



(A Development Stage Enterprise)

Condensed Interim Financial Statements For the three months ended March 31, 2017

(Stated in Canadian Dollars)

Responsibility for Financial Statements

The accompanying financial statements for Metals Creek Resources Corp. have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) consistently applied. Only changes in accounting policies have been disclosed in these unaudited condensed interim financial statements. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed interim financial statements for the period ended March 31, 2017.

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

March 31, 2017 and 2016

Condensed Interim Statements of Financial Position	1
Condensed Interim Statements of Comprehensive Loss	2
Condensed Interim Statement of Changes in Equity	3
Condensed Interim Statements of Cash Flows	4
Notes to the Condensed Interim Financial Statements	5

METALS CREEK RESOURCES CORP.

(A Development Stage Enterprise)

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Prepared by Management)

As at	March 31, 2017 \$ (Unaudited)	December 31, 2016 \$ (Audited)
ASSETS		
Current		
Cash	167,220	61,649
Short term investments (notes 3 and 5)	1,212,805	1,247,769
Short term investments - restricted (note 5)	411,637	573,495
H.S.T. and other receivables	23,565	134,249
Staking security deposits (note 10)	29,507	29,507
Prepaid expenses	10,690	15,322
	1,855,424	2,061,991
Property and equipment (note 4)	39,074	42,063
Long term investments (note 6)	216,063	171,836
Exploration and evaluation assets (note 7)	5,086,134	4,939,940
	7,196,695	7,215,830
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (note 9)	199,638	75,705
Equity		
Share Capital (note 8)	12,930,736	12,930,736
Reserves (note 8)	6,883,970	6,832,135
Deficit	(12,817,649)	(12,622,746)
	6,997,057	7,140,125
	7,196,695	7,215,830

Nature and Continuance of Operations – Note 1
Subsequent Event – Note 14

These financial statements are authorized for issue by the Board of Directors on May 25 2017. They are signed on the Corporation's behalf by:

“Alexander Stares” Director

“Nick Tsimidis” Director

The accompanying notes form an integral part of these financial statements

METALS CREEK RESOURCES CORP.

(A Development Stage Enterprise)

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**Prepared by Management – Unaudited)**

	Three Months Ended March 31, 2017 \$	Three Months Ended March 31, 2016 \$
EXPENSES		
Business development	51,297	21,251
Depreciation	2,989	2,021
Office and general	26,795	23,696
Professional fees (note 9)	11,710	20,000
Salaries and benefits	85,106	92,670
Share-based payments (note 8(iii))	51,835	54,205
Write-down of exploration and evaluation assets	2,127	7,812
Pre-acquisition exploration and evaluation expenses	20,787	9,132
Adjustment to fair value for fair value through profit and loss investments	(40,853)	(28,352)
	(211,793)	(202,435)
Loss before the following:	(211,793)	(202,435)
Gain on sale of exploration and evaluation assets, net	11,800	1,125
Gain on sale of investments	-	19,096
Other income	698	-
Interest and investment income	4,392	3,460
Loss before deferred tax recovery	(194,903)	(178,754)
Deferred tax recovery – flow-through (note 8(vi))	-	25,387
Loss and comprehensive loss for the period	(194,903)	(153,367)
Loss per share – basic and diluted	-	(0.01)
Weighted Average Shares Outstanding – basic and diluted	44,946,269	24,686,603

The accompanying notes form an integral part of these financial statements

METALS CREEK RESOURCES CORP.

(A Development Stage Enterprise)

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**(Prepared by Management – Unaudited)****For the three months ended March 31, 2017 and 2016**

	<u>Share Capital</u>		<u>Reserves</u>		<u>Deficit</u>	<u>Total</u>
	<u>Number of Shares</u> #	<u>Share Capital</u> \$	<u>Warrants</u> \$	<u>Equity Settled Benefits</u> \$		
Balance at December 31, 2015	24,686,603	12,235,100	187,146	5,074,159	(11,999,987)	5,496,418
Share-based payments	-	-	-	54,205	-	54,205
Loss and comprehensive loss for the period	-	-	-	-	(153,367)	(153,367)
Balance at March 31, 2016	24,686,603	12,235,100	187,146	5,128,364	(12,153,354)	5,397,256
Balance at December 31, 2016	44,946,269	12,930,736	1,475,569	5,356,566	(12,622,746)	7,140,125
Share-based payments	-	-	-	51,835	-	51,835
Loss and comprehensive loss for the period	-	-	-	-	(194,903)	(194,903)
Balance at March 31, 2017	44,946,269	12,930,736	1,475,569	5,408,401	(12,817,649)	6,997,057

The accompanying notes form an integral part of these financial statements

METALS CREEK RESOURCES CORP.

