



MARITIME RESOURCES CORP.

FINANCIAL STATEMENTS

December 31, 2016

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Maritime Resources Corp.

We have audited the accompanying financial statements of Maritime Resources Corp., which comprise the statements of financial position as at December 31, 2016 and 2015 and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Maritime Resources Corp. as at December 31, 2016 and 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



Emphasis of Matter

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

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

April 21, 2017

MARITIME RESOURCES CORP.

Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	December 31, 2016 (\$)	December 31, 2015 (\$)
Assets			
Current assets			
Cash	6	580,510	2,119
Receivables		58,877	7,038
Prepaid expenses		13,807	-
		653,194	9,157
Exploration and evaluation assets	7, 13	5,826,365	4,924,533
		6,479,559	4,933,690
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	8, 13	408,143	368,366
Loans	9, 13	100,000	355,000
		508,143	723,366
Shareholders' Equity			
Capital Stock	11	8,753,812	6,088,885
Treasury shares	11	(245,000)	-
Warrants	12	242,126	-
Share-based payments reserve	11	672,427	462,734
Royalty reserve	11	210,700	-
Deficit		(3,662,649)	(2,341,295)
		5,971,416	4,210,324
		6,479,559	4,933,690

See accompanying notes to the financial statements.

Nature of operations and going concern (Note 1)

Subsequent event (Note 15)

Approved on behalf of the Board:

"Douglas Fulcher"

..... Director
Douglas Fulcher

"Allan Williams"

..... Director
Allan Williams

MARITIME RESOURCES CORP.**Statements of Loss and Comprehensive Loss**

(Expressed in Canadian Dollars)

	Note	For the Years Ended	
		December 31, 2016	December 31, 2015
		(\$)	(\$)
Expenses			
Administration	13	328,558	78,236
Consulting	13	313,946	138,600
Directors' fees	13	66,000	67,500
Financing expense and interest on loans payable	9	25,304	67,130
Investor relations and promotion		331,211	79,059
Professional fees		47,158	64,492
Share-based payments	11,13	275,973	185,923
		(1,388,150)	(680,940)
Interest income		516	-
Gain on forgiveness of debt	13	-	3,865
Loss and Comprehensive Loss for the Year		(1,387,634)	(677,075)
Loss Per Share - basic and diluted		(0.029)	(0.019)
Weighted Average Number of Common Shares Outstanding		48,051,429	35,867,795

See accompanying notes to the financial statements.

MARITIME RESOURCES CORP.
Statements of Changes in Shareholders' Equity
For the Years Ended December 31, 2016 and 2015
(Expressed in Canadian Dollars)

	Note	Capital Stock		Treasury Shares	Warrants	Share-based Payments		Royalty Reserve	Deficit	Total Shareholders' Equity
		Shares	Amount			Reserve				
		(#)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Balance, December 31, 2014		35,867,795	6,082,485	-	6,400	574,498	-	(1,961,907)	4,701,476	
Loss for the year		-	-	-	-	-	-	(677,075)	(677,075)	
Received for shares allotted but not issued		-	-	-	-	-	-	-	-	
Warrants expired		-	6,400	-	(6,400)	-	-	-	-	
Share-based payments		-	-	-	-	185,923	-	-	185,923	
Transfer of share-based payments expired		-	-	-	-	(297,687)	-	297,687	-	
Balance, December 31, 2015		35,867,795	6,088,885	-	-	462,734	-	(2,341,295)	4,210,324	
Loss for the year		-	-	-	-	-	-	(1,387,634)	(1,387,634)	
Shares and warrants issued upon private placements	11	23,070,000	3,229,800	-	-	-	-	-	3,229,800	
Share issuance cost		-	(322,747)	-	-	-	-	-	(322,747)	
Finders' Warrants		-	(242,126)	-	242,126	-	-	-	-	
Royalty reserve		-	-	-	-	-	210,700	-	210,700	
Treasury shares	11	(1,500,000)	-	(245,000)	-	-	-	-	(245,000)	
Share-based payments		-	-	-	-	275,973	-	-	275,973	
Transfer of share-based payments expired		-	-	-	-	(66,280)	-	66,280	-	
Balance, December 31, 2016		57,437,795	8,753,812	(245,000)	242,126	672,427	210,700	(3,662,649)	5,971,416	

See accompanying notes to the financial statements.

