Chibougamau Independent Mines Inc.

ANNUAL REPORT 2016

Table of Contents

President’s Message to Shareholders

As we outlined in last year’s report, despite the challenging financial markets, Management and the Board of Directors believed that CIM held first class assets as reflected in the dominant land package, significant exploration targets, five former copper-gold mines, the down dip of three other mines, two unmined deposits (gold, silver, zinc (Berrigan) and copper, gold (Bateman Bay)), as well as a large vanadium/iron/titanium/ deposit. We believe that our exploration programs in 2016 reconfirmed our commitment to these properties.

Early in 2016, we saw both significant volatility in the world financial markets and downward pressure on all commodity prices. During this period, CIM explored a number of business opportunities, all of which were designed to revitalize the Corporation with a targeted exploration program building on the exploration successes of 2013. We also carefully considered a share consolidation of the common shares on a 2:1 basis which was subsequently completed effective on June 9, 2016.

Towards the end of the first quarter, a significant number of financings were completed by junior mining companies and CIM was able to participate in a private placement in June 2016. On June 24, 2016, we issued 15,690,000 Units (“units”) under a private placement with each unit consisting of one (1) common share and one-half (1/2) of a common share purchase warrant which generated gross proceeds of $784,500. On the same date, the Corporation issued 5,000,000 flow-through shares at a price of $0.05 per FT share which generated gross proceeds of $250,000.

In the third quarter, our exploration team reviewed the results of the exploration work completed in 2013. This review resulted in the identification of new structural features and mineralization on the Berrigan Property and potential extensions of copper/gold mineralization encountered in the 2013 drill program on the Bateman-Jaculet property (Zone C3). As outlined in our MD&A, our current exploration targeting considers our properties as copper/gold properties rather than just copper projects reflecting the significant value that gold represents of the gross and net metal value per tonne.

In the fourth quarter, drilling was undertaken on the Bateman Bay (C3 Zone) and Berrigan properties. We were very pleased with the results from these programs as described in our MD&A and detailed in respective press releases dated January 18, 2017, February 1, 2017, and March 21, 2017. We have developed an exploration program, covering all the CIM assets, which will be undertaken by three very senior geologists including a structural geologist during this spring and summer.

On September 29, 2016, CIM agreed to an option agreement with Vendome Resources Corp (name changed on January 16, 2017, to Vanadium One Energy Corp), which will result in the disposition of the Mont Sorcier vanadium, iron, titanium property. On November 21, 2016, we received 2,750,000 Vendome common shares and on March 1, 2017 received $150,000. Further details of the arrangement are outlined in the MD&A. These funds along with the funds from the financing will support initial exploration activities in 2017.

Our achievements would not have been possible without the contributions of our directors, employees, consultants, professional advisors, contractors and suppliers. I would also like to thank our shareholders for their continued support and appreciation of our efforts.

We believe that the Corporation continues to hold first-class properties and we are optimistic that our 2017 exploration programs will further demonstrate the potential realizable value of our Chibougamau Mining Camp properties.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year-ended December 31, 2016

This Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Chibougamau Independent Mines Inc's. ("CIM", the "Corporation" and "we") results of operations, financial performance and current business environment. This MD&A, which has been prepared as of March 10, 2017, and should be read in conjunction with the audited annual financial statements and the related notes, for the two years ended December 31, 2016 and December 31, 2015.

On June 9, 2016, the Corporation completed a share consolidation on a one (1) post-share for two (2) pre-share basis. The Corporation's number of outstanding options, options available for grant, and warrants and the accompanying exercise prices were adjusted on the same basis. Unless otherwise stated, the number of shares, options, warrants and the exercise prices of options and warrants presented in Corporation's financial statements for the second quarter of 2016 have been retrospectively restated to reflect the share consolidation.

Table of contents

Overview – Chibougamau Mining Camp

CIM is a natural resources exploration and development corporation, with properties, located in the area of Chibougamau, Québec. It currently holds twelve exploration properties.

In 2010, Globex Mining Enterprises Inc. ("Globex") acquired a significant number of properties in the

Chibougamau Mining Camp. On September 10, 2012, Globex and CIM entered into an Arrangement which resulted in the reorganization of the Corporation's capital and the receipt of cash and cash equivalents, certain investments held by Globex as well as the transfer of ten properties from Globex to CIM. Under a Plan of Arrangement, effective December 29, 2012, ten properties were transferred from Globex to CIM subject to a 3% "Gross Metal Royalty" in favour of Globex. On October 3, 2016, Globex announced that the 3% Gross Metal Royalty on a number of claims related to the Mont Sorcier project had been reduced to 1%, but extended to claims acquired by CIM in 2016 and therefore applicable to the entire historical mineral deposit.

