QMX GOLD CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the three and nine months ended
September 30, 2016 and 2015
(expressed in Canadian dollars)

unaudited

QMX GOLD CORPORATION

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

QMX GOLD CORPORATION

Condensed Interim Consolidated Statements of Financial Position

UNAUDITED

in Canadian dollars

	Notes	September 30, 2016	December 31, 2015
ASSETS			
Current assets:			
Cash and cash equivalents		$ 63,811	$ 275,553
Amounts receivable	6	708,521	420,123
Inventories	7	466,347	1,307,124
Prepaid expenses	8, 25	246,000	193,194
Investments	9	18,542	3,214
Total current assets		1,503,221	2,199,208
Non-current assets:			
Prepaid reclamation deposits	8, 16	510,953	510,953
Property, plant and equipment	10	2,204,011	2,583,384
Mineral properties and deferred exploration expenditures	11	21,077,420	21,225,909
TOTAL ASSETS		$ 25,295,605	$ 26,519,454
LIABILITIES AND EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities	12, 25	$ 13,475,617	$ 10,999,542
Short-term loans	13	477,001	-
Debentures	14	5,439,551	5,119,283
Debenture	15	-	2,148,596
Total current liabilites		19,392,169	18,267,421
Non-current liabilities:			
Debenture		2,189,220	-
Provision for closure and reclamation	16	3,788,750	3,728,000
Total liabilities		25,370,139	21,995,421
Equity:			
Share capital		133,929,428	133,576,803
Commitment to issue shares	18	148,150	148,150
Share-based payments reserve	17	278,748	409,772
Transaction with owners	18	100,845	100,845
Accumulated deficit		(134,531,705)	(129,711,537)
Total equity		(74,534)	4,524,033
TOTAL LIABILITIES AND EQUITY		$ 25,295,605	$ 26,519,454

Nature of operations and going concern	1
Commitments and contingencies	11, 26
Subsequent events	27

Approved on behalf of the Directors:

"Fred Leigh"
Director

"Bruce Humphrey"
Director

QMX GOLD CORPORATION

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

UNAUDITED

in Canadian dollars

	Notes	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Revenue		**$ 263,508**	$ 2,790,189	**$ 3,778,202**	$ 12,403,188
Cost of sales					
Mine operating expenses		**(1,886,485)**	(2,640,187)	**(7,093,521)**	(9,250,880)
Depletion and depreciation		**(154,149)**	(945,915)	**(503,485)**	(1,761,309)
Cost of sales		**(2,040,634)**	(3,586,102)	**(7,597,006)**	(11,012,189)
Gross (loss)/income		**(1,777,126)**	(795,913)	**(3,818,804)**	1,390,999
Other income and expenses					
Professional, consulting and management		**(216,476)**	(241,397)	**(596,278)**	(1,167,976)
Other general and administrative expenses		**(65,634)**	(100,199)	**(215,527)**	(360,678)
Other gains and (losses)	19	**(200,357)**	(583,629)	**388,143**	(1,879,952)
Finance income		**13**	309	**161**	9,598
Finance costs	20	**(182,718)**	(210,381)	**(630,842)**	(2,370,713)
Forgiveness of debt		**-**	1,638,118	**-**	1,638,118
Impairment charge and loss on sale of mineral properties	21	**-**	(6,273,755)	**(78,045)**	(7,858,276)
Net loss and comprehensive loss for the period		**$ (2,442,298)**	$ (6,566,847)	**$ (4,951,192)**	$ (10,598,880)
Net loss per share					
Basic and diluted	22	**$ (0.06)**	$ (0.17)	**$ (0.13)**	$ (0.28)
Weighted average number of shares outstanding:					
Basic and diluted	22	**38,325,574**	38,325,574	**38,325,574**	38,325,574