MARITIME RESOURCES CORP.**Statements of Cash Flows**

(Expressed in Canadian Dollars)

	For the Years Ended	
	December 31,2016	December 31,2015
	(\$)	(\$)
Operating Activities		
Loss for the year	(1,387,634)	(677,075)
Items not involving cash:		
Share-based payments	275,973	185,923
Financing expense and interest accrued on loan payable	25,304	67,130
Gain on forgiveness of debt	-	(3,865)
	<u>(1,086,357)</u>	<u>(427,887)</u>
Changes in non-cash working capital:		
Receivables	(51,839)	(754)
Prepaid expenses	(13,807)	4,853
Advance	-	8,500
Accounts payable and accrued liabilities	(174,957)	246,349
	<u>(240,603)</u>	<u>258,948</u>
Cash Used in Operating Activities	<u>(1,326,960)</u>	<u>(168,939)</u>
Investing Activities		
Exploration and evaluation expenditures	(712,402)	(109,589)
Recoveries and Grant	-	44,938
Cash Used in Investing Activities	<u>(712,402)</u>	<u>(64,651)</u>
Financing Activities		
Loan proceeds	-	80,000
Repayment of loans	(255,000)	-
Securities issued for cash	3,229,800	-
Royalty units issued for cash	210,700	-
Share issuance costs	(322,747)	-
Repurchase of treasury shares	(245,000)	-
Cash Provided by Financing Activities	<u>2,617,753</u>	<u>80,000</u>
Change in cash for the Year	<u>578,391</u>	<u>(153,590)</u>
Cash, Beginning of Year	<u>2,119</u>	<u>155,709</u>
Cash, End of Year	<u>580,510</u>	<u>2,119</u>
Supplemental disclosure:		
Cash paid for interest	37,659	-
Cash paid for taxes	-	-
Supplemental disclosure of non-cash financial and investing activities:		
Fair value of broker warrants	242,126	-
Exploration and evaluation assets included in accounts payable and accrued liabilities	251,913	62,483
Expiry of stock options	66,280	297,687
Expiry of warrants	-	6,400

See accompanying notes to the financial statements.

MARITIME RESOURCES CORP.

Notes to the Financial Statements

For the Years Ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Maritime Resources Corp. (the "Company" or "Maritime") was incorporated under the *Business Corporations Act* (British Columbia) on May 14, 2007. The principal activities of the Company are the exploration of resource properties in Green Bay, Newfoundland and Labrador, Canada. The Company is considered to be in the exploration stage.

The address of the Company's corporate office and principal place of business is Suite 615 – 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6.

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate the acquisition of, participation in or interest in new properties, assets or business opportunities, and raise additional funds by way of equity financings. Any acquisition may be subject to shareholder and regulatory approval and obtaining the necessary financing. Should the Company be unable to complete such a transaction, its ability to raise sufficient financing to maintain operations may be impaired. The available funds are insufficient to continue operations for the ensuing year. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be successful in doing so in the future. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements have been prepared on a historical basis, using the accrual basis of accounting except for cash flow information. The accounting policies set out in Note 3 have been applied consistently to all years presented in these financial statements unless otherwise indicated.

These financial statements were authorized for issue by the Board of Directors on April 21, 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared using the historical cost basis, except for financial instruments which are stated at fair value.

(a) Use of estimates and judgment

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of

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(Expressed in Canadian Dollars)

making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Critical judgments exercised in the application of accounting policies and estimates having the most significant effects on the amounts recognized in these financial statements include:

Judgement:

Economic recoverability and profitability of future economic benefits of exploration and evaluation assets – Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits, including geological and other technical information, a history of conversion of mineral deposits with similar characteristics to its properties, evaluation of permitting and environmental issues and other such factors.

Royalty reserve - Royalty reserve includes proceeds received from royalty units, repayable from future production. As future production is not determinable, the royalty units have been classified as capital in nature.

Estimates:

Valuation of share-based payments, agent compensation and finders' warrants – The Company uses the Black-Scholes Pricing Model for valuation of *share*-based payments, agent compensation and finders' warrants, which requires the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's results and equity reserves.

Income taxes – In assessing the probability of realizing deferred tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax position 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.

While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operation and cash flows.

(b) Functional and presentation currency

The Company's functional and presentation currency is the Canadian dollar.

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(c) Cash

Cash includes cash and short-term money market instruments that are readily convertible to cash with original terms of three months or less. Interest income is recorded as earned on the accrual basis at the stated rate of interest over the term of the investment.

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

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

From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments and government assistance are recorded as property costs or recoveries when the payments are made or received.