The Corporation's head office and principal business offices are located at 86, 14th Street, Rouyn-Noranda, Québec, J9X 2J1.

CIM is focused on finding economic mineral deposits and reviving production in the Chibougamau mining camp. It has established a short-term objective of defining NI 43-101 compliant resources on selected target properties.

The CIM shares trade on the TSX Venture Exchange under the symbol CBG, on the Stuttgart exchange under the symbol CLL, as well as on the OTC Markets (USA) under the symbol CMAUF.

The overview which follows highlights the Chibougamau Mining Camp. As properties are acquired and subdivided, the overview as presented on the Corporation's web-site (www.chibougamaumines.com,) is updated.

Geological Map of Chibougamau Area

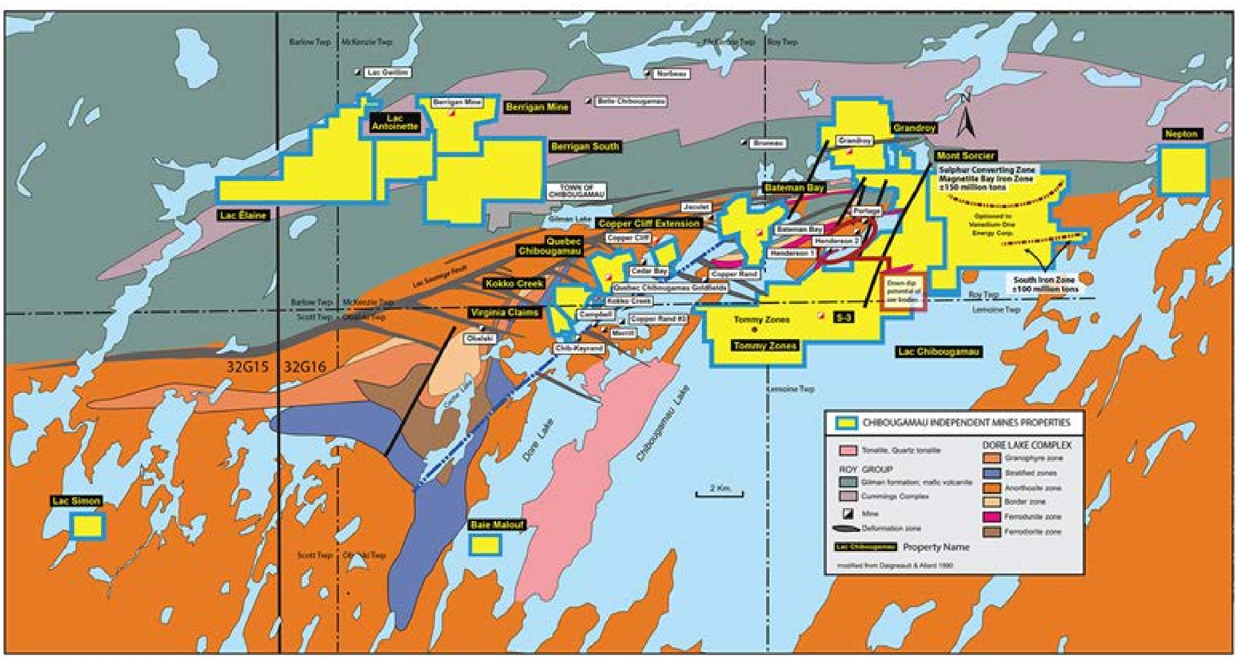

Figure 1

CIM owns half of the Chibougamau mining camp (10,349 hectares (25,572 acres)), which is one of the major mining camps in Quebec. It is principally a copper/gold camp which was explored in the past for copper while most of the gold was ignored when gold was in the US $35 to US $60 per ounce range. As a result, CIM believes that there is significant potential.

The CIM assets include:

- Five former producing copper/gold mines,
- Down/dip of three of the largest copper/gold deposits in the camp,
- Two unmined historical deposits (Berrigan (Au, Ag, Zn) and Bateman Bay (Cu, Au)),
- An unmined historical quarter billion tonne iron/titanium/vanadium body, as well as
- Numerous drill-ready copper/gold zones (known mineralization from historical drilling supported by deep penetration geophysics and indicates potential at depth along strike and identified as a drill target by CIM).