QMX GOLD CORPORATION

Condensed Interim Consolidated Statements of Cash Flows

UNAUDITED

in Canadian dollars

	Notes	Nine months ended September 30, 2016	2015
Cash (used in) provided by operating activities:			
Net loss		**$ (4,951,192)**	$ (10,598,880)
Items not involving cash:			
Stock-based compensation		**-**	24,150
Depletion and depreciation		**503,485**	1,761,309
Non-cash loss on marketable securities		**2,672**	3,400
Accretion and financing costs		**622,630**	2,350,857
Forgiveness of debt		**-**	(1,638,118)
Loss on shares-for-debt settlement	15	**50,249**	-
Foreign exchange (gain)/loss		**(447,208)**	2,105,364
Gain on derivative asset		**-**	(22,787)
Impairment and loss on sale of mineral property	21	**78,045**	7,858,276
Non-cash gain on sale of assets	10	**(15,972)**	(326,273)
Working capital adjustments:			
Change in receivables		**(288,398)**	137,931
Change in prepaid expenses		**(52,806)**	(390,970)
Change in inventories		**840,777**	1,676,186
Change in payables and provisions		**3,048,672**	(887,753)
Net cash (used in)/provided by operating activities		**(609,046)**	2,052,692
Investing activities			
Investment in mineral properties and deferred exploration expenditures	11	**(20,856)**	(376,949)
Property, plant and equipment expenditures	10	**(23,268)**	(134,083)
Expenditures on assets held for sale		**-**	(684,643)
Working capital adjustments related to investing activities		**-**	(530,918)
Release of restricted cash		**-**	5,767,000
Net proceeds from sale of property	9	**10,000**	12,556,228
Cash proceeds from sale of assets	10	**20,428**	1,513,755
Net cash (used in)/provided by investing activities		**(13,696)**	18,110,390
Financing activities			
Proceeds from short-term loans		**613,000**	-
Repayment towards short-term loans		**(200,000)**	(19,802,353)
Financing costs and interest on short-term loans		**(2,000)**	(622,760)
Net cash provided by/(used in) financing activities		**411,000**	(20,425,113)
Change in cash and cash equivalents		**(211,742)**	(262,031)
Cash and cash equivalents, beginning of the period		**275,553**	1,466,330
Cash and cash equivalents, end of the period		**$ 63,811**	$ 1,204,299
Cash and cash equivalents are comprised of:			
Cash in bank		**$ 32,499**	$ 1,173,143
Cash equivalents		**31,312**	31,156
Non-cash investing and financing transactions			
Depreciation charged to mineral properties		**$ -**	$ 316
Interest paid		**8,725**	67,002

QMX GOLD CORPORATION

Condensed Interim Consolidated Statements of Changes in Equity

UNAUDITED

in Canadian dollars

	Share capital		Commitment to issue shares	Share-based payments reserve	Transaction with owners	Accumulated Deficit	Total equity
	No.	$	$	$	$	$	$
Balance, December 31, 2015	38,325,574	133,576,803	148,150	409,772	100,845	(129,711,537)	4,524,033
Shares for debt	4,407,813	352,625	-	-	-	-	352,625
Expiry of stock options and warrants	-	-	-	(131,024)	-	131,024	-
Loss for the period	-	-	-	-	-	(4,951,192)	(4,951,192)
Balance, September 30, 2016	**42,733,387**	**133,929,428**	**148,150**	**278,748**	**100,845**	**(134,531,705)**	**(74,534)**
Balance, December 31, 2014	38,325,574	133,576,803	148,150	1,025,680	100,845	(117,839,141)	17,012,337
Stock-based compensation	-	-	-	24,150	-	-	24,150
Expiry of stock options	-	-	-	(48,336)	-	48,336	-
Loss for the period	-	-	-	-	-	(10,598,880)	(10,598,880)
Balance, September 30, 2015	**38,325,574**	**133,576,803**	**148,150**	**1,001,494**	**100,845**	**(128,389,685)**	**6,437,607**

1. Nature of operations and going concern

QMX Gold Corporation ("QMX" or the "Company") currently has interests in mineral exploration and evaluation properties in the province of Québec. During 2015, the Company sold its mining project in Manitoba. The Company resumed mining at its Lac Herbin mine during the first half of 2016, however difficulties have forced the Company to temporarily suspend production. The Company is continuing to focus on the exploration and evaluation of its other gold and base metal projects within these regions. The registered head office of the Company is located at 65 Queen Street West, Suite 815, Toronto, Ontario, Canada. The Company's shares trade on the TSX Venture Exchange ("TSXV) under the symbol "QMX".

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current operations, including exploration and evaluation programs will result in profitable mining operations. The recoverability of the carrying value of mineral properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

These condensed interim consolidated financial statements of the Company for the three and nine months ended September 30, 2016 and 2015 were approved and authorized for issue by the Board of Directors on November 22, 2016.

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

The Company has a need for equity capital and financing for working capital and exploration and evaluation of its properties. Because of continuing operating losses, a working capital deficiency and the default of significant amounts of debt (Notes 13, 14 and 15), the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards "IFRS") applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material.

2. Basis of preparation

These condensed interim consolidated financial statements of the Company and its subsidiary were prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"), and have been prepared in accordance with accounting policies based on the IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations. The policies set out in the Company's annual consolidated financial statements for the year ended December 31, 2015 were consistently applied to all the periods presented unless otherwise noted below.

The preparation of condensed interim financial statements in accordance with International Account Standards ("IAS") 34, Interim Financial Reporting, requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. Certain disclosures included in annual financial statements have been condensed or omitted.

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are stated at their fair values. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. New and future accounting policies

The Company has adopted the following new standards, along with any consequential amendments, effective January 1, 2016.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. There was no material impact from the adoption of this standard.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2017 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") addresses how and when entities recognize revenue, as well as requires more detailed and relevant disclosures. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services. The Section provides a single, principles based five-step model to be applied to all contracts with customers, with certain exceptions. The standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

IFRS 16 - Leases ('IFRS 16") replaces IAS 17 - Leases. The new model requires the recognition of almost all lease contracts on a lessee's statement of financial position as a lease liability reflecting future lease payments and a 'right-of-use asset' with exceptions for certain short-term leases and leases of low-value assets. In addition, the lease payments are required to be presented on the statement of cash flow within operating and financing activities for the interest and principal portions, respectively. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15, Revenue from Contracts with Customers, is also applied.