If economically recoverable ore reserves are developed, capitalized costs of the related property will be reclassified as mining assets and will be amortized using the unit-of-production method. When a property is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of the project are deemed to be impaired. As a result those E&E costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses E&E assets for impairment at each statement of financial position date or whenever facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. A cash-generating unit is the smallest identifiable group of E&E assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Although the Company has taken steps to verify title to the properties in which it has an interest in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee that title to the properties will not be challenged or impugned. Property title may be affected by undetected defects, be subject to unregistered prior agreements, transfers or land claims, or be non-compliant with regulatory requirements.

(e) Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest.

The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing

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environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the properties may be diminished or negated.

(f) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(g) Financial instruments

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(i) Financial assets

Financial assets are classified into one of the following categories. The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

a. Fair value through profit or loss ("FVTPL")

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL.

A financial asset is classified as FVTPL if:

- it has been acquired principally for the purpose of selling in the near future;

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- it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset.

b. Available-for-sale investments (“AFS”)

Short-term investments and other assets held not otherwise designated, are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognized in other comprehensive loss. Impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, are recognized directly in profit or loss. When an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in other comprehensive loss is included in profit or loss for the period. The Company does not have any assets classified as AFS financial assets.

c. Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are held to maturity, and are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at year-end. Bad debts are written off during the reporting period in which they are identified. Interest income is recognized by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

d. Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

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

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For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the bad debt account. Subsequent recoveries of amounts previously written off are credited against the bad debt account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

(ii) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include trade accounts payable, other payables, advances from non-controlling interest, deferred credits and loans.

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise trade payables and accrued liabilities. The liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

(h) Income taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry-forwards, resource related

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pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(i) Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. The Board of Directors grants such options for periods of up to ten years, with vesting periods determined at its discretion and at prices not less than the closing market price on the grant date.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period during which the options are earned. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number at options that vest. For directors and employees, the fair value of the options is measured at the date of grant. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Upon expiry, the recorded value is transferred to deficit.

(j) Flow-through shares, unit offerings, royalty units and treasury shares

At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds received (i.e. the "flow-through share premium") as follows:

- Share capital – the market value of the share
- Flow-through share premium – recorded as a liability and equal to the estimated premium, if any, investors pay for the flow-through feature based on the residual value method.
- Warrants – recorded as reserves based on the residual value method.

Thereafter, as qualifying resource expenditures are incurred, these costs are expensed and the flow-through share premium is amortized to profit or loss.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time (before or after the end of the reporting period).

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The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued and recorded to profit or loss.

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the quoted market price of the common shares at the time the units are priced, then to the flow-through tax premium, if any and thereafter to warrants.

Royalty units are recorded as reserves based on their fair value (amounts received). Treasury shares (repurchased shares) are valued at the cost paid to repurchase until sold. As they are no longer considered outstanding, they are excluded from the weighted average number of shares outstanding in calculating the loss per share.

(k) Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the period. The dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to re-purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of conversions or exercise of options and warrants as they would be anti-dilutive.

Shares subject to escrow restrictions are excluded from the weighted average number of common shares unless their release is subject only to the passage of time.

(l) Segmented information

The Company has one operating segment, mineral exploration and development, and operates in one geographical segment, being Canada.

(m) New accounting standards not yet adopted

IFRS 15, "Revenue from Contracts with Customers" is effective for annual periods beginning on or after January 1, 2017.

IFRS 9, "Financial Instruments: Classification and Measurement" is effective for annual periods beginning on or after January 1, 2018.

IFRS 16, "Leases" is effective for annual periods beginning on or after January 1, 2019.

The Company is currently evaluating the impact of these new and amended standards on its financial statements. The impact is not expected to have a material impact on the statements of financial position or results of operations.

4. FINANCIAL INSTRUMENTS

The Company has classified its cash as FVTPL (using level 1 of the fair value hierarchy); receivables (excluding tax arrangements) as loans and receivables; and accounts payable and accrued liabilities and loans as other financial liabilities.

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The carrying values of cash, receivables, accounts payable and loans approximate their fair values due to the short-term maturity of these financial instruments.

5. FINANCIAL RISK MANAGEMENT

(a) Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk with respect to its cash and receivables. The maximum exposure to loss arising from accounts receivable is equal to their carrying amounts.

