-	131,278
BCMETS claim	-	(1,391)	(5,087)	-	(6,478)
Write-down of exploration and evaluation assets	-	-	(131,278)	-	(131,278)
<b>September 30, 2015</b>	<b>\$1</b>	<b>\$39,188</b>	<b>\$6,933,503</b>	<b>\$202,795</b>	<b>\$7,175,487</b>
June 30, 2016	\$1	\$ 7,500	\$7,030,099	\$194,295	\$7,231,895
Exploration costs	-	1,650	3,000	-	4,650
Accretion & interest	-	-	94,961	-	94,961
BCMETS claim	-	-	(8,797)	-	(8,797)
Write-down of exploration and evaluation assets	-	-	(94,961)	-	(94,961)
<b>September 30, 2016</b>	<b>\$1</b>	<b>\$ 9,150</b>	<b>\$7,024,302</b>	<b>\$194,295</b>	<b>\$7,227,748</b>

Summary of exploration expenditures for the period:

2016	Wingdam	Fraser Canyon	Total
	Analytical	\$3,000	\$ -
Labour costs	-	1,450	1,450
Travel	-	200	200
	<b>\$3,000</b>	<b>\$1,650</b>	<b>\$4,650</b>

2015	Wingdam	Fraser Canyon	Total
	Mine plan	\$17,250	\$ -
Equipment rental	256	-	256
Geophysical	6,100	-	6,100
Geological	2,308	-	2,308
Field personnel	2,100	-	2,100
Transportation	200	-	200
	<b>\$28,214</b>	<b>\$ -</b>	<b>\$28,214</b>

As at September 30, 2016, the Company has executed option agreements with third parties on the following projects:

**BC Projects**

**Abo (Harrison) Project**

The 2,427 ha property, consisting of 11 claim units, is situated north of Harrison Hot Springs, B.C. One claim, Hot 4, is subject to a 2% NSR.



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**6. Exploration and Evaluation Assets - continued**

On November 17, 2011, the Company completed an option agreement whereby Sierra Madre Developments Inc. ("Sierra") can earn a 100% interest in the property by making exploration expenditures of \$3,000,000 and completing payments of 1,333,334 post-consolidated shares and \$1,000,000 cash over a five year period. The property is subject to a 2% Net Smelter Return Royalty payable to the Company. Sierra has the right to purchase 1% of the Royalty at any time for the sum of \$1,000,000 in cash.

On May 21, 2015, the Company and Sierra amended the option agreement agreeing to extend the share payment and expenditure due dates for a period of one year and to reduce the total expenditure requirements to \$2,000,000; and by amending the terms of the cash payments such that \$400,000 may be made in shares of Sierra and the balance of \$500,000 paid in instalments by way of an Advanced Preferred Royalty. In consideration, Sierra agrees to issue an additional 1,500,000 shares. Payments are now due as follows:

Cash Payments	Share Payments	Exploration Expenditures	Due Date
\$ 25,000	-	\$ -	On execution date (received)
25,000	66,667	-	December 5, 2011 (received)
50,000	100,000	100,000	December 5, 2012 (received and completed)
-	166,667	-	Upon revocation of cease trade order or December 31, 2015 (outstanding)
-	166,667	50,000	December 31, 2015 (outstanding)
-	333,333	100,000	December 31, 2016
-	500,000	100,000	December 31, 2017
400,000	1,500,000	1,650,000	December 31, 2018
<u>\$ 500,000</u>	<u>2,833,334</u>	<u>\$ 2,000,000</u>	

**Wingdam Project**

CVG entered into an option agreement to acquire a 100% interest in certain placer claims and mineral leases (the "Wingdam Project") in the province of British Columbia. As part of the option agreement, CVG paid \$2,500,000 and consequently owns 100% of the mineral rights on property, subject to a 1% net smelter royalty payable to the vendor. CVG has the ability to acquire the rights to the net smelter royalties from the vendor at any time for an amount of \$1,000,000.

The Wingdam project is currently permitted under a BC Ministry of Natural Resource Operations permit and a BC Ministry of Environment Effluent Discharge permit, and has been under care and maintenance since September 25, 2012. On January 21, 2015 the Company received an amendment to its Wingdam Project Mines Act permit from the BC Ministry Of Energy and Mines.