Highlights and summary

- CIM began operations in 2013 and spent $1,434,285 on deferred exploration expenses. In 2014 and 2015, limited exploration expenditures were incurred as sufficient funding was not available.

- On June 24, 2016, the Corporation issued 15,690,000 Units ("units") under a private placement. Each unit is comprised of one (1) common share in the capital stock and one-half (1/2) of a common share purchase warrant of the Corporation at a price of $0.05 per unit which generated gross proceeds of $784,500. On the same date, the Corporation issued 5,000,000 flow-through shares at a price of $0.05 per FT share which generated gross proceeds of $250,000.

- As a result of completing our financing, during the third quarter, we finalized work plans for the highest priority targets that were previously identified and began fieldwork including drilling costs of $155,644 which are reflected in the exploration expenditures for 2016 of $289,310 (2015 - $4,795).

- In 2016, administrative and compliance costs totalled $146,738 (2015 - $86,639), interest and financing costs were $18,625 (2015 - $19,618), share based compensation totalled $98,030 (2015 - Nil) and other expenses were $26,456 (2015 - $1,182,985).

- At December 31, 2016, the Corporation had cash and cash equivalents of $388,912 (December 31, 2015 - $55,447).

- In 2016, CIM reported revenues of $477,052 (2015 – Nil) as a result of completing an option arrangement for the Mont Sorcier property as well as the sale of Buckell Lake property and incurred operating expenses of $289,849 (2015 - $1,289,242) as well as incurring other expenses (mainly decrease in fair value of financial assets) of $145,159 (2015 – $43,703) resulting in net income before taxes of $42,044 (2015 – net loss $1,332,945). For the year, CIM reported income of $108,819 including the net impact of $82,750 as a result of the sale of tax benefits under flow arrangements as compared to a loss of $1,143,581 in 2015. The 2015 loss included deferred tax recoveries of $189,364.

Forward-looking statements

Certain information in this MD&A, including any information as to the Corporation's future financial or operating performance and other statements that express management's expectations or estimates of future performance, constitute "forward-looking statements." The words "expect", "will", "intend", "estimate", and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

This document may contain forward-looking statements reflecting the management's expectations with respect to future events. Actual results may differ from those expected. The Corporation's management does not assume any obligation to update or revise these forward-looking statements as a result of new information or future events except as required by law.

Economic Environment and Strategy

Early in 2016, we saw both significant volatility in the world financial markets and downward pressures on all commodity prices much of which is a result of the declines in economic growth in a number of important world economies. During the second and third quarter, Britain's Brexit vote to leave the European Union, the US Federal Reserve interest rate policy and widespread uncertainty over the US presidential election motivated global investors to seek safe haven. During the latter part of 2016, there was also a recognition of the rebalancing between supply and demand for a number of commodities including copper and zinc.

Following the U.S. election, the stock markets and commodities prices reflected an anticipation of global growth fuelled by solid growth in China and an improved outlook in Europe as well as U.S. President Donald Trump's anticipated tax cuts and infrastructure spending plans.

During the last three years, many junior mining companies were unable to successfully complete equity financings. However, since February of 2016, we have seen some increased interest in reorganizations and financings in this sector. This change is reflected in CIM's October 3, 2016, press release announcing that it had optioned its Mont Sorcier Vanadium-Iron-Titanium project in Roy Township, Quebec, 18 km east of the Town of Chibougamau to Vendome Resources Corp. (VDR-V).

Exploration activities and mining properties

The Corporation conducts exploration activities in compliance with "Exploration Best Practices Guidelines" established by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) standards with exploration programs planned and managed by "Qualified Persons" who ensure that QA/QC practices are consistent with National Instrument (NI) 43-101 standards. On all projects, diamond drill core is marked by a geologist and subsequently split, with one-half of the core analyzed, in the case of gold, by standard fire assay with atomic absorption or gravimetric finish at an independent, registered commercial assay laboratory. The second-half of the core is retained for future reference, except in the case when a duplicate sample is collected for "quality assurance and quality control" (QA/QC) purposes. In that case, the duplicate sample is collected as a sawn, quartered-core sample taken from the second-half of the retained sample, and only a quarter of the core remains in the core tray for that particular interval. Other elements may also be determined in an industry acceptable manner, for either geochemical trace signatures or high grade metal content.