The Company manages credit risk with respect to its cash by maintaining demand deposits with a major Canadian financial institution; however, this exposes the Company's cash to concentration of credit risk as all amounts are held at a single institution.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company is exposed to liquidity risk.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

Interest rate risk consists of two components:

- (a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and
- (b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The

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Company is not exposed to foreign currency risk as its monetary assets and liabilities are denominated in Canadian dollars.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to other price risk.

There were no changes in the Company's approach to managing the above risks.

6. CASH

	December 31, 2016	December 31, 2015
Cash	\$ 580,510	\$ 2,119

7. EXPLORATION AND EVALUATION ASSETS

During 2010, the Company acquired a 50% interest in the Green Bay mineral property located in central Newfoundland, and in 2011 acquired the remaining 50% interest, such that the Company has a 100% interest in the property, subject to a 2% net smelter return royalty on future production from the property with the exception of production from the Orion deposit.

Expenditures incurred on the Company's 100% owned Green Bay Property, during the years ended December 31, 2016 and December 31, 2015, follow:

	December 31, 2016	December 31, 2015
Balance at the beginning of the year	\$ 4,924,533	\$ 4,798,178
Exploration costs:		
Drilling	4,875	3,900
Geology and report writing	562,135	113,741
Geochemistry	69,788	-
Property	95,124	51,542
Geophysics	162,562	-
Other	7,348	2,110
	901,832	171,293
Less:		
Recoveries & Grants	-	(44,938)
Net additions	901,832	126,355
Balance at the end of the year	\$ 5,826,365	\$ 4,924,533

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Recoveries and Grants:

- On May 7, 2015 the Company received \$19,938 pursuant to an application made with the Newfoundland and Labrador government in respect of the Newfoundland and Labrador Mineral Incentive Junior Exploration Assistance Program ("JEAP") grant for exploration conducted during 2014.
- On July 13, 2015, the Company received \$17,000 from the Government of Newfoundland and Labrador in respect of return of deposits on certain leases.
- On December 8, 2015, the Company disposed of equipment to a party related by virtue of common officership, for total proceeds of \$8,000, which funds were returned to the purchaser on June 23, 2016 on return of the equipment to the Company.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2016	December 31, 2015
Accounts payable	\$ 253,046	\$ 12,882
Accrued liabilities	17,780	85,880
Interest payable	(1) 20,438	32,793
Due to related parties (note 13)	116,879	236,811
	\$ 408,143	\$ 368,366

(1) Included in interest payable at December 31, 2016 is \$20,438 (December 31, 2015: \$14,535) due to related parties (Note 13(b))

9. LOANS

- 2014 Notes On December 15, 2014, the Company completed loan arrangements by way of promissory notes for total proceeds of \$275,000. The 2014 Notes, subsequently amended, mature on November 14, 2016 and bear interest of 10% per annum. In connection with the 2014 Notes, the Company, as a bonus to the lenders, issued in the aggregate 366,665 common shares at a total fair value of \$41,333, which transaction cost was amortized and expensed over the term of the loan. On July 27, 2016, \$25,000 of the 2014 Notes, including interest of \$4,034 was retired. On August 16, 2016, \$150,000 of the 2014 Notes, including interest of \$26,404 was retired.
- 2015 Notes #1 On June 18, 2015, the Company completed loan arrangements by way of promissory notes for total proceeds of \$12,500 ("2015 Notes #1"). The 2015 Notes#1 matured on June 18, 2016 and bear interest of 10% per annum. On September 19, 2016, 2015 Notes #1, including interest of \$1,572 was retired.
- 2015 Notes #2 On June 18, 2015, the Company completed loan arrangements by way of promissory notes for total proceeds of \$12,500("2015 Notes #2"). The 2015 Notes #2 matured on June 18, 2016 and bear interest of 10% per annum. On September 19, 2016, 2015 Notes #2, including interest of \$1,572 was retired.
- 2015 Notes #3 On October 8, 2015, the Company completed a loan arrangement by way of a promissory note for total proceeds of \$30,000 ("2015 Notes #3"). The 2015 Notes #3 matured on October 8, 2016 and bear interest of 10% per annum.

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On September 8, 2016, 2015 Notes #3, including interest of \$2,762 was retired.

2015 Notes #4 On October 15, 2015, the Company completed a loan arrangement by way of a promissory note for total proceeds of \$25,000 ("2015 Notes #4"). The 2015 Notes #4 mature on October 15, 2016 and bear interest of 10% per annum. On April 24, 2016, the 2015 Notes #4, including interest of \$1,315 was retired.