(A Development Stage Enterprise)

CONDENSED INTERIM STATEMENTS CASH FLOWS**(Prepared by Management – Unaudited)**

	Three Months Ended March 31, 2017 \$	Three Months Ended March 31, 2016 \$
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Loss and comprehensive loss for the period	(194,903)	(153,367)
Deferred tax recovery – flow-through	-	(25,387)
Depreciation	2,989	2,021
Share-based payments	51,835	54,205
Adjustment to fair value for fair value through profit and loss investments	(40,853)	(28,352)
Write-down of exploration and evaluation assets	2,127	7,812
Gain on sale of long term investments	-	(19,096)
Decrease in H.S.T. and other receivables	110,684	10,996
Decrease in prepaid expenses	4,632	4,465
Increase (decrease) in accounts payable and accrued liabilities	123,933	(68,642)
Cash flows provided by (used in) operating activities	60,444	(215,345)
FINANCING ACTIVITIES		
Redemption of short term investments	196,822	103,053
Cash flows from financing activities	196,822	103,053
INVESTING ACTIVITIES		
Net proceeds on sale of long term investments	-	169,183
Expenditures on exploration and evaluation assets	(149,895)	(118,927)
Gain on sale of exploration and evaluation assets	(11,800)	(1,125)
Proceeds on sale of exploration and evaluation assets	10,000	-
Acquisition of property and equipment	-	(607)
Cash flows provided by (used in) investing activities	(151,695)	48,524
Increase (decrease) in cash	105,571	(63,768)
Cash – beginning of period	61,649	117,761
Cash – end of period	167,220	53,993
Supplemental cash flow information (note 11)		

The accompanying notes form an integral part of these financial statements

METALS CREEK RESOURCES CORP.

(A Development Stage Enterprise)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

March 31, 2017

(Prepared by Management – Unaudited)

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Metals Creek Resources Corp. (the “Company”) was incorporated on June 21, 2004 under the Business Corporations Act (Ontario). The Company’s head office is located at 945 Cobalt Crescent, Thunder Bay, Ontario, Canada, P7B 5Z4.

The Company is an exploration stage company, and is in the process of exploring its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

The accompanying financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations, and the ability of the Company to raise additional capital. Specifically, the recovery of the Company’s investment in exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop its properties and establish future profitable production from the properties, or from the proceeds of their disposition. The Company has working capital in the amount of \$1,655,786 (December 31, 2016 - \$1,986,286) and has a deficit in the amount of \$12,817,649 (December 31, 2016 - \$12,622,746). The Company has not earned any significant revenues to date and is considered to be in the exploration stage.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB (“International Accounting Standards Board”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34 - Interim Financial Reporting. The accounting policies followed in these condensed interim financial statements are the same as those applied in the Company’s audited annual financial statements for the year ended December 31, 2016.

The policies applied in these financial statements are based on IFRS issued and outstanding as of May 25, 2017, the date the Board of Directors approved the statements. Any subsequent changes to IFRS after this date could result in changes to the financial statements for the period ended March 31, 2017.

The condensed interim financial statements do not contain all disclosures required under IFRS and should be read in conjunction with Company’s audited annual financial statements and the notes thereto for the year ended December 31, 2016.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Actual results could differ from those estimates. Significant accounts that require estimates as the basis for determining the stated amounts include exploration and evaluation assets, share-based payments, allocation of financing proceeds, and income taxes. Differences may be material.

3. SHORT TERM INVESTMENTS:

	March 31, 2017 \$	December 31, 2016 \$
Money Market Mutual Funds	1,624,442	1,821,264
Less: Portion restricted for flow-through purposes (note 5)	(411,637)	(573,495)
Short term investments, net	<u>1,212,805</u>	<u>1,247,769</u>

These funds are available for exploration and operations upon the request of the Company.

The money market mutual funds consist of fully liquid, managed money market fund units that yield regular monthly dividends at market rates.

4. PROPERTY AND EQUIPMENT

	Cost	Acc. Depr.	March 31, 2017 Net
Computer equipment	\$ 25,470	\$ 24,280	\$ 1,190
Furniture and fixtures	13,467	11,535	1,932
Computer software	63,020	63,020	-
General equipment	33,028	25,371	7,657
Automobile	66,047	37,752	28,295
Leasehold improvements	4,812	4,812	-
	<u>\$ 205,844</u>	<u>\$ 166,770</u>	<u>\$ 39,074</u>

	Cost	Acc. Depr.	Dec. 31, 2016 Net
Computer equipment	\$ 25,470	\$ 24,090	\$ 1,380
Furniture and fixtures	13,467	11,433	2,034
Computer software	63,020	63,020	-
General equipment	33,028	24,968	8,060
Automobile	66,047	35,458	30,589
Leasehold improvements	4,812	4,812	-
	<u>\$ 205,844</u>	<u>\$ 163,781</u>	<u>\$ 42,063</u>

5. RESTRICTION ON THE USE OF CASH AND CASH EQUIVALENTS

During the period ended March 31, 2017 and the year ended December 31, 2016 the Company issued common shares that were designated as being flow-through shares. One of the conditions of issuing flow-through shares is that the Company is required to retain the gross proceeds for the exclusive purpose of paying for qualified Canadian exploration expenditures associated with its exploration and evaluation assets.

	March 31, 2017	December 31, 2016
Restricted short term investments, beginning of period	\$ 573,495	\$ 579,611
Gross proceeds received upon issuance of flow-through shares	-	663,750
Qualified exploration expenditures paid from these funds	(161,858)	(669,866)
Restricted short term investments, end of period	<u>\$ 411,637</u>	<u>\$ 573,495</u>

6. LONG TERM INVESTMENTS

	March 31, 2017		December 31, 2016	
	Market \$	Cost \$	Market \$	Cost \$
Canadian Equities				
Spruce Ridge Resources Ltd. (i)	6,250	56,250	5,000	56,250
Americas Silver Corporation (i)	3,688	21,249	3,336	21,249
Noble Mineral Exploration Inc. (ii)	9,750	58,125	7,500	58,125
Sokoman Iron Corp. (iii)	133,000	585,000	104,500	585,000
Xmet Inc. (iv)	-	83,500	-	83,500
White Metal Resources Corp. (v)	19,125	17,500	14,000	14,125
Benton Resources Inc. (vi)	36,750	18,250	31,500	18,250
Anaconda Mining Inc. (vii)	7,500	6,500	6,000	6,500
	<u>216,063</u>	<u>846,374</u>	<u>171,836</u>	<u>842,999</u>