**Fraser Canyon Project**

CVG entered into an option agreement to acquire a 100% interest in certain placer claims and mineral leases (the "Fraser Canyon Project") in the province of British Columbia. As part of the option agreement, CVG paid \$30,000 and consequently owns 100% of the mineral rights of the property, subject to a 2.5% net smelter royalty payable to the vendor. CVG has the ability to acquire the rights to the net smelter royalties from the vendor at any time for an amount of \$250,000.

The Company has written down the project as no work is planned in the near future and, per IFRS 6, this fact indicates there is impairment in the project value.

**Yukon Projects**

**Kiwi Project**

On February 15, 2013, the Company and HFX Holding Corp. ("HFX") entered into a letter agreement whereby HFX may earn a 100% interest in the Kiwi Gold Property, located in central Yukon. Under the terms of the agreement, HFX has the option to earn a 100% interest in the property by making \$320,000 in cash payments

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**6. Exploration and Evaluation Assets - continued**

and issuing 800,000 common shares to Omineca over 6 years. Omineca will maintain a 2% Net Smelter Royalty on the claims, which may be reduced to 1% upon payment of \$1,000,000. On July 11, 2015, the Company and HFX amended the option agreement agreeing to amend the terms of the cash payments such that in lieu of the \$40,000 due July 12, 2015, HFX will issue 100,000 shares due March 1, 2016. Payments are due as follows:

Cash Payments	Share Payments	<u>Due Date</u>
\$ 30,000	50,000	July 12, 2013 (received)
-	100,000	July 12, 2014 (received)
-	100,000	July 12, 2015 (received)
-	100,000	March 1, 2016 (received)
50,000	150,000	July 12, 2016 (outstanding)
50,000	150,000	July 12, 2017
75,000	250,000	July 12, 2018
75,000	-	July 12, 2019
<u>\$ 280,000</u>	<u>900,000</u>	

**7. Convertible Debenture**

The Company has a convertible debenture with 49 North Resources Inc. The debenture was amended on September 19, 2016 extending the maturity by three years to October 1, 2021 (previously October 1, 2018). Under the Amended Debenture, 49 North can convert the principal amount into common shares of Omineca at a conversion price of \$0.20 per common share prior to October 1, 2017; \$0.50 per common share on or after October 1, 2017 but prior to October 1, 2018; and \$0.75 per common share on or after October 1, 2018 (previously \$1.25 after October 1, 2015). The debenture bears interest of 8% per annum, calculated and compounded monthly and is payable upon maturity at October 1, 2021. Accrued interest on the Amended Debenture is also convertible at a conversion price equal to the greater of the minimum price per common share permitted by the TSXV and the prevailing conversion price applicable to the principal amount at the time of conversion. The Amended Debenture is subject to TSX Venture Exchange approval (approval received November 7, 2016.)

The change in terms of the debt resulted in less than a 10% change in cash flows, therefore it is considered a modification of the original debt, rather than an extinguishment of the old debt and the recognition of a new debt.

Payments against principal and interest shall be payable in the event ore sales are generated. The Company's wholly owned subsidiary, CVG Mining Ltd., has guaranteed the debenture and grants to 49 North Resources Inc. a fixed and specific first ranking mortgage, assignment and charge in the Wingdam property.

The convertible debenture has been classified into its separate debenture liability and equity portions in the Company's consolidated financial statements by the fair value method using an effective interest of 9.76% when valuing the liability first. This resulted in an initial amount of \$5,019,984 being allocated to the liability portion and \$303,244 being allocated to the equity portion. The carrying value of the debenture will be accreted up to its face value over the term to maturity.

	<b>September 30 2016</b>	December 31 2015
Original face value of convertible debenture	<b>\$5,400,000</b>	\$5,400,000
Less: equity portion of convertible debenture	<b>(144,872)</b>	(144,872)
Add: accretion	<b>68,100</b>	48952
Carrying amount of convertible debenture at amendment date	<b>5,323,228</b>	-
Less: equity portion of amended convertible debenture	<b>(303,244)</b>	-
Add: accrued interest	<b>1,413,854</b>	1,061,113
	<b><u>\$6,433,838</u></b>	<u>\$6,365,193</u>

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**8. Equity Instruments**

a) Authorized

Unlimited number of common shares without nominal or par value.