At December 31, 2016, the Company had principal of \$100,000 (2015: \$355,000) and interest of \$20,438 (2015: \$32,793) owing to the lenders bearing interest of 10% per annum (Note 13).

	Principal	Value of	Amortized	Principal (net of	Accrued	Retired	Total
	(\$)	bonus shares	values of	unamortized	interest	notes plus	(\$)
		(\$)	bonus shares	value of bonus	(\$)	interest	
			(\$)	shares)		(\$)	
				(\$)			
2014 Notes	275,000 ⁽¹⁾	(41,333)	41,333	275,000	50,876	(205,438)	120,438
2015 Notes #1	12,500 ⁽²⁾	-	-	12,500	1,572	(14,072)	-
2015 Notes #2	12,500	-	-	12,500	1,572	(14,072)	-
2015 Notes #3	30,000	-	-	30,000	2,762	(32,762)	-
2015 Notes #4	25,000 ⁽⁴⁾	-	-	25,000	1,315	(26,315)	-
	355,000	(41,333)	41,333	355,000	58,097	(292,659)	120,438 ⁽³⁾

(1) \$125,000 provided by parties related to the company

(2) \$12,500 provided by parties related to the company

(3) Balance comprised of principal \$100,000 and interest of \$20,438 owing to parties related to the Company

(4) \$25,000 provided by parties related to the company

At December 31, 2016, the Company had principal of \$100,000 (2015: \$355,000) and interest of \$20,438 (2015: \$32,793) owing to the lenders bearing interest of 10% per annum (2015: 10% per annum).

	Principal	Value of	Amortized	Principal (net of	Interest	Total
	(\$)	bonus shares	values of	unamortized	payable	(\$)
		(\$)	bonus shares	value of bonus	(\$)	(\$)
			(\$)	shares)		
				(\$)		
2014 Notes	275,000 ⁽¹⁾	(41,333)	41,333	275,000	30,233	305,233
2015 Notes #1	12,500 ⁽²⁾	-	-	12,500	671	13,171
2015 Notes #2	12,500	-	-	12,500	671	13,171
2015 Notes #3	30,000	-	-	30,000	528	30,528
2015 Notes #4	25,000 ⁽³⁾	-	-	25,000	690	25,690
	355,000	(41,333)	41,333	355,000	32,793	387,793

(1) \$125,000 provided by parties related to the company

(2) \$12,500 provided by parties related to the company

(3) \$25,000 provided by parties related to the company

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10. CAPITAL MANAGEMENT

The Company defines capital as all components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company does not pay dividends and is not subject to any externally imposed capital requirements.

The Company raises capital through the issuance of its share capital and promissory notes to fund operations, and the identification and evaluation of exploration assets. Although the Company has been successful at raising funds in the past through issuance of common shares, there can be no assurance that it will continue to be able to do so in the future.

There were no changes to the Company's approach to capital management during the year ended December 31, 2016. The Company is not subject to any externally imposed capital restrictions.

11. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value

(b) Issued

- **Offerings**

During fiscal 2016, the Company completed three private placements for a total of 23,070,000 units (collectively, the "Offerings"), all with the same terms, by way of non-brokered private placements of units ("Equity Units") As a condition of the Offerings, all participants acquiring Equity Units were provided the option to purchase a streaming royalty ("Royalty Unit") as described below.

The Offerings were comprised of Equity Units at \$0.14 per Equity Unit, with each Equity Unit consisting of one common share and one half of one non-transferable share purchase warrant ("Warrant"). Each whole Warrant attached to the Equity Units will entitle the holder to purchase one additional common share at a price of \$0.20 per common share for 36 months following closing.

Finders' fees in cash together with Finder/Broker Warrants ("Finders' Warrants"), which have the same terms as the Warrants attached to the Equity Units, were paid on portions of the placements (note 11(c)).

The Company did not complete any private placements during the year ended December 31, 2015.

- **Royalty units**

The purchaser of the Offerings were provided the option to purchase Royalty Units that will return 100% of the original investment made by the purchasers, and is to be paid out of production from the Company's Green Bay project ("Project").

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Total royalties payable from the Royalty Units (“Royalty Payment”) are capped at an amount equal to the total Equity Units and Royalty Units purchased. Royalty Payments will be made annually beginning on the first anniversary of the date of commencement of commercial production for the Project. Royalty Payments will be funded solely from 10% of annual net cash flow from the Project, with net cash flow representing net production revenues realized from the Project after deduction of all Project operating and debt servicing costs. At the option of the Company, Royalty Payments will be paid either in cash or in gold.