IAS 12 – Income Taxes ("IAS 12") was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted.

4. Principles of consolidation

The condensed interim consolidated financial statements comprise the financial statements of the Company and its wholly-owned subsidiary, 0879597 B.C. Ltd. ("Garson").

Subsidiaries
Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company, and are de-consolidated from the date control ceases.

Business Combinations
On the acquisition of a subsidiary, the purchase method of accounting is used to account for the acquisition as follows:

- cost is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange;
- directly attributable transaction costs are expensed as incurred;
- identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date except for non-current assets that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5"), which are recognized and measured at fair value less costs to sell;
- the excess of acquisition cost over the fair value of the identifiable net assets acquired is recorded as goodwill;
- if the acquisition cost is less than the fair value of the net assets acquired, the difference is recognized directly in profit or loss;
- the interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholder's fair value; and
- the measurement of contingent consideration at fair value on the acquisition date is performed with subsequent changes in the fair value recorded through the consolidated statements of operations and comprehensive income/(loss).

5. Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

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

- Capitalization of exploration and mineral property expenditures
  Management has determined that mineral property and exploration and evaluation costs incurred during the period have future economic benefits and are economically recoverable. In making this judgment, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits. See Note 11 for details of capitalized mineral property and exploration and evaluation costs.

- Mineral reserve estimates
  The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operation.

5. Significant accounting judgments, estimates and assumptions (continued)

- Impairment of mineral properties and deferred exploration expenditures
While assessing whether any indications of impairment exist for mineral properties and deferred exploration expenditures, including producing properties, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of mineral properties and deferred exploration expenditures. Internal sources of information include the manner in which mineral properties and deferred exploration expenditures are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mineral properties and deferred exploration expenditures.

- Estimation of decommissioning and restoration costs and the timing of expenditure
The cost estimates are updated annually during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

- Income taxes and recoverability of potential deferred tax assets
In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

- Income, value added, withholding and other taxes
The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

- Share-based payments
Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Contingencies
Refer to Note 25.

(Expressed in Canadian dollars unless otherwise noted)

6. Amounts receivable

		September 30, 2016		December 31, 2015
Taxes receivable		703,052		415,311
Other receivables		5,469		4,812
	$	708,521	$	420,123

7. Inventories

		September 30, 2016		December 31, 2015
Materials and supplies	$	395,534	$	443,341
Stockpiled ore		-		863,783
Gold brick or doré bars		70,813		-
	$	466,347	$	1,307,124

The amount of inventories recognized as an expense during the three and nine months ended September 30, 2016 is $2,040,634 and $7,597,006 respectively (three and nine months ended September 30, 2015: $3,586,102 and $11,012,189 respectively).

All inventory is carried at the lower of cost and net realizable value. Materials and supplies inventory is recorded at cost as at September 30, 2016 and December 31, 2015. As at September 30, 2016 and December 31, 2015, stockpiled ore was recorded at net realizable value. The Company suspended production and development efforts at the Lac Herbin mine during the three months ended September 30, 2016.

8. Prepaid expenses

		September 30, 2016		December 31, 2015
Mining supplier advances	$	185,438	$	106,052
Reclamation deposits		510,953		510,953
Insurance		12,723		60,974
Corporate and property tax advances		47,839		26,168
	$	756,953	$	704,147
Current portion:	$	246,000	$	193,194
Long-term portion:		510,953		510,953
	$	756,953	$	704,147

Long-term prepaid expenses represent reclamation deposits that are not anticipated to be applied within one year.

9. Investments

		September 30, 2016		December 31, 2015	
	Classification	No. held	Value	No. held	Value
Current investments					
Centurion Minerals, Ltd.	FVTPL	17,000	$ 1,190	17,000	$ 1,870
Takara Resources, Inc.	FVTPL	33,600	2,352	33,600	1,344
Green Sw an Capital Corp. *	FVTPL	200,000	15,000	-	-
Total investments			$ 18,542		$ 3,214

*In June 2016, the Company sold its interests in the Copper Prince property, held by its subsidiary Garson, to Green Swan Capital Corp. ("Green Swan") for cash proceeds of $10,000 and 200,000 common shares of Green Swan, which were valued at $18,000 based on the fair market value of the shares at the date of the agreement. The carrying value of the Copper Prince property was $nil, and as a result, the Company recorded a gain on the sale of mineral properties of $nil and $28,000 for the three and nine months ended September 30, 2016 respectively.