- (i) The Spruce Ridge shares are valued at the March 31, 2017 closing price of \$0.025 per common share (December 31, 2016 - \$0.02). The shares of Americas Silver Corporation (TSX:USA) were received from Spruce Ridge originally as shares of RX Gold & Silver (which later merged with U.S. Gold & Silver Inc.) as a dividend-in-kind based on the Company's pro-rata ownership of Spruce Ridge and are valued at the March 31, 2017 closing price of \$3.87 per common share (December 31, 2016 - \$3.50).
- (ii) The shares of Noble are traded on the TSX-V exchange under the symbol "NOB" and are valued at the March 31, 2017 closing price of \$0.065 per common share (December 31, 2016 - \$0.01 – pre-1 for 5 share consolidation that occurred in current period).
- (iii) The shares of Sokoman Iron Corp. (TSX-V: SIC) are valued at the March 31, 2017 closing price of \$0.07 (December 31, 2016 - \$0.055).
- (iv) The aggregate of 2.3 million shares held by the Company are valued at nil at March 31, 2017 (December 31, 2016 - nil) as the shares of Xmet were downgraded to the NEX Exchange during the current period. The common shares of Xmet formerly traded on the TSX Venture Exchange under the symbol "XME".
- (v) During 2014, the Company sold two claim blocks totaling 210 claim units in southwest Labrador known as the Senecal Lake Property ("SL") to White Metal Resources Corp., ("WHM") (formerly Trillium North Minerals Ltd.) a company associated by common directorship. Pursuant to the sale, WHM issued 500,000 common shares for a 100% ownership interest. In addition, WHM has granted a 1% N.S.R. on the SL property as well as a 1% N.S.R. on adjacent claims already owned by WHM. WHM may buy-back up to 0.5% of each respective N.S.R. for \$500,000 each (or \$1 million for both claim groups). Pursuant to a share escrow agreement, the Company has received a total of 425,000 shares of WHM valued at the March 31, 2017 closing price of \$0.045 per share (December 31, 2016 - \$0.04). Receipt of the shares was recorded as a reduction in the carrying cost of the property with any surplus amounts recorded in income in the current period.
- (vi) During 2014, the Company executed an Option/Joint Venture agreement with Benton Resources Inc. ("Benton") (a company related to Metals Creek by common directorships) (see note 7(e) for details of the agreement). The 350,000 shares of Benton currently held by the Company are valued at the March 31, 2017 closing price of \$0.11 per share (December 31, 2016 - \$0.09). The shares of Benton trade on the TSX Venture Exchange under the symbol "BEX".
- (vii) During the 2016 year, the Company optioned both the Jackson's Arm and Tilt Cove properties to Anaconda Mining Inc. ("Anaconda") in separate agreements. Both option agreements provide Anaconda the right to earn an undivided 100% interest in the properties located in Newfoundland (See Notes 7(d) and 7(f)). Pursuant to these agreements, the Company received 100,000 shares of Anaconda on signing the agreements and the shares are valued at the March 31, 2017 closing price of \$0.075 per share

(December 31, 2016 - \$0.06). The shares of Anaconda trade on the TSX Exchange under the symbol "ANX".

7. EXPLORATION AND EVALUATION ASSETS

Mineral property acquisition, exploration and development expenditures are deferred until the properties are placed into production, sold, impaired or abandoned. These deferred costs will be amortized over the estimated useful life of the properties following commencement of production, or written-down if the properties are allowed to lapse, are impaired, or are abandoned. The deferred costs associated with each property for the period ended March 31, 2017 and the year ended December 31, 2016 is summarized in the tables below:

For the three month period ended March 31, 2017

	Dog Paw (a)	Ogden (b)	Yukon (c)	Jackson's Arm (d)	Staghorn (e)	Other (f)	Total
Dec. 31, 2016 - Acquisition Costs	\$ -	463,679	230	-	-	1,863	465,772
Additions	-	-	-	-	-	1,000	1,000
Writedowns/Recoveries	-	-	(230)	-	-	(1,000)	(1,230)
<i>Subtotal</i>	\$ -	-	(230)	-	-	-	(230)
Mar. 31, 2017- Acquisition Costs	\$ -	463,679	-	-	-	1,863	465,542
Dec. 31, 2016 - Exploration and Evaluation Expenditures	\$ 68,172	4,390,719	1,345	-	-	13,932	4,474,168
Assaying	1,261	105	-	-	-	77	1,443
Prospecting	-	-	-	-	-	461	461
Geological	3,021	8,856	-	-	-	1,556	13,433
Diamond Drilling	-	133,334	-	-	-	-	133,334
Miscellaneous	-	-	-	-	225	-	225
Writedowns/Recoveries	-	-	(1,345)	-	(225)	(902)	(2,472)
<i>Subtotal</i>	\$ 4,282	142,295	-	-	-	1,192	146,424
Mar. 31, 2017 - Exploration and Evaluation Expenditures	\$ 72,454	4,533,014	-	-	-	15,124	4,620,592
Mar. 31, 2017 - Total	\$ 72,454	4,996,693	-	-	-	16,987	5,086,134