When discussing historical resource calculations available in the public domain regarding CIM's properties, CIM will include source, author and date, and cautionary language stating that:

- A qualified person has not done sufficient work to classify the historical estimate as current mineral resources or reserves;
- CIM is not treating the historical estimate as current mineral resources or mineral reserves; and
- The historical estimate should not be relied upon.

Past exploration and future plans

In December 2012, CIM raised $1,417,799 flow-through funds which financed the 2013 exploration expenditures of $1,434,285 incurred on the various properties with the bulk of the expenditures concentrated on Bateman Bay, Berrigan South and Berrigan Mine, Lac Chibougamau, Lac Élaine (Berrigan West) and Mont Sorcier properties.

Late in 2013, Management had hoped to raise significant exploration funds, but concluded that a financing at that time would be too dilutive and therefore not in the best interests of the shareholders. In addition, we explored various opportunities to Option or Joint Venture a number of properties.

During the subsequent fiscal periods, the exploration expenditures have been as follows:

- Twelve-month period ended, December 31, 2014 - $43,314,
- Twelve-month period ended, December 31, 2015 - $4,795.

Following the completion of the June 2016, financing, in the third quarter, an exploration team reviewed the results of the exploration work completed in 2013 and undertook a site investigation. This review resulted in the identification of several new structural features and mineralization on the Berrigan Property and the new interpretation extended the potential copper mineralization encountered in the 2013 drill program on the Bateman-Jaculet property.

In the fourth quarter of 2016, CIM spent $234,412 on exploration with $64,786 being spent on Bateman Bay (including drilling of $47,637) and $163,543 on the Berrigan South and Berrigan mine (including drilling of $108,007) with the remainder of $6,083 being spent on the other properties.

On January 18, 2017, CIM issued a press release indicating that the recent drilling on the Bateman Bay property had intersected the C3 mineralized zone and the Corporation planned a down-hole electromagnetic survey to better define the strike and depth potential of the copper-gold zone followed by step-out drilling. Hole BJ-16-15 at a vertical depth of 170 m intersected 3.65 % Cu, 0.88 gpt Au over 6.33 meters and Hole BJ-16-16 at a vertical depth of 260 m, 90 meters below hole BJ-16-15, intersected 3.61 % Cu, 1.72 gpt Au over 12.5 meters. True width is approximatively 60% of the core length.

On February 1, 2017, CIM issued a press release indicating that all five drill holes completed in the 4th quarter of 2016 on the Berrigan property intersected multiple zinc-gold silver zones at shallow vertical depths of between 51 and 250 meters. Among others, hole BT-16-009 intersected 2.22 % Zn, 7.58 gpt Ag, 1.13 gpt Au over 13.94 m from 194.51 to 208.45 meters and hole BT-16-011 intersected 2.22 % Zn, 6.31 gpt Ag, 0.72 gpt Au over 19.25m from 237.00 to 256.25 meters. True width is approximatively 70% of the core length.

During the year ended December 31, 2016, exploration expenditures of $289,310 (2015 - $4,795) were incurred on the various properties which mainly represented drilling costs, geology, laboratory analysis and labour costs which are further detailed in Note 11 to the financial statements. The expenses represent “hard dollars” of $39,310 (2015 - $4,795) and flow-through funds of $250,000 (2015 – Nil).

The exploration expenditures by quarter were as follow:

	December 31, 2016 $	December 31, 2015 $
Q1	**747**	224
Q2	**7,059**	1,942
Q3	**47,092**	367
Q4	**234,412**	2,262
	289,310	4,795

Further details related to the exploration expenditures for each of the properties are outlined in note 11 to the financials statements for the year-ended December 31, 2016.

Optioning of Mont Sorcier Property

On October 3, 2016, CIM announced that it had optioned its Mont Sorcier Vanadium-Iron-Titanium project in Roy Township, Quebec, 18 km east of the Town of Chibougamau to Vendome Resources Corp. (VDR-V). Subsequently on October 14, 2016, the terms of the agreement were amended. Under the amended agreement, Vendome will pay CIM, $150,000 and issue to CIM 2,750,000 consolidated Vendome shares. A minimum of $1 million of exploration will be undertaken in the first 24 months following signature of the agreement. CIM will retain a 2% Gross Metal Royalty (GMR) on all mineral production from the property.