During fiscal 2016 the Company issued Royalty Units in conjunction with the Offerings. The Royalty Units had a price of \$0.01 per Royalty Unit, and, subject to written consent of the Company, may be assigned or transferred in their entirety only. The proceeds received in relation to the Royalty Unit has been recorded as a Royalty Reserve within Equity. The likelihood of the Project going into production cannot be determined at this time.

Closings of the Offerings, including Royalty Units, occurred as follows:

	Offering #1	Offering #2	Offering #3	Total
Closing Date	February 12, 2016	April 22, 2016	July 20, 2016	
Offerings:				
Gross Proceeds Received	\$182,000	\$737,800	\$2,310,000	\$3,229,800
Equity Unit Price	\$0.14	\$0.14	\$0.14	
Shares Issued	1,300,000	5,270,000	16,500,000	23,070,000
Warrants Issued	650,000	2,635,000	8,249,998	11,534,998
Warrant Exercise Price	\$0.20	\$0.20	\$0.20	
Warrant Expiry Date	February 12, 2019	April 22, 2019	July 20, 2019	
Royalty Units:				
Gross Proceeds Received	\$ 13,000	\$ 52,700	\$ 145,000	\$ 210,700
Royalty Unit Price	\$0.01	\$0.01	\$0.01	
Royalty Units Issued	1,300,000	5,270,000	14,500,000	21,070,000
Finders' Fees				
Cash	\$16,350	\$58,481	\$247,916	\$322,747
Finders' Warrants (Note 12)	97,500	382,875	1,190,700	1,671,075
Exercise Price	\$0.20	\$0.20	\$0.20	
Expiry Date	February 12, 2019	April 22, 2019	July 20, 2019	

The Company did not issue Royalty Units during the year ended December 31, 2015.

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• *Option and Share Purchase Agreement with Commander*

On February 12, 2015 as amended April 6, 2016, Commander Resources Ltd. (“Commander”) and Maritime entered into an option and shares purchase agreement (the “Option and Share Purchase Agreement”) pursuant to which Maritime, or its nominees (the “Maritime Group”), has the option to purchase, in stages, a total of 10,000,000 of the 11,440,000 common shares of Maritime owned by Commander; should Maritime elect to acquire any of the shares, that acquisition will be subject to regulatory approval. Maritime and Commander also entered into a voting trust agreement (the “Voting Trust Agreement”), whereby Commander will vote its remaining shares with management of the Company for the duration of the Option and Share Purchase Agreement. Any shares not purchased pursuant to the terms of the Option and Share Purchase Agreement, as amended, will automatically be released from the provisions of the Voting Trust Agreement.

Pursuant to the amended Option and Share Purchase Agreement, Maritime will identify third parties to purchase shares as follows:

- **Tranche 1:** 2,000,000 shares at a price of \$0.18 per share on or before February 28, 2015 (completed).
- **Tranche 2:** 2,000,000 shares at a price of \$0.14 per share; 1,000,000 on or before April 30, 2016 (completed) and 1,000,000 on or before August 31, 2016 (completed by the Company included in treasury shares).
- **Tranche 3:** Up to 2,000,000 shares @ \$0.21 per share on or before August 31, 2016 (500,000 purchased by the Company – included in treasury shares⁽²⁾).
- **Tranche 4:** Up to 2,000,000 shares, plus any carry forward shares⁽²⁾, at a price of \$0.25 per share⁽¹⁾ between August 31, 2016 and February 28, 2017. Tranche has not yet been completed and therefore 3,500,000 shares (2,000,000 Tranche 4 shares and 1,500,000 Tranche 3 carry forward shares) are no longer subject to the Option and Share Purchase Agreement.⁽³⁾
- **Tranche 5:** Up to 2,000,000 at a price of \$0.30⁽¹⁾ between February 28, 2017 and August 31, 2017⁽³⁾.

(1) Prices are subject to price fluctuation, being the greater of the option price and 85% of the volume weighted average price of the common shares for the 10 trading days prior to the applicable option exercise date.

(2) Any shares not purchased in a particular tranche are carried forward to the next tranche, under the terms of the new tranche, subject to a minimum of 500,000 shares were repurchased in original tranche. Carry forward can only occur once per option.

(3) The Company is negotiating with Commander to extend the terms of the Option and Share Purchase Agreement.