For the year ended December 31, 2016

	Dog Paw	Ogden	Yukon	Jackson's Arm	Staghorn	Other	Total
	(a)	(b)	(c)	(d)	(e)	(f)	
Dec. 31, 2015 - Acquisition Costs	\$ -	446,609	-	-	-	-	446,609
Additions	-	17,070	480	-	-	4,195	21,745
Writedowns/Recoveries	-	-	(250)	-	-	(2,332)	(2,582)
<i>Subtotal</i>	\$ -	17,070	230	-	-	1,758	19,163
Dec. 31, 2016- Acquisition Costs	\$ -	463,679	230	-	-	1,863	465,772
Dec. 31, 2015 - Exploration and Evaluation Expenditures	\$ -	3,985,017	-	-	-	-	3,985,017
Assaying	4,687	14,822	-	-	-	1,327	20,836
Prospecting	30,409	1,461	-	3,274	-	10,498	45,642
Geological	14,376	54,038	5,152	1,200	-	2,310	77,076
Trenching	28,739	-	-	-	-	-	28,739
Diamond Drilling	-	435,381	540	-	2,100	-	438,021
Miscellaneous	-	-	-	-	675	3,544	4,219
Aboriginal Consultation	8,071	-	-	-	-	-	8,071
Writedowns/Recoveries	(18,110)	(100,000)	(4,347)	(4,474)	(2,775)	(3,747)	(133,453)
<i>Subtotal</i>	\$ 68,172	405,702	1,345	-	-	13,932	489,151
Dec. 31, 2016 - Exploration and Evaluation Expenditures	\$ 68,172	4,390,719	1,345	-	-	13,932	4,474,168
Dec 31, 2016 - Total	\$ 68,172	4,854,398	1,575	-	-	15,795	4,939,940

a. Dog Paw Gold Property

In 2007, the Company acquired an option on the Dog Paw Gold project which is located approximately 40 km east of Kenora, Ontario and consists of 14 claims totaling 160 units. The Company entered into an option agreement with Endurance Gold Corp. whereby under the initial option the Company could earn a 70% interest in the property by making share payments totaling 400,000 shares (completed in 2008) and completing work commitments of \$200,000 on the property (completed). The Company exercised a second option to earn a further 5% in the property by issuing a further 50,000 common shares (completed in 2008) and spent an additional \$250,000 on the property (completed). The Company has now earned a 78% interest and a joint venture has been formed on a 78% (the Company) and 22% (Endurance Gold Corp.) basis. The Company presently has limited planned exploration activity on the project and has written off exploration and evaluation expenditures totaling nil (December 31, 2016 - \$18,110) during the period.

b. Ogden

During 2008, the Company entered into an agreement with Goldcorp Canada Ltd. (“Goldcorp”) to jointly explore Goldcorp’s mining claims located in Ogden and Deloro Townships, located six kilometres south of Timmins, Ontario. The property consists of 84 patented and unpatented claims totaling approximately 1,184 hectares (the “Property”). The agreement allows for the Company to earn 50% of Goldcorp’s interest in the Property by funding total expenditures on the Property of \$3,100,000 over four years as follows: (i) \$400,000 in year one, (ii) \$700,000 in year two and (iii) \$1,000,000 in each of years three and four. The Company was also required to make cash and share payments to Goldcorp as follows: (i) \$40,000 cash and \$25,000 worth of common shares on signing (completed in 2008), (ii) \$35,000 cash and \$25,000 worth of common shares on the first anniversary (completed in 2009), (iii) \$35,000 cash and \$50,000 worth of common shares on the second anniversary (completed in 2010), (iv) \$100,000 worth of common shares on the third anniversary (completed in 2011), and (v) \$150,000 worth of common shares on the fourth anniversary (completed). Within six months of the Company’s vesting its 50% interest in the Property, Goldcorp had the option to buy back a 20% interest from the Company for a cash payment of up to \$310,000, expending \$4,100,000 on the Property within two years, and completing a feasibility study within three years.

The Company was the operator of the Property during the earn-in period and afterwards, provided it holds a 50% or greater interest in the Property. During 2012, the Company received notice that Goldcorp did not intend to pursue its back-in right on the Ogden property and as a result, the Company and Goldcorp executed a 50/50 joint venture agreement. If either party becomes diluted to a 10% interest, that interest will be converted into a 2% Net Smelter Return Royalty.

During 2016 the Company applied for a grant through the Northern Ontario Heritage Fund’s Junior Exploration Assistance Program administered through the Ontario Prospector’s Association. The amount of this grant was for the maximum eligible amount for a single project of \$100,000. During the three month period ended March 31, 2017, the Company received the \$100,000 grant. The grant was fully accrued in the 2016 fiscal year and reflected as a reduction of the deferred exploration and evaluation costs associated with the Ogden project.

c. Yukon

The Yukon property consists of 148 staked claims in two separate claim blocks in the Dawson Range gold district. The claim blocks are located in the Matson Creek area (Squid East and West properties). The Company owns a 100% interest in all claim blocks. The Company previously had no current exploration plans for the project as a result had written off exploration and evaluation expenditures totaling \$4,597 (December 31, 2015 - \$210,731) during the current year pertaining to all claim blocks.