Unlimited number of first and second preference shares without nominal or par value, with the rights, privileges and conditions thereof determined by the directors of the Company at the time of issuance.

b) Issued and outstanding

At September 30, 2016, there were 73,894,386 (2015 – 70,916,386) shares issued and outstanding. In connection with the reverse takeover transaction which occurred in 2013 there are a total of 7,620,947 (2015 – 22,862,841) shares held in escrow as of September 30, 2016. The remaining escrowed shares are to be released October 18, 2016.

On March 30, 2016, the Company closed a non-brokered private placement, selling 2,950,000 non-flow-through units at a price of \$0.05 CDN per unit for gross proceeds of \$147,500. Each unit consisted of a non-flow-through common share and one non-flow-through common share purchase warrant, each whole warrant exercisable at \$0.10 CDN for a 12 month period. A finder's fee of 28,000 shares was paid to a third party.

On February 16, 2015, the Company closed a non-brokered private placement placing 2,710,000 units at a price of \$0.10 per unit for gross proceeds of \$271,000. Each unit consisted of a flow-through common share, one non-flow-through common share and one-half non-flow-through share purchase warrant, with each whole warrant exercisable at \$0.10 for a 24-month period. In conjunction with this private placement, the Company recorded a flow-through premium of \$13,550 and a residual value of \$13,550 for warrants.

c) Stock Option Plan

The Company has a stock option plan for employees, directors, officers and consultants. Stock options can be issued up to a maximum number of common shares equal to 10% of the issued and outstanding common shares of the Company. The exercise price and vesting period of options granted is not less than the market price of the common shares traded less the available discount under TSX Venture Exchange Inc. policies, and is determined by the Board of Directors. Options granted can have a term of up to 10 years.

As at September 30, 2016 and 2015, the Company has the following stock options outstanding:

	Number of Options	Exercise Price per Share Range	Weighted Average Exercise Price
<b>Total issued and outstanding</b>			
Balance, June 30, 2015 and September 30, 2015	5,155,000	\$0.10	\$0.10
Balance, June 30, 2016 and September 30, 2016	6,790,000	\$0.10 - \$0.20	\$0.14

As at September 30, 2016, the following table summarizes information about stock options outstanding:

Options Outstanding	Exercise Price	Expiry Date	Number of Options Currently Exercisable	Weighted Average Exercise Price of Options Currently Exercisable
3,815,000	\$ 0.10	November 8, 2018	3,815,000	\$ 0.10
2,975,000	\$ 0.20	June 15, 2021	2,915,000	\$ 0.20
<b>6,790,000</b>			<b>6,730,000</b>	<b>\$ 0.14</b>

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**8. Equity Instruments - continued**

(d) Compensation expense for share options

During the period ended September 30, 2016, \$1,269 (2015 - \$nil) was recorded as share-based payments for options vested in the period. Share-based payments are determined based on the estimated fair value of the options at the grant dates and amortized over the vesting period.

(e) Warrants outstanding

As at September 30, 2016, the Company has the following warrants outstanding:

Outstanding	Number of Warrants	Exercise Price
Balance, June 30, 2015 and September 30, 2015	1,355,000	\$0.10
<b>Balance, June 30, 2016 and September 30, 2016</b>	<b>4,305,000</b>	<b>\$0.10</b>

As at September 30, 2016, the following table summarizes information about warrants outstanding:

Warrants Outstanding	Exercise Price	Expiry Date
1,355,000	\$ 0.10	February 16, 2017
2,950,000	\$ 0.10	March 30, 2017
<b>4,305,000</b>		

The common share purchase warrants are subject to an accelerated expiry at the option of the Company if the published closing trade price of the common shares on the TSX Venture Exchange is greater than or equal to \$0.20 for any 10 consecutive trading days, in which event the holder will be given notice that the warrants will expire 30 days following the date of such notice.