On August 31, 2016, the Company completed the purchase of a total of 1,500,000 shares at a total cost of \$245,000 (1,000,000 shares at \$0.14 per share; 500,000 shares at \$0.21 per share).

(c) Stock options

The Company has a “rolling” stock option plan for its directors, officers, employees and consultants. The terms of the plan provide for options to be granted to a maximum of

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10% of the issued and outstanding common shares of the Company at the time of grant of the stock options. The exercise price of each option shall not be less than the minimum price permitted by the policies of the TSX Venture Exchange, and the options may be granted for a maximum term of ten years from the date of grant. The Company records the fair value of all options granted using the Black-Scholes model as share-based payment expense over the vesting period of the options. Vesting terms are determined by the Board of Directors.

A summary of the Company's stock options as at December 31, 2016 and December 31, 2015 and changes during the years then ended follows:

	Number of Options	Weighted Average
Outstanding December 31, 2014	3,275,000	\$ 0.195
Granted	150,000	\$ 0.160
Granted	1,785,000	\$ 0.150
Expired	(1,000,000)	\$ 0.150
Expired	(150,000)	\$ 0.165
Expired	(315,000)	\$ 0.200
Expired	(240,000)	\$ 0.280
Outstanding, December 31, 2015	3,505,000	\$ 0.178
Granted	2,400,000	\$ 0.250
Expired	(400,000)	\$ 0.160
Outstanding, December 31, 2016	5,505,000	\$ 0.209
Exercisable December 31, 2016	5,430,000	\$ 0.208

During the year ended December 31, 2016 the Company granted 2,400,000 (2015: 1,935,000) stock options to consultants, officers and employees of the Company, of which 2,300,000 vest immediately and 100,000 vest 25% every three months beginning three months from date of grant. The fair value of the stock options granted as determined by the Black-Scholes pricing model was \$266,367 (2015: \$188,273) or \$0.11 per option (2015: \$0.10). Share based payments recognized during the year was \$275,973 (2015: \$185,923), \$66,280 (2015: \$297,687) of share based payments expired during the year resulting in a reversal from reserves to deficit.

The Company has estimated the forfeiture rate to be 0.00%. Expected volatility was determined based on the historical movements in the closing price of the Company's, or comparable companies', stocks for a length of time to the expected life of each option.

The following weighted average assumptions were used for the Black-Scholes option pricing model for options granted as follows:

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	2016	2015
Risk-free interest rate	0.59%	0.94%
Expected dividend yield	Nil	Nil
Expected stock price volatility	120%	114%
Expected option life in years	5	5

As at December 31, 2016, stock options outstanding were as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price
200,000	200,000	\$0.175	26-Apr-17		
500,000	500,000	\$0.200	21-Jan-18		
420,000	420,000	\$0.280	29-May-19		
200,000	200,000	\$0.150	15-Oct-19		
1,785,000	1,785,000	\$0.150	13-Nov-20		
2,400,000	2,325,000	\$0.250	29-Jul-21		
5,505,000	5,430,000			3.63	\$ 0.209

12. WARRANTS

During the year ended December 31, 2016, the Company in connection with the Offerings, issued 11,543,998 (2015: nil) Warrants allowing for the purchase of one common share per Warrant. The Warrants entitle the holder to purchase one common share at a price of \$0.20, with 650,000 of the Warrants expiring on February 12, 2019, 2,635,000 expiring on April 22, 2019; and 8,249,998 expiring on July 20, 2019. The Company also issued 1,671,075 Finders' Warrants having the same terms as the Warrants, which Finders' Warrants were valued at \$242,126 using the Black-Scholes model with the following weighted average assumptions:

	2016
Risk-free interest rate	0.46%
Expected dividend yield	Nil
Expected stock price volatility	119.18%
Expected option life in years	3

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A summary of the status of the Warrants as at December 31, 2016 and December 31, 2015 follows:

	Number of Warrants	Expiry Date	Weighted Average Price
Outstanding and Exercisable, December 31, 2015	-		
Private placements			
- Offering #1	650,000	12-Feb-19	\$ 0.20
- Offering #1 - Finders' warrants	97,500	12-Feb-19	0.20
- Offering #2	2,635,000	22-Apr-19	0.20
- Offering #2 - Finders' warrants	382,875	22-Apr-19	0.20
- Offering #3	8,249,998	20-Jul-19	0.20
- Offering #3 - Finders' warrants	1,190,700	20-Jul-19	0.20
Outstanding and exercisable, December 31, 2016	13,206,073		\$ 0.20