During the 2016 year, the Company entered into an option and joint venture agreement with Trifecta Gold Ltd. (“Trifecta”) whereby Trifecta can earn up to a 75% interest in the Squid East and Squid West claim blocks. For the initial 60%, Trifecta must make cash payments of \$45,000 (\$10,000 received) and issue 6,500,000 Trifecta shares both over a threeyear period (1 million shares are currently receivable pending Trifecta obtaining public company listing status) and incur \$2,250,000 in work expenditures (\$500,000 by first anniversary) over the three year period. Trifecta may then form a 60/40 joint venture or elect to earn an

additional 15% by paying the Company \$50,000 and 3,500,000 Trifecta shares within 60 days of the third anniversary date as well as incur an additional \$1 million in work expenditures by the fourth anniversary.

d. Jackson's Arm

The Jackson's Arm property consists of 53 staked claim units totaling 1,325 hectares and is located in north-central Newfoundland. The Company owns a 100% interest in the project.

During the 2016 year, the Company entered into an option agreement, (the "Jackson's Arm Agreement") with Anaconda Mining Inc. ("Anaconda"), whereas Anaconda has the right to acquire a 100% undivided interest in the Company's Jackson's Arm property. To earn a 100% interest in the Jackson's Arm property, Anaconda is required to make aggregate payments to the Company of \$200,000 in cash (\$20,000 received), and 500,000 common shares of Anaconda (50,000 shares received) over a three-year period. The Jackson's Arm Agreement provides for a two percent (2%) net smelter returns royalty ("NSR") to the Company on the sale of gold bearing mineral products from the Jackson's Arm property. The NSR is capped at \$1,500,000, after which, the NSR will be reduced to one percent (1%). Anaconda is required to spend a total of \$750,000 in qualified exploration expenditures on the Jackson's Arm property during the option period.

e. Staghorn

During 2008, the Company entered into an agreement with a group of prospectors to earn a 100% interest in a group of 76 claim units spread over 1,216 hectares in the Wood Lake area in west central Newfoundland subject to a 2% Net Smelter Royalty, 50% of which can be purchased for \$1,000,000.

The Company determined that it would not be conducting any further work on the property and wrote off \$225 (December 31, 2016 - \$2,775) in deferred exploration and evaluation expenditures during the period as the project is being funded under option as discussed below.

During 2014, the Company executed an Option/Joint Venture agreement on the Staghorn project with Benton Resources Inc. ("Benton") (a company related to the Company by common directorships) whereby Benton can earn up to a 70% interest in Staghorn. Pursuant to the agreement, Benton can earn an initial 60% interest by making cash payments totaling \$50,000 (\$30,000 received to date), issuing a total of 500,000 shares of Benton (350,000 received to date) and incurring work expenditures totaling \$500,000 (completed), all over a three year period. Benton will be the operator during the earn-in period. Once a 60% interest is earned by Benton, either a 60/40 joint venture will be formed, or Benton may elect to earn an additional 10% interest to bring its total property interest to 70% by paying \$50,000 cash and issuing an additional 500,000 Benton shares within 60 days of the 3rd anniversary date and incurring an additional \$500,000 in exploration expenditures by the 5th anniversary date.

f. Other Properties

Included in Other Properties (located in Ontario and Newfoundland) are the Tilt Cove; Tally Pond; Feagan Lake; Mealy Intrusion; Victoria Lake and Clark's Brook and Rogerson Lake properties. During the period ended March 31, 2017 the Company incurred \$20,787 (March 31, 2016: \$9,132) in pre-acquisition exploration and evaluation costs which were included in expenses for the year. In addition, due to no current work plans, the Company wrote off exploration and evaluation expenditures totaling \$1,902 (December 31, 2016 - \$6,079) during the period related to other properties.

Feagan Lake Graphite Property

The Feagan Lake claim block consists of 14 claims totaling 179 contiguous claim units and is located northwest of Hearst, Ontario.

During 2014, the Company executed an option agreement with Xmet pursuant to which Xmet has the option to earn a 60% interest in the Feagan Lake Graphite project. In order to earn a fifty percent (50%) interest in the claims, Xmet has agreed (a) to make a cash payment of \$5,000 (received) and issue 1,000,000 common shares (received) to Metals Creek, forthwith after receiving the approval of the Exchange (received); (b) carry out \$60,000 in work obligations (completed), make a cash payment of \$15,000 (received) and issue a further

1,000,000 shares (received) to Metals Creek within five months of Exchange approval; (c) carry out a further \$150,000 in work obligations and perform a minimum 500m of drilling within one year of Exchange approval; (d) carry out a further \$250,000 in work obligations and issue 500,000 shares to Metals Creek within two years of Exchange approval; and (e) carry out a further \$425,000 in work obligations and issue 500,000 shares to Metals Creek within three years of Exchange approval. Xmet may then increase its interest from fifty percent to sixty percent within 90 days after earning its fifty percent interest by making a cash payment of \$100,000, issuing 1,500,000 shares to the Optionor and conducting \$1,000,000 in work obligations over the next year. Xmet may at any time accelerate its obligations to earn its interest earlier. Once Xmet's interest is earned, the project will continue as a joint venture with Metals Creek.

Mealy Intrusion/Senecal Lake Property

During 2014, the Company sold two claim blocks totaling 210 claim units in southwest Labrador known as the Senecal Lake Property ("SL") to White Metal Resources Corp., ("WHM") (formerly Trillium North Minerals Ltd.) a company associated by common directorship. Pursuant to the sale, WHM issued 500,000 common shares for a 100% ownership interest. In addition, WHM has granted a 1% N.S.R. on the SL property as well as a 1% N.S.R. on adjacent claims already owned by WHM. WHM may buy-back up to 0.5% of each respective N.S.R. for \$500,000 each (or \$1 million for both claim groups). The Company has received 425,000 shares of WMH pursuant to this agreement.