(Expressed in Canadian dollars unless otherwise noted)

10. Property, plant and equipment

	Office equipment and furniture	Machinery and equipment	Mobile equipment	Buildings	Mill	TOTAL
Cost as at December 31, 2015	$ 175,007	$ 1,769,072	$ 281,136	$ 2,630,187	$ 12,221,926	$ 17,077,328
Additions	977	-	22,291	-	-	23,268
Disposals	-	-	(22,280)	-	-	(22,280)
Change in rehabilitation provision	-	-	-	-	38,000	38,000
Cost as at September 30, 2016	**$ 175,984**	**$ 1,769,072**	**$ 281,147**	**$ 2,630,187**	**$ 12,259,926**	**$ 17,116,316**
Depreciation, depletion and impairment as at December 31, 2015	$ (174,595)	$ (1,695,614)	$ (145,759)	$ (1,694,191)	$ (10,783,785)	$ (14,493,944)
Charge for the period	(500)	(16,759)	(9,764)	(219,008)	(190,154)	(436,185)
Disposals	-	-	17,824	-	-	17,824
Depreciation, depletion and impairment as at September 30, 2016	**$ (175,095)**	**$ (1,712,373)**	**$ (137,699)**	**$ (1,913,199)**	**$ (10,973,939)**	**$ (14,912,305)**
Net book value as at December 31, 2015	$ 412	$ 73,458	$ 135,377	$ 935,996	$ 1,438,141	$ 2,583,384
Net book value as at September 30, 2016	**$ 889**	**$ 56,699**	**$ 143,448**	**$ 716,988**	**$ 1,285,987**	**$ 2,204,011**

During the three and nine months ended September 30, 2016, the Company expensed $137,528 and $436,185 respectively in depreciation to the statements of operations and comprehensive loss (three and nine months ended September 30, 2015: $304,579 and $1,033,069 respectively) and charged $nil and $nil to mineral properties and deferred exploration expenditures (three and nine months ended September 30, 2015: $nil and $316).

Included in property, plant and equipment is the Val-d'Or mill that has been operating since the second quarter of 2010. The Company recognized a depreciation expense of $58,813 and $190,154 on the mill for the three and nine months ended September 30, 2016 respectively (three and nine months ended September 30, 2015: $195,872 and $455,791).

The Company entered into various equipment financing agreements earlier in the year, but due to the inability to make the payments, the assets were returned.

The Company sold assets during the nine months ended September 30, 2016 for proceeds of $20,428. These assets had a net book value of $4,456 and a gain on sale of assets of $424 and $15,972 was recognized for the three and nine months ended September 30, 2016. During the nine months ended September 30, 2015, the Company sold equipment with a net book value of $1,187,482 for proceeds of $1,513,755. The Company consequently recognized a gain of $23,900 and $326,273 for the three and nine months ended September 30, 2015.

(Expressed in Canadian dollars unless otherwise noted)

11. Mineral properties and deferred exploration expenditures

	PRODUCING PROPERTY			
	Lac Herbin, Quebec	VMS, Quebec	Aurbel, Quebec	TOTAL
Cost as at December 31, 2015	$ 41,306,785	$ 13,502,619	$ 7,719,796	$ 62,529,200
Additions	-	13,442	7,414	20,856
Change in rehabilitation provision	4,000	-	-	4,000
Cost as at September 30, 2016	**$ 41,310,785**	**$ 13,516,061**	**$ 7,727,210**	**$ 62,554,056**
Accumulated depletion and impairment as at December 31, 2015	$ (41,137,440)	$ -	$ (165,851)	$ (41,303,291)
Charge for the period	(67,300)	-	-	(67,300)
Impairment charge	(106,045)	-	-	(106,045)
Accumulated depletion and impairment as at September 30, 2016	**$ (41,310,785)**	**$ -**	**$ (165,851)**	**$ (41,476,636)**
Net book value as at December 31, 2015	$ 169,345	$ 13,502,619	$ 7,553,945	$ 21,225,909
Net book value as at September 30, 2016	**$ -**	**$ 13,516,061**	**$ 7,561,359**	**$ 21,077,420**

Aurbel Property (including Lac Herbin), Québec

The Company holds a 100% interest in the Aurbel Property (including Lac Herbin), subject to a 4.5% Net Smelter Royalty ("NSR"). Forbes & Manhattan Inc. ("F&M") holds 2% of the NSR. See Notes 15 and 25. Teck Resources Limited ("Teck") held 2.5%. During 2015, Teck assigned its right to this royalty to Osisko Gold Royalties Ltd. ("Osisko").

The Company recommenced mining its Lac Herbin mine during the first half of 2016. However due to various operating difficulties, including cash flow restrictions, the Company temporarily suspended mining operations during Q3-2016. As a result, during the three and nine months ended September 30, 2016, the Company recorded an impairment charge on the Lac Herbin property of $nil and $106,045 respectively.

VMS Properties, Québec

The Company holds a 100% interest in the VMS properties, subject to Teck retaining between a 2% and a 2.5% NSR on the properties depending on pre-existing underlying royalties. During 2015, Teck assigned its royalty rights to Osisko. Certain claims forming part of this property are subject to NSR royalties of 1% to 2.5%, net profits royalties of 5% or net proceeds of production royalties of 10% or 25 cent charge per ton milled. Certain of the properties were held under previously existing joint venture agreements. The other party to these agreements has opted to no longer fund the properties.