In order to facilitate the deal, Globex Mining Enterprises Inc. (GMX-TSX), which held a 3% GMR on a number of claims, has reduced its royalty to 1% GMR, but Globex's royalty has now been extended to the recently enlarged claim group which covers the entire deposit.

Qualified Person

All scientific and technical information contained in this MD&A was prepared by the Corporation's geological staff under the supervision of Jack Stoch, P. Geo, who is a qualified Person under NI 43-101.

Results of Operations

Selected Annual Information

	2016 **$**	2015 $	2014 $
Sale and net option income	**477,052**	-	-
Other income (expenses)	**(145,159)**	(43,703)	(170,052)
Administrative and compliance expenses	**(146,738)**	(86,639)	(142,853)
Share-based compensation	**(98,030)**	-	(23,298)
Project finder's fees	**(25,000)**	-	-
Interest and financing costs	**(18,625)**	(19,618)	(513)
Impairment of mineral properties and deferred exploration expenses	**(1,456)**	(1,182,985)	(3,908,407)
Total expenses	**(435,008)**	(1,332,945)	(4,245,123)
Income (loss) before taxes	**42,044**	(1,332,945)	(4,245,123)
Recovery of Income and mining taxes	**(66,775)**	(189,364)	(191,599)
Income (loss) and comprehensive income (loss) for the year	**108,819**	(1,143,581)	(4,053,524)
Income (loss) per common share			
- Basic and Diluted [(1)]	**(0.00)**	(0.07)	(0.25)
Weighted average number of shares outstanding	**27,189,881**	16,238,542	16,238,542
Total Assets	**1,252,570**	266,864	1,505,732
Other non-current financial liabilities	**17,551**	30,408	44,026

Notes:

1. The basic and diluted loss per share for each of the last eight quarters have been adjusted to reflect the impact of the share consolidation on a one (1) post-share for two (2) pre-share basis which was effective June 9, 2016.

Variation in results

In 2016, CIM reported income of $108,819 as compared to a net loss of $1,143,581 in 2015. The income in the current year reflects the proceeds from the sale and optioning of properties and a reduced impairment provision in the current year (2016 - $1,456; 2015 - $1,182,985).

The increase in the assets from $266,864 at December 31, 2015 to $1,252,570 at December 31, 2016 mainly represents the proceeds of $1,034,500 generated from the June 2016 financing.

In 2015, CIM reported a net loss of $1,143,581 as compared to a net loss of $4,053,524 in 2014. The reduction in the loss is mainly as a result of a $2,725,422 lower impairment provision against mineral properties and deferred exploration expenses and reduced other expenses mainly representing the decline in the fair value of financial assets.

Fourth quarter transactions

On September 29, 2016, CIM signed an option agreement with Vendome Resources Corp (on January 16, 2017, the name was changed to Vanadium One Energy Corp), which will result in it acquiring an undivided beneficial 100% right, title and interest in the Mont Sorcier property. The agreement was amended effective October 14, 2016.

Under the agreement, Vendome agreed to:

- Pay $150,000 in cash within after completing a financing for minimum gross proceeds of $500,000 (cash was received on March 1, 2017),
- Issue 2,750,000 Vendome common shares to CIM. Shares were issued on November 21, 2016 at deemed value of $0.175 per share,
- Complete one million dollars in exploration, within 24 months, as well as
- Accept to pay a 2% Gross Metal Royalty (GMR) on all mineral production from the property.

As a result of this transaction, CIM recorded net income of $473,052 in the fourth quarter of 2016 which represents the fair market value of the shares received of $481,250 less recovered costs related to Mont Sorcier of $8,198.

Summary of quarterly results

The following table shows selected results by quarter for the last eight quarters:

	2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	$	$	$	$	$	$	$	$
Total revenues	473,052	4,000	-	-	-	-	-	-
Total expenses	37,060	72,380	157,266	23,143	1,209,114	23,454	31,658	25,016
Other income (expenses)	(127,301)	1,582	(9,720)	(9,720)	39	(43,742)	(48,602)	48,602
Income (loss)	347,740	(39,072)	(166,986)	(32,863)	(1,025,594)	(61,313)	(73,723)	17,049
Income (oss) per share								
- Basic and diluted	0.01	(0.00)	(0.01)	(0.00)	(0.06)	(0.01)	(0.00)	0.00

Notes:

The basic and diluted loss per share for each of the last eight quarters have been adjusted to reflect the impact of the share consolidation on a one (1) post-share for two (2) pre-share basis which was effective June 9, 2016.