Iron Horse

The Company retains a 0.9% royalty from the Iron Horse Project located approximately 120 km Northeast of Labrador City, Labrador and held by Sokoman Iron Corp.

Tilt Cove

During the 2016 year, the Company entered into an option agreement, (the "Agreement") with Anaconda Mining Inc. ("Anaconda"), whereas Anaconda has the right to acquire a 100% undivided interest in the Company's property. To earn a 100% interest in the Tilt Cove property, Anaconda is required to make aggregate payments to Metals Creek of \$200,000 in cash (\$20,000 received), and 500,000 common shares of Anaconda (50,000 shares received) over a three-year period. The Tilt Cove Agreement provides for a one percent (1%) NSR to the Company on the sale of gold-bearing mineral products from the Tilt Cove property. Anaconda is also assuming an existing two percent (2%) NSR (the "Existing NSR") on one of the two licenses that comprises the Tilt Cove property. One percent (1%) of the Existing NSR is purchasable for \$1,250,000. Anaconda is required to spend a total of \$750,000 in qualified exploration expenditures on the Tilt Cove property during the option period.

8. CAPITAL AND RESERVES

i. Share Capital

At March 31, 2017, the authorized share capital comprised an unlimited number of common shares and an unlimited number of preferred shares.

To date, no preferred shares have been issued.

ii. Share Purchase Warrants

Details of share purchase warrant transactions for the period ended March 31, 2017 and year ended December 31, 2016 are as follows:

	# of Warrants	Amount \$	Wtd. Avg. Ex. Price
Balance, December 31, 2015	2,787,400	187,146	\$0.14
Pursuant to private placements (note 8(vi))	17,604,666	1,124,419	\$0.16
Finders warrants pursuant to above	1,540,400	164,004	\$0.12
Balance, December 31, 2016/March 31, 2017	21,932,466	1,475,569	\$0.16

For purposes of the warrants granted, the fair value of each warrant was estimated on the date of grant using an option pricing model, using the assumptions noted in note 8(vi).

Pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

The following table summarizes information about the warrants outstanding at March 31, 2017 and December 31, 2016:

Expiry Dates	Exercise Price	March 31, 2017 # of Warrants	December 31, 2016 # of Warrants
September 14, 2017	\$0.15	1,535,000	1,535,000
October 2, 2017	\$0.15	650,000	650,000
November 20, 2017	\$0.10	602,400	602,400
April 22, 2018	\$0.18	2,466,666	2,466,666
May 12, 2018	\$0.18	1,917,200	1,917,200
August 19, 2019	\$0.10	1,061,200	1,061,200
August 19, 2019	\$0.16	13,700,000	13,700,000
		21,932,466	21,932,466

iii. Stock Options

Details of stock option transactions for the period ended March 31, 2017 and year ended December 31, 2016 are as follows:

	# of Options	Wtd. Avg. Ex. Price
Balance, December 31, 2015	1,120,718	\$0.91
Granted during the period	3,735,000	\$0.11
Expired during the period	(676,429)	\$1.15
Balance, December 31, 2016	4,179,289	\$0.17
Granted during the period	100,000	\$0.10
Balance, March 31, 2017	4,279,289	\$0.17

The following table summarizes information about the options outstanding at March 31, 2017 and December 31, 2016:

Expiry Dates	Exercise Price	March 31,	December 31,
		2017	2016
		# of Options	# of Options
July 2017	\$0.91	42,858	42,858
August 2018	\$0.70	237,145	237,145
October 2019	\$0.49	164,286	164,286
March 2021	\$0.11	1,285,000	1,285,000
July 2021	\$0.12	875,000	875,000
August 2021	\$0.16	400,000	400,000
September 2021	\$0.10	1,175,000	1,175,000
March 2022	\$0.10	100,000	-
		<u>4,279,289</u>	<u>4,179,289</u>

The Company applies the fair value method of accounting for share-based payments using an option pricing model.

Stock options granted to directors, officers, employees and consultants vested during the period ended March 31, 2017 are as follows:

<u>Grant Date</u>	<u># of Options</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
March 11, 2016	80,973	\$0.11	March 11, 2021
July 29, 2016	117,887	\$0.12	July 29, 2021
August 19, 2016	69,109	\$0.16	August 19, 2021
Sept. 20, 2016	267,524	\$0.10	Sept. 20, 2021
March 2, 2017	41,236	\$0.10	March 2, 2022
	<u>576,729</u>		

The Company has calculated \$51,835 as share-based payments expense and under capital stock as reserves for the 576,729 options vesting to directors, officers and employees and consultants during the period:

- For the 80,973 options vesting from the March 11, 2016 grant, the fair value of each vested option is \$0.1066 and was estimated on the grant date with the following assumptions: dividend yield of 0%, expected volatility of 193%, a risk-free interest rate of 0.80% and an expected life of approximately 5 years.
- For the 117,887 options vesting from the July 29, 2016 grant, the fair value of each vested option is \$0.1075 and was estimated on the grant date with the following assumptions: dividend yield of 0%, expected volatility of 204%, a risk-free interest rate of 0.60% and an expected life of approximately 5 years.
- For the 69,109 options vesting from the August 19, 2016 grant, the fair value of each vested option is \$0.1042 and was estimated on the grant date with the following assumptions: dividend yield of 0%, expected volatility of 180%, a risk-free interest rate of 0.68% and an expected life of approximately 5 years.
- For the 267,524 options vesting from the September 20, 2016 grant, the fair value of each vested option is \$0.0733 and was estimated on the grant date with the following assumptions: dividend yield of 0%, expected volatility of 207%, a risk-free interest rate of 0.71% and an expected life of approximately 5 years.
- For the 41,236 options vesting from the March 2, 2017 grant, the fair value of each vested option is \$0.0902 and was estimated on the grant date with the following assumptions: dividend yield of 0%, expected volatility of 174%, a risk-free interest rate of 1.06% and an expected life of approximately 5 years.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

iv. Stock Option Plan

The Company has a Stock Option Plan (the “Plan”) for directors, officers, employees and consultants. The Plan authorizes the granting of options to purchase up to a maximum of 4,494,627 common shares of which 4,279,289 are outstanding at March 31, 2017. The Plan provides that:

- any options granted pursuant to the Plan shall expire no later than five years after the date of grant;
- any options granted pursuant to the Plan shall be non-assignable and non-transferable;
- the number of common shares issuable pursuant to the Plan to any one person in any 12 month period shall not exceed 5% of the outstanding common shares;
- the number of common shares issuable pursuant to the Plan to any one consultant in any 12 month period may not exceed 2% of the outstanding common shares;
- the number of common shares issuable pursuant to the Plan to persons employed in technical consulting activities may not exceed 2% of the outstanding common shares in any 12 month period.
- the Plan provides that options shall expire and terminate 90 days following the date the optionee ceases to be an employee, director or officer of, or consultant to, the Company, provided that if such termination is as a result of death of the optionee, the optionee’s personal representative shall have one year to exercise such options.
- the maximum number of common shares which may be reserved and set aside for issue under Plan is equal to up to 10% of the issued and outstanding common shares, provided that the Board may, subject to Shareholder and regulatory approvals, increase such number.
- the Plan provides that options granted under the plan shall vest in the optionee, and may be exercisable by the optionee as follows: (1) 1/3 on the date of granting; (2) 1/3 six months from the date of granting; and (3) 1/3 twelve months from the date of granting.

v. Shareholder Rights Plan

The Company has adopted a shareholder rights plan (the “Rights Plan”) to ensure the fair treatment of all Company shareholders in connection with any take-over bid for the outstanding common shares of the Company. The Rights Plan will provide the Company’s shareholders with adequate time to properly evaluate and assess a take-over bid without facing undue pressure or coercion. The Rights Plan also provides the board of directors of the Company with additional time to consider any take-over bid and, if applicable, to explore alternative transactions in order to maximize shareholder value.

Pursuant to the Rights Plan, any bid that meets certain criteria intended to protect the interests of all shareholders are deemed to be “Permitted Bids”. A Permitted Bid must be made by way of a take-over bid circular prepared in compliance with applicable securities laws and, in addition to certain other conditions, must remain open for 60 days. In the event a take-over bid does not meet the Permitted Bid requirements of the Rights Plan, the rights issued under the plan will entitle shareholders, other than any shareholder or shareholders involved in the take-over bid, to purchase additional common shares of the Company at a significant discount to the market price of the common shares at that time.

vi. Private Placements

During the year ended December 31, 2016, the Company completed the following private placements:

- The Company completed a private placement in two tranches by issuing a total of 5,310,000 flow-through units at \$0.125 per unit, each unit consisting of one flow-through common share and one half of one common share purchase warrant, each whole warrant entitling the holder thereof to acquire one common share of the Company at a price of \$0.18 for a period of 24 months following the closing. In addition, the Company issued 1,249,666 units at \$0.12 per unit, each unit consisting of one common share and one share purchase warrant, each warrant entitling the holder thereof to acquire one common share of the Company at a price of \$0.18 for a period of 24 months following the closing. Total gross proceeds received in the private placement was \$813,710.

The fair value of the 4,383,866 common share purchase warrants received by investors and finders have been estimated at \$538,770 using the Black-Scholes option pricing model for the following assumptions: dividend yield of 0%, expected volatility of 218%, a risk-free interest rate of 0.56%-0.63%, and an expected life of 2 years.

In connection with the private placement, the Company issued 479,200 finders warrants (included above) having the same terms as the warrants issued in the private placement and described above and in addition, paid finders' fees and other commissions equal to \$62,530. All securities issued are subject to a four month hold period from the date of issuance.

- The Company completed a private placement ("Private Placement") for aggregate gross proceeds of \$1,370,000. The Private Placement consisted of the issuance of 13,700,000 units at a price of \$0.10 per unit. Each unit consists of one common share and one common share purchase warrant, each whole warrant entitles the holder thereof to purchase one additional common share of the Company at an exercise price of \$0.16 per common share for a period of 36 months from the date of issue. An aggregate of 13,700,000 warrants were issued under the Private Placement. In connection with the Private Placement, the Company issued 1,061,200 finder's warrant entitling the holders to purchase one additional common share of the Company at an exercise price of \$0.10 per share during the 36 months from the closing date. The Company also paid finder's fees and other commission equal to \$106,120. All securities pursuant to the Private Placement are subject to a four month hold period from the date of issuance.

The fair value of the 14,761,200 common share purchase warrants received by investors and finders have been estimated at \$749,653 using the Black-Scholes option pricing model for the following assumptions: dividend yield of 0%, expected volatility of 192%, a risk-free interest rate of 0.58%, and an expected life of 3 years.