12. Accounts payable and accrued liabilities

	September 30, 2016	December 31, 2015
Mining and exploration suppliers	$ 4,472,714	$ 1,867,291
Corporate payables	2,791,387	2,690,094
Payroll liabilities	82,597	136,746
Royalties payable	6,128,919	6,305,411
	$ 13,475,617	$ 10,999,542

Subsequent to the end of the quarter, the Company entered into various shares-for-debt arrangements with the Company's suppliers. See Note 27.

13. Short-term loans

In June 2016, the Company borrowed $300,000 from Sulliden Mining Capital Corp. ("Sulliden"). This loan is unsecured. Interest is payable at a rate of 12% per annum. As well, an arrangement fee of $50,000 is payable on maturity. If a default in the repayment of this loan occurs, default interest of an additional 5% will be charged. This loan matured on July 31, 2016 and the Company was in default as at September 30, 2016. Subsequent to the end of the quarter, the Company repaid this loan plus default interest in full (Note 27). The Company recognized accrued interest of $13,212 and $14,001 and fees of $nil and $50,000 and for the three and nine months ended September 30, 2016 respectively.

In August 2016, the Company borrowed $113,000 from 2227929 Ontario Inc. This loan is unsecured and non-interest bearing. The Company repaid this loan subsequent to the end of the quarter (Note 27).

See Note 25.

14. Debentures

During 2006, the Company completed a private placement debenture financing with Industrial Alliance Securities Inc. ("Industrial Alliance") raising $4,210,000 in gross proceeds with the issuance of units comprised of $1,000 principal convertible debentures maturing April 28, 2010. On April 28, 2010, the Company entered into agreements with the holders of the expiring convertible debentures to roll over the existing 6% convertible debentures into units comprised of $1,000 principal amount 10% convertible unsecured subordinated debentures due April 28, 2014. The convertible feature expired on April 28, 2014. The debenture holders had agreed to an extension of the maturity date to October 1, 2014. As at September 30, 2016, the Company was in default with respect to the repayment of these debentures. The carrying value of these debentures at September 30, 2016 was $5,439,551. Subsequent to the end of the quarter, the Company entered into settlement agreements with the debenture holders, paying cash and issuing shares to settle this obligation in full (Note 27).

The Company recorded accrued interest of $109,768 and $320,268 for the three and nine months ended September 30, 2016 respectively (three and nine months ended September 30, 2015: $105,249 and $315,749 respectively) in relation to these debentures.

15. Debenture

In March 2014, the Company converted US$1,552,454 ($2,005,305) of royalties payable to F&M (Note 11) to a debenture which matured on December 31, 2015. The debenture was non-interest bearing and is secured by all the assets and property of the Company. This debenture was discounted on recognition and the discount was accreted over the term of the debenture. For the three and nine months ended September 30, 2016, the Company recorded $nil and $nil in accretion expense with respect to this loan (September 30, 2015: $98,923 and $271,261).

On June 17, 2016, the Company entered into a forbearance and amendment agreement (the "Agreement") with F&M amending certain terms of the secured debenture. The Agreement sets out revised terms and amendments to the Debenture whereby F&M agreed to waive the defaults under the debenture until December 31, 2016. The Company agreed to pay a fee of $65,000 in consideration for F&M entering into the Agreement, payable through the issuance of common shares of the Company based on the 20-day volume weighted average share price of $0.0686. The Company also agreed to settle a portion of the current outstanding unsecured debt of the Company owed to F&M which was satisfied by the Company issuing to F&M such number of common shares of the Company equal to $237,376 based on the 20-day volume weighted average price of $0.0686. In July 2016, the Company issued a total of 4,407,813 common shares to F&M under the Agreement. These shares were valued at the fair market value on the date of issuance, which was higher than the 20-day volume weighted average, resulting in a loss on shares-for-debt of $50,249 on the statements of operations and comprehensive loss for the three and nine months ended September 30, 2016. As well, interest at a rate of 10% per annum is payable on this debenture retroactive to January 1, 2016.

In September, the Company entered into another amending agreement with F&M whereby the maturity date of the debenture has been extended to April 1, 2018. Interest will continue to accrue at a rate of 10% per annum. As a result, the debenture has been classified as long-term at September 30, 2016. The carrying value of this debenture at September 30, 2016 is $2,189,220.

For the three and nine months ended September 30, 2016, the Company recorded $51,051 and $154,097 respectively in interest expense, as well as $nil and $65,000 respectively in financing costs to the consolidated statements of operations and comprehensive loss in relation this debenture.

(Expressed in Canadian dollars unless otherwise noted)

16. Provision for closure and reclamation

The Company's provision for closure and reclamation costs is based on management's estimates of costs to abandon and reclaim mineral properties and facilities as well as an estimate of the future timing of the costs to be incurred.