13. RELATED PARTY TRANSACTIONS

(a) Services

- i) Effective July 1, 2014 the Company entered into arrangement with an administration and exploration services contractor ("AESC") in which a director is a shareholder, pursuant to which it receives office, administrative and exploration services. For the years ended December 31, 2016 and 2015, the Company was charged for exploration costs and to reimburse office and administrative costs as follows:

	2016	2015
Rent	\$ 71,865	\$ 37,573
Consulting	-	7,500
Geological consulting	-	30,525
Office administration	18,413	12,790
	\$ 90,278	\$ 88,388

At December 31, 2016, the company owed \$359 (2015: \$28,190) to AESC.

- ii) During the year ended December 31, 2016, \$nil (2015: \$3,865) owing to a formerly related Company by virtue of common directorship was forgiven and written off.

(b) Loans

In respect of the 2014 Notes (Note 10), as at December 31, 2016 the Company owed interest of \$20,438 (2015: \$13,336) and principal of \$100,000 (2015: \$125,000) to related party.

In respect of the 2015 Notes (Note 10), as at December 31, 2016 the Company owed interest of \$nil (2015: \$1,199) and principle of \$nil (2015: \$37,500) to related parties.

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(c) Compensation of key management personnel

Key management personnel consist of the directors and executive officers of the Company. The remuneration, including stock-based compensation, of key management personnel during the years ended December 31, 2016 and 2015 were as follows:

	2016	2015
Consulting	\$ 313,946	\$ 138,600
Contract wages ⁽¹⁾	87,500	-
Directors' fees	66,000	67,500
Geological consulting ⁽²⁾	105,000	97,125
Share-based payments	183,024	155,090
	\$ 755,470	\$ 458,315

(1) Included in Administration on the Statement of Loss and Comprehensive Loss

(2) Included in Geology and Report Writing within Exploration and Evaluation Assets (Note 7)

At December 31, 2016, the Company owed \$320 (2015:\$59,200) to an officer and former director of the Company, \$1,059 (2015: \$88,201) to a director of the Company.

At December 31, 2016, directors' fees, totaling \$115,500 (2015: \$67,500), remained accrued.

14. INCOME TAX

	2016	2015
Loss for the year	\$ (1,387,634)	\$ (677,075)
Expected income tax (recovery)	\$ (361,000)	\$ (176,000)
Change in statutory, foreign tax, foreign exchange	-	5,000
Permanent Difference	76,000	49,000
Share issue cost	(84,000)	-
Adjustment to prior years provision versus statu	(4,000)	(2,000)
Change in unrecognized deductible temporary	373,000	124,000
Total income tax expense (recovery)	\$ -	\$ -

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

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	2016	2015
Deferred Tax Assets (liabilities)		
Exploration and evaluation assets	\$ (292,000)	\$ (292,000)
Share issue costs	71,000	8,000
Non-capital losses available for future period	927,000	617,000
	706,000	333,000
Unrecognized deferred tax assets	(706,000)	(333,000)
Net deferred tax assets	\$ -	\$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statements of financial position are as follows:

	2016	Expiry Date Range	2015	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	\$ (1,164,000)	No expiry date	\$ (1,164,000)	No expiry date
Investment tax credit	14,000	2017 to 2033	14,000	2020 to 2033
Share issue costs	275,000	2017 to 2020	30,000	2034 to 2037
Non-capital losses available for future period	3,564,000	2017 to 2036	2,373,000	2016 to 2035

Tax attributes are subject to review, and potential adjustment, by tax authorities.

15. SUBSEQUENT EVENT

On February 27, 2017, the Company entered into agreement (the "Agreement") to acquire a 100% interest in the Whisker Property (the Property"), located in Newfoundland, in consideration for the following:

	Cash payments (\$)	Shares in the capital of the Company (#)	Minimum exploration expenditures on the Property (\$)
Upon entering into the Agreement	25,000 (paid)	100,000 (issued)	Nil
Year 1 anniversary	20,000	150,000	100,000
Year 2 anniversary	30,000	200,000	250,000
Year 3 anniversary	50,000	250,000	300,000
Year 4 anniversary	75,000	300,000	500,000
Year 5 anniversary	100,000	500,000	500,000

The Agreement is subject to a 2.5% NSR, of which the Company can purchase 1% for \$1,000,000 until the second anniversary of production. The Agreement received regulatory approval on March 22, 2017.