**9. Income Taxes**

As of December 31, 2015 and 2014, subject to confirmation by income tax authorities, the Company has approximately the following available tax pools, deductible from future income at rates prescribed by the Canadian Income Tax Act:

	2015	2014
Non-capital losses carried forward	\$ 2,885,638	\$ 2,423,577
Cumulative Canadian exploration and development expenses	6,767,415	6,114,373
	<b>\$ 9,653,053</b>	<b>\$ 8,537,950</b>

At December 31, 2015 there are non-capital tax losses of \$2,885,638 (2014 - \$2,423,577) available for carry-forward to reduce future years' taxable income that will expire as follows:

2028	\$ 67,872
2029	157,259
2030	653,558
2031	485,759
2032	558,360
2033	192,547
2034	410,915
2035	359,368
	<b>\$ 2,885,638</b>

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**10. Per Share Amounts**

The calculation of per share amounts are based on the weighted average number of shares outstanding during the period ended September 30, 2016 of 73,894,386 (2015 – 70,916,386) shares.

The net effect of applying the treasury-stock method to the weighted average number of shares outstanding has an anti-dilutive effect for the periods ended September 30, 2016 and 2015.

**11. Related Party Transactions**

The Company was involved in the following related party transactions during the period:

- (a) The Company has a convertible debenture with accrued interest with 49 North Resources Inc. During the period ended September 30, 2016 the Company accrued \$135,376 (2015 - \$125,001) in interest expense and \$7,573 (2015 - \$6,276) in accretion expense. These amounts have been capitalized as part of exploration and evaluation assets.
- (b) The Company is related to Eagle Plains Resources Ltd. (“EPL”) and Terralogic Exploration Inc. (“TL”) through common directors. During the period, the Company had the following transactions with the related companies:

	2016	2015
Administrative services provided by EPL and TL	\$ 15,337	\$ 19,549
Exploration services provided by TL	\$ -	\$ 964

At September 30, 2016, \$99,956 (2015 - \$12,789) is included in accounts payable and accrued liabilities.

- (c) Included in accounts payable and accrued liabilities is \$5,610 (2015 - \$nil) accrued for legal fees to a law firm of which one of the directors, Darren Fach, is a partner.

Compensation to key management personnel in the period and prior period:

	2016	2015
Professional fees	\$ 5,250	\$ 10,500
Administration costs		
Consulting and management fees	13,750	33,750
Consulting fees capitalized as part of exploration and evaluation assets	-	19,000
	\$ 19,000	\$ 63,250

- (d) Included in professional fees is \$5,250 (2015 - \$10,500) paid or accrued for accounting services to an officer of the Company. At September 30, 2016, \$27,838 (2015 - \$3,675) is included in accounts payable and accrued liabilities.
- (e) Included in administration costs is \$(5,000) (2015 - \$15,000) paid or accrued for management services to a company owned by a director and officer of the Company. At September 30, 2016, \$23,625 (2015 - \$nil) is included in accounts payable and accrued liabilities.
- (f) Included in administration costs is \$18,750 (2015 - \$18,750) paid or accrued for consulting fees to a director and officer of the Company. At September 30, 2016, \$16,062 (2015 - \$938) is included in accounts payable and accrued liabilities.
- (g) Included in exploration and evaluation assets is \$nil (2015 - \$19,000) paid or accrued for consulting fees to a

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**11. Related Party Transactions - continued**

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director of the Company. These amounts were related to the Wingdam project and have been capitalized as part of exploration and evaluation assets.

- (h) At September 30, 2016, there is included in accounts payable and accrued liabilities \$2,568 (2015 - \$nil) accrued for consulting fees to a company with a common parent company. These amounts were related to the Wingdam project and were capitalized as part of exploration and evaluation assets.

All related party transactions in the normal course of business have been measured at the agreed upon exchange amounts, which is the amount of consideration established and agreed to by the related parties. Amounts due to/from the related parties are non-interest bearing, unsecured and have no fixed terms of repayment.

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**12. Commitments and Contingencies**

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The Company has \$65,000 (2015 - \$65,000) held as project reclamation deposits in favor of regulatory authorities. The amount of the deposit is determined at the time the exploration program is planned and a notice of work is submitted to the regulatory authority. If the work is more extensive than previously planned, the amount of the deposit will be increased. When reclamation work is completed on a project to the satisfaction of the regulatory authority, the deposit is released to the Company.