The following table presents the reconciliation of the beginning and ending carrying amount of the provision for closure and reclamation associated with the retirement of the Company's plant and mineral properties:

Balance at December 31, 2015	$	3,728,000
Adjustments resulting from re-measurement		42,000
Unwinding of discount and effect of changes in the discount rate		18,750
Balance at September 30, 2016	$	3,788,750
Current portion		-
Long-term portion		3,788,750

The Company has assessed its total provision for closure and reclamation and estimated it to be $3,788,750 at September 30, 2016 (December 31, 2015: $3,728,000) based on a total future liability of approximately $3,500,000 (December 31, 2015: $3,500,000). Reclamation is expected to occur in one to seven years. Accretion related to these reclamation liabilities totalled $5,000 and $18,750 for the three and nine months ended September 30, 2016 respectively with a re-measurement adjustment of $42,000 recorded at September 30, 2016.

An amount of $510,953 has been prepaid with the Government of Quebec with respect to these reclamation provisions.

17. Share-based payments reserve

	No. of Options	Weighted Average Exercise Price		Grant Date Fair Value of Options
December 31, 2015	**3,146,250**	**$0.28**	**$**	**409,772**
Expired	(347,500)	0.70		(131,024)
September 30, 2016	**2,798,750**	**$0.25**	**$**	**278,748**

The following share-based payment arrangements were in existence as at September 30, 2016:

STOCK OPTIONS:

No. outstanding	No. exercisable	Grant date	Expiry date	Exercise price	Fair value at grant date	Value of vested options	Expected volatility	Expected life (yrs)	Expected dividend yield	Risk-free interest rate
141,250	141,250	29-Nov-11	29-Nov-16	$ 2.00	$ 92,942	$ 92,942	80%	5.00	0%	1.46%
22,500	22,500	8-Jun-12	8-Jun-17	$ 2.00	$ 5,400	$ 5,400	80%	5.00	0%	1.29%
885,000	885,000	10-Jan-13	10-Jan-18	$ 0.24	$ 156,256	$ 156,256	101%	5.00	0%	1.32%
1,750,000	1,750,000	1-Jun-15	1-Jun-20	$ 0.05	$ 24,150	$ 24,150	177%	5.00	0%	0.90%
2,798,750	2,798,750				$ 278,748	$ 278,748				

During the three and nine months ended September 30, 2016 and 2015, no stock options were granted and no expense was incurred (three and nine months ended September 30, 2015: $nil and $24,150 respectively was recorded for the nil and 1,750,000 options granted for those periods). The fair value of options is estimated on the date of grant using the Black-Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioral considerations. Expected volatility is based on the historical share price volatility over the past 5 years. The expected life of the option was calculated based on the history of option exercises. The weighted average life of the outstanding options at September 30, 2016 was 2.71 years (December 31, 2015: 3.28 years).

Subsequent to the end of the quarter, options were granted to directors, officers, employees and consultants of the Company (Note 27).

(Expressed in Canadian dollars unless otherwise noted)

18. Transaction with owners

The Company acquired the non-controlling interest of Garson on April 29, 2010 through the issuance of 327,510 shares. As at September 30, 2016, some shareholders had not yet tendered their Garson shares, and consequently an amount of $148,150 (December 31, 2015: $148,150) is recorded as a commitment to issue shares. The consideration paid was applied against the non-controlling interest and the residual amount of $100,845 was recorded to transactions with owners.

19. Other gains and (losses)

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Net foreign exchange (losses)/gains	$(126,254)	$(593,911)	$ 449,482	$ (2,157,266)
Mining duties	(23,000)	(10,000)	(23,000)	(60,000)
Gain on derivative contract	-	-	-	22,787
(Loss)/gain on sale or disposal of assets	(4,032)	23,900	15,972	326,273
General exploration expenses	-	(1,671)	(1,390)	(8,346)
Loss on shares-for-debt settlement (Note 15)	(50,249)	-	(50,249)	-
Unrealized gain/(loss) on investments	3,178	(1,947)	(2,672)	(3,400)
	$(200,357)	$(583,629)	$ 388,143	$ (1,879,952)

20. Finance costs

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Accretion of reclamation provision (Note 16)	$ (5,000)	$ (4,750)	$ (18,750)	$ (24,250)
Interest accrued on debentures (Note 14)	(109,768)	(105,249)	(320,268)	(315,749)
Interest accrued on debenture (Note 15)	(51,051)	-	(154,097)	-
Loan engagement fees and financing costs	-	-	(115,000)	-
Accretion of discount on debenture financing (Note 15)	-	(98,923)	-	(271,261)
Interest and fees on short-term loan	(13,212)	-	(16,001)	(1,739,597)
Other interest expense	(3,687)	(1,459)	(6,726)	(19,856)
	$(182,718)	$(210,381)	$ (630,842)	$ (2,370,713)

21. Impairment charge and loss/gain on sale of mineral properties

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Snow Lake property	$ -	$ (21,384)	$ -	$ (1,605,905)
Lac Herbin proerty (Note 11)	-	-	(106,045)	
Lac Pelletier property	-	(6,147,677)	-	(6,147,677)
Other properties (Note 9)	-	(104,694)	28,000	(104,694)
	$ -	$ (6,273,755)	$ (78,045)	$ (7,858,276)

22. Net loss per share

Shares issuable from options, warrants and convertible debentures were excluded from the computation of diluted loss per share because their effect would be anti-dilutive for the nine months ended September 30, 2016 and 2015.