The deferred premium on flow-through shares in the amount of \$nil (December 31, 2016 – nil) consists of the premium portion of 7,870,000 flow-through shares issued at between \$0.09 and \$0.10 per unit during the 2015 year. The difference between the closing prices and the issued prices, net of the value of the one-half warrant issued with each share, is treated as a liability in accordance with IFRS. This liability is reversed into earnings as the Company incurs flow-through eligible exploration and evaluation expenditures. This reversal amounted to nil for the period ended March 31, 2017 (March 31, 2016 – \$25,387). There was no deferred premium associated with the flow-through shares issued during the year ended December 31, 2016.

9. RELATED PARTY TRANSACTIONS

The Company paid or accrued the following amounts to related parties during the periods ended March 31, 2017 and 2016:

Payee	Description of Relationship	Nature of Transaction	March 31, 2017 Amount (\$)	March 31, 2016 Amount (\$)
Stares Prospecting Ltd.	Company controlled by Alexander Stares, Director and Officer	Payments for field services and equipment rentals capitalized in deferred development expenditures	850	-
Eastrock Exploration/ Wayne Reid	Company controlled by Wayne Reid, Director and Officer	Payments for geological consulting services and reimbursement of expenses	7,200	7,200
Nick Tsimidis	Director and Officer	Payments for consulting fees and reimbursement of expenses	4,000	4,500

The purchases from/fees charged by related parties are in the normal course of operation and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the period ended March 31, 2017 the Company received from Benton Resources Inc. nil (December 31, 2016 - \$10,000) and nil common shares of Benton (December 31, 2015 – 150,000 shares) pursuant to an option and joint venture agreement entered into by the Company and Benton on the Company's Staghorn property. Benton is related to the Company by common directorships.

Included in accounts payable and accrued liabilities at March 31, 2017 is:

- \$5,520 payable to Eastrock Exploration Inc., (March 31, 2016: \$5,424) (inclusive of HST)

During the period ended March 31, 2017 the Company recovered 1,088 in wages from a company related by common directorships for the use of the Company's field geological personnel (March 31, 2016 - \$3,698)

Key management personnel remuneration during the period ended March 31, 2017 included \$82,895 (March 31, 2016 - \$83,325) in salaries and benefits and \$31,123 (March 31, 2016 - \$44,131) in share-based payments. There were no post-retirement or other long-term benefits paid to key management personnel during the period.

10. STAKING SECURITY DEPOSITS

Staking security deposits of \$29,507 (December 31, 2016 – \$29,507) represents security amounts paid to the Government of Newfoundland and Labrador in connection with mineral property claims located in the Province of Newfoundland. These staking security deposits are refundable to the company upon submission by the company of a report covering the first year work undertaken which meets the requirements of the Government of Newfoundland and Labrador.

11. SUPPLEMENTAL CASH FLOW INFORMATION

The following transactions did not result in cash flows and have been excluded from operating, financing and investing activities:

	<u>March 31, 2017</u>	<u>March 31, 2016</u>
	\$	\$
<i>Non-cash investing activities</i>		
Shares received for exploration and evaluation assets	3,375	-

12. LOSS PER SHARE

Basic loss per common share has been calculated using the weighted average number of common shares outstanding in each respective period. As the issue of shares upon the exercise of stock options and warrants would be anti-dilutive, diluted loss per common share is equivalent to basic loss per common share.

13. COMMITMENTS

The Company has entered into a lease agreement for its office premises in Thunder Bay, Ontario expiring September 15, 2017 for \$1,219 per month.

During the 2016 fiscal year, the Company retained Star Finance GmbH (“Star Finance”) to provide investor relations services. The contract is for a period of 12 months commencing on September 1, 2016. Under the terms of the contract, the Company will pay Star Finance \$9,000 on a quarterly basis, reimburse Star Finance for certain pre-approved expenses, and is granting Star Finance options to purchase 400,000 common shares of the Company at an exercise price of \$0.16 per share vesting in stages over a period of twelve months from the date of grant.

The Company has an obligation to expend \$411,637 on qualified Canadian exploration expenditures related to a private placement from which flow-through shares were issued at December 31, 2016. These funds must be fully expended on qualified Canadian exploration expenditures by December 31, 2017. The Company is in compliance with all mineral property obligations to the best of the Company’s knowledge.

14. SUBSEQUENT EVENT

Subsequent to March 31, 2017, the Company and Benton Resources Inc. (“Benton”) (a company related by common directors) jointly executed a letter of intent (the “Agreement”) with a Newfoundland prospector (the “Vendor”) pursuant to which the Company and Benton have been granted the option to acquire a 100% interest (50% each) in 22 claim units (the “Property”) located in the Victoria Lake area, Central Newfoundland.

Under the Agreement, the Company and Benton will make staged payments to the Vendor totaling \$45,000 (\$5,000 on signing) and 425,000 common shares (50,000 on signing) over a three year period. All cash and share payments will be split 50% the Company and 50% Benton. The Vendor will retain a 2% net smelter return (“NSR”) on the Property. Metals Creek / Benton will have the right to buy back 1% of the NSR for \$1,000,000. This transaction is subject to TSX Venture Exchange approval as well as a due diligence period expiring June 15, 2017. The optioned property will be folded into the Staghorn Project which Benton is currently earning a 60% interest.

In addition, the Company and Benton have staked an additional 30 claim units to the north and west of the optioned claims.