The Company has \$11,037 (2015 – \$5,514) in term deposits with a Canadian financial institution for the guarantee of business credit cards. These term deposits are cashable on demand, as long as credit cards are cancelled.

The Company has agreed to indemnify directors and officers under the bylaws of the Company to the extent permitted by law. The nature of the indemnifications prevent the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to beneficiaries of such an indemnification agreement. The Company has purchased various insurance policies to reduce the risks association with such indemnification. The Company has included in officers' management contracts a change of control clause that would entitle them to compensation of twelve (12) months' salary should such an event occur.

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**13. Financial Instruments**

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For disclosure purposes, all financial instruments measured at fair value are categorized into one of three hierarchy levels, described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

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

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

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

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy.

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<b>September 30, 2016</b>	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 89,778	\$ -	\$ -	\$ 89,778
Investments	\$ 13,331	\$ -	\$ -	\$ 13,331

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**OMINECA MINING AND METALS LTD.**  
**(An Exploration Stage Corporation)**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**(Expressed in Canadian dollars)**

**September 30, 2016 and 2015**

**13. Financial Instruments - continued**

September 30, 2015	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Cash and cash equivalents	\$ 24,331	\$ -	\$ -	\$ 24,331
Investments	\$ 10,168	\$ -	\$ -	\$ 10,168

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to concentration risk, credit risk, currency risk, price risk, commodity price risk and liquidity risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

a) Concentration risk

At September 30, 2016, substantially all of the Company's cash and cash equivalents were held at two recognized Canadian national financial institutions. As a result, the Company was exposed to all of the risks associated with those institutions. Concentration risk also exists in marketable securities (investments) because the Company's investments are primarily in shares of junior resource companies involved in gold exploration.

b) Credit risk

The Company is exposed to credit risk, which is the risk that a customer or counterparty will fail to perform an obligation or settle a liability, resulting in financial loss to the Company. The Company manages exposure to credit risk by adopting credit risk guidelines that limit transactions according to counterparty credit worthiness. The maximum credit exposure associated with accounts receivable is the carrying value.

c) Currency risk

Currency risk is the risk to the Company's operations that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. As at September 30, 2016, the Company has no monetary assets or liabilities in foreign currencies.

d) Price risk

The Company's investments designated as available-for-sale are traded on the TSX Venture Exchange. A 1% change in the quoted share price would change the fair value of the investments by approximately \$135. The change would be recorded in Accumulated Other Comprehensive Income or Loss.

e) Commodity price risk

The value of the Company's exploration and evaluation resource properties is related to the price of various commodities and the outlook for them. Commodity prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial retail demand, central bank lending, forward sales by producers and speculators, level of worldwide production and short-term changes in supply and demand.

f) Liquidity risk

Currently the Company's capital is not sufficient to meet long term business requirements when taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. Future operations or exploration programs will require additional financing primarily through equity markets, or through joint venture partnerships.

**14. Supplemental Cash Flow Information**

There were no non-cash investing activities in the period.

**September 30, 2016 and 2015**

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## **15. Capital Management**

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The Company includes cash and cash equivalents and equity, comprising of issued common shares, equity component of convertible debenture, contributed surplus, accumulated other comprehensive income (loss) and deficit, in the definition of capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation properties. The Board of Directors does not establish quantitative 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 financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds 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 reasonable. There were no changes in the Company's approach to capital management during the periods ended September 30, 2016 and 2015. The Company is not subject to externally imposed capital requirements.

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## **16. Accumulated Other Comprehensive Loss**

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No deferred income tax asset has been recorded as a result of the accumulated other comprehensive loss. The balance of accumulated other comprehensive loss is entirely comprised of unrealized gains and losses on available-for-sale investments.

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## **17. Subsequent Events**

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On November 7, 2016, the TSX Venture Exchange accepted for filing an amendment to the terms of the convertible debenture held by the Company (see Note 7).

On November 10, 2016, the Company and HFX Holding Corp. amended the option agreement on the Kiwi property, agreeing to HFX issuing 100,000 common shares to Omineca in lieu of the third anniversary cash payment of \$50,000.