(Expressed in Canadian dollars unless otherwise noted)

23. Financial instruments

Financial assets and financial liabilities as at September 30, 2016 were as follows:

September 30, 2016	Loans and receivables, other liabilities	Assets/liabilities at fair value through profit or loss	TOTAL
Cash and cash equivalents	$ 32,499	$ 31,312	$ 63,811
Amounts receivable	5,469	-	5,469
Investments	-	18,542	18,542
Accounts payable and accrued liabilities	13,475,617	-	13,475,617
Short-term loans	477,001	-	477,001
Debentures	5,439,551	-	5,439,551
Debenture	2,189,220	-	2,189,220

The fair values of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, short-term loans, debentures and debenture approximate fair value due to the short-term nature of the financial instruments.

A fair value hierarchy prioritizes the methods and assumptions used to develop fair value measurements for those financial assets where fair value is recognized on the statement of financial position. These have been prioritized into three levels.

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 or indirectly
Level 3 – Inputs for the asset or liability that are not based on observable market data.

Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment.

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at September 30, 2016.

2016	Level 1	Level 2	Level 3
Cash equivalents	$ -	$ 31,312	$ -
Investments	18,542	-	-

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures for managing risk during the nine months ended September 30, 2016.

Credit risk

The Company's credit risk is primarily attributable to cash equivalents and amounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash equivalents consist of guaranteed investment certificates, which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote. Financial instruments included in amounts receivable consist of receivables from related and unrelated companies. The Company currently transacts with highly rated counterparties for the sale of gold. Management believes that the credit risk concentration with respect to these financial instruments is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to endeavour to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2016, the Company had a cash and cash equivalents balance of $63,811 (December 31, 2015: $275,553) to settle current liabilities of $19,392,969 (December 31, 2015: $18,267,421). Approximately $12,300,000 of the Company's accounts payable and accrued liabilities as at September 30, 2016 have contractual maturities of less than 30 days and are subject to normal trade terms. The Company is carrying a balance of $5,439,551 (December 31, 2015: $5,119,283) in unsecured debentures as at September 30, 2016 which were in default. These were settled through the payment of cash and the issuance of shares subsequent to the end of the quarter. The Company is carrying a balance of $2,189,220 (December 31, 2015: $2,148,596) in a secured debenture as at September 30, 2016 whose maturity has been extended to April 1, 2018. As well, the Company is carrying a balance of $477,001 (December 31, 2015: $nil) as a short-term loan, of which $364,001 was in default at September 30, 2016, but repaid subsequent to the end of the quarter.

23. Financial instruments (continued)

Interest rate risk

The Company carries debentures (Note 14), a debenture (Note 15) and a short-term loan (Note 13) on which interest is payable at fixed rates. As well, Management believes that interest rate risk is remote as investments have maturities of three months or less and the Company currently does not carry interest bearing debt at floating rates.

Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. All gold sales revenues are denominated in US dollars. As well, the Company’s royalties payable and debenture described in Note 15 are denominated in US dollars. The Company is exposed to currency risk with fluctuations in the Canadian dollar relative to the US dollar. The Company currently does not use derivatives to manage foreign currency risk on these amounts.

Price risk

The Company is exposed to price risk with respect to commodity prices, specifically gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company’s future gold mining operations will be significantly affected by changes in the market prices for gold. Gold prices fluctuate on a daily basis and are affected by numerous factors beyond the Company’s control. The supply and demand for gold, the level of interest rates, the rate of inflation, investment decisions by large holders of gold including governmental reserves and stability of exchange rates can all cause significant fluctuations in gold prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over the period:

- The Company is carrying royalties payable and a debenture in US dollars. A 10% change in the CDN$-US$ exchange rate as at September 30, 2016 would generate a change to net loss of approximately $832,000.

24. Capital management

The Company manages and adjusts its capital structure based on available funds in order to support its operations and the acquisition, exploration and development of mineral properties. The capital of the Company consists of share capital, warrants and options. 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 Company continues to rely on capital markets to support continued growth as the Company resumes exploration activities and suspends production at Lac Herbin. 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.

The Company's capital management objectives, policies and processes have remained unchanged during the nine months ended September 30, 2016.

No other capital requirements are imposed by a lending institution or regulatory body, other than of the TSXV which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

As at September 30, 2016, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

(Expressed in Canadian dollars unless otherwise noted)

25. Related party disclosures

During the three and nine months ended September 30, 2016 and 2015, the Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

	Purchases of goods and services			
	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
2227929 Ontario Inc.	$ 22,500	$ 46,285	$ 67,674	$ 130,429
Forbes & Manhattan, Inc.	194,020	78,272	386,074	355,243

The Company shares office space with other companies who may have officers or directors in common with the Company. The costs associated with this space, including the provision of office equipment and supplies, and certain other services are administered by 2227929 Ontario Inc. to whom the Company pays a fee. Other companies who share officers and directors with the Company may have similar arrangements with 2227929 Ontario Inc. The Company entered into a loan agreement with 2227929 Ontario Inc. borrowing $113,000 (Note 13). Mr. Fred Leigh, a newly appointed director of the Company, is a director of 2227929 Ontario Inc.

Mr. Stan Bharti is the Executive Chairman of F&M. Mr. Bharti was a director of the Company until his resignation on March 6, 2012. The Company is part of the F&M Group of Companies, and continues to receive the benefits of such membership, including access to mining professionals, advice from Mr. Bharti, and strategic advice from the F&M Board of Advisors. An administration fee of $10,000 per month is charged by F&M pursuant to a consulting agreement. As well, a 2% royalty is payable on gold sales from the Aurbel properties (including Lac Herbin) to F&M. The Company converted US$1,552,454 of royalties owed to F&M to a debenture that matured on December 15, 2015 (Note 15). This Company entered into a forbearance and amendment agreement with F&M whereby 1) the maturity date of the debenture was extended to December 15, 2016, 2) interest is payable on this debenture at 10% per annum and 3) a fee payable in shares of $65,000 was agreed to. During Q3-2016, the Company and F&M agreed to extend the maturity date of the debenture to April 1. 2018.

The Company entered into a loan agreement with Sulliden (Note 13). Mrs. Deborah Battiston, CFO of the Company, is also an officer of Sulliden. As well, Mr. Bruce Humphrey, a newly appointed director of the Company, is also a director of Sulliden.

The following balances were outstanding at the end of the reporting period:

	Amounts owed by related parties		Amounts owed to related parties	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
2227929 Ontario Inc.	$ 18,000	$ 18,000	$ 626,499	$ 437,027
Forbes & Manhattan, Inc.	$ -	$ -	$ 1,122,763	$ 1,301,629
Forbes & Manhattan, Inc.*	$ -	$ -	$ 2,189,220	$ 2,148,596
Sulliden Mining Capital Corp.**	$ -	$ -	$ 364,001	$ -
Directors and officers	$ -	$ -	$ 352,110	$ 144,649

* The Forbes & Manhattan, Inc. debenture is secured by all the assets and property of the Company and interest bearing as of January 1, 2016 in accordance to the amendment agreement (Note 15).
** The short-term loan (Note 13) is unsecured, and bears interest at a rate of 12% per annum. Default interest of an additional 5% applies on the occurrence of a default under the agreement.

The other amounts outstanding are unsecured, non-interest-bearing with no fixed terms of payments. No guarantees have been given or received. No expense has been recognized in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

Compensation of key management personnel of the Company
The remuneration of directors and other members of key management personnel during the period were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Short-term benefits	$ 123,722	$ 125,330	$ 361,934	$ 814,885
Share-based payments	-	15,180	-	15,180

25. Related party disclosures (continued)

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. See also Note 25(a).

26. Commitments and contingencies

(a) The Company is party to certain management contracts. These contracts contain clauses requiring additional payments of up to $1,740,000 be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements. Additional minimum management contractual commitments remaining under the agreements are approximately $668,000, all due within one year.

(b) The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

(c) The Company is, from time to time, involved in various claims and legal proceedings. The Company cannot reasonably predict the likelihood or outcome of these activities. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reasons thereof, will have a material effect on the financial condition or future results of operations. As at September 30, 2016 and December 31, 2015, no amounts have been accrued related to such matters.

(d) The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax-related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

27. Subsequent events

In October 2016, the Company completed a non-brokered private placement financing issuing 49,600,500 common shares and 10,000,000 flow-through shares of the Company for gross proceeds of $5,960,050. All shares issued pursuant to this financing are subject to a statutory four-month and one-day hold.

The Company entered into debt settlement agreements with its debenture holders, such that the liability was settled in full with the payment of $543,955 in cash and the issuance of 10,881,100 common shares of the Company (Note 14). These shares are also subject to a hold period of four months and one day.

The Company has also entered into settlement agreements to settle its large payables settling a further $1,900,000 in liabilities through the issuance of 3,315,028 common shares of the Company and cash.

In October 2016, the Company granted 7,055,000 stock options to its directors, officers, employees and consultants. Each option entitles the holder to acquire one common share of the Company at a price of $0.10 per share until October 25, 2021.

In October 2016, the Company repaid its short-term loan to Sulliden (Note 13) including default interest. As well, the Company repaid its short-term loan to 2227929 Ontario Inc. (Note 13).