CIM is an exploration and development Corporation and generally does not generate revenues; however in the third quarter of 2016, it generated $4,000 from the sale of the Buckell Lake property and in the fourth quarter it Optioned its Mont Sorcier property to Vendome Resources Corp. and on November 21, 2016 received 2,750,000 shares in that Corporation which had a fair market value on receipt of $481,250 ($0.175 per share). The gross revenues were offset by recovered costs of $8,198.

During each of the last eight quarters, the total expenses were generally limited to administrative, legal, transfer agent and filing fees as well as audit and accounting fees which are required to maintain the Corporation and meet the TSXV listing requirements.

In the second and third quarters of 2016, the expenses also include share based compensation and payments of $62,382 (700,000 options were issued in Q2 – 2016) and $35,648 (300,000 options were issued in Q3 – 2016). The significant increase in expenses in the fourth quarter of 2015 include additional impairment provisions recorded against the deferred exploration and mineral proprieties of $1,182,985.

The variations in the other income (expenses) represent the increase or decrease in the fair value of Mag Copper shares which the Corporation holds as well as a decline in the carrying value of the Vendome Resources shares of $123,750,

In the fourth quarter of 2016, the Corporation recorded a net recovery of deferred taxes of $82,750 as a result of incurring eligible flow-through expenditures of $250,000 incurred during the third and fourth quarters of 2016.

Results of operations for the year ended December 31, 2016

Revenues

During the year ended December 31, 2016, revenues totaled $477,052 as compared to Nil in 2015. In 2016, CIM completed a sale of property and an option arrangement, as a result of the renewed level of financings in the Junior Mining Sector.

Option income

In 2016, CIM generated gross option income of $481,250 (2015 - Nil) which reflects shares with an initial fair market value of $481,250 (2015 - Nil). The gross income is offset by the recovery of property acquisition costs of $3,770 (2015 - Nil) and exploration expenses of $4,428 (2015 - Nil) resulting in net option income of $473,052 (2015 - Nil). Further details related to the Vendome Option Agreement are outlined in the Fourth Quarter Transactions on page 8.

Total expenses year ended December 31, 2016 - $289,849 (December 31, 2015 - $1,289,242)

During the year ended December 31, 2016, the total expenses were $289,849 as compared to $1,289,242 in the year ended December 31, 2015. The decrease of $999,393 mainly reflects decrease of $1,181,529 in the impairment of mineral properties and deferred exploration expenses as well as increases in:

- project finder's fees - $25,000,
- share-based compensation and payments - $98,030,
- management services - $32,040,
- transfer agent and filing fees - $17,787 and
- other items - $9,279

Administration

- The nature of the administration expenses is further detailed in note 16 to the financial statements. The administration expenses consist of office supplies and maintenance, shareholder information, information technology, advertising & promotion as well as insurance and other.

- During 2016, the administrative expenses totaled $16,339 as compared to $12,506 representing an increase of $3,833 with $2,492 related to higher office supplies & maintenance and remainder of $1,341 related to other administrative items.

Transfer Agent and filing fees

- During 2016, the transfer agent and filing fees were $42,530 as compared to $24,743 in 2015. The increase mainly represents the additional costs associated with the share consolidation and the TSXV fees associated securing the approval of the increase in the number of stock options available for issuance under the Corporation's share option plan.

Legal

- During 2016, the legal expenses were $14,695 as compared to $17,510 in 2015. The legal expenses represent costs associated with the respective annual meetings as well as other corporate matter.

Audit and accounting

- During 2016, the audit and accounting expenses totaled $31,134 as compared to $21,880 in 2015. The increase reflects the impact of final adjustments related to 2015 year-end audit accrual.

Project finder's fees

- During 2016, project finder's fees of $25,000 (Cash - $10,000; 300,000 CIM shares with a fair value of $0.05 per share) were incurred in identifying an appropriate financing organization and potential projects. No comparable expenses were incurred in 2015.

Share-based compensation and payments

- During 2016, 700,000 options which vested immediately were granted at a strike price of $0.07 per share (fair value per share of $0.089) on June 27, 2016 and on September 22, 2016, 300,000 options which vested immediately were granted at a strike price of $0.135 per share (fair value per share of $0.12). The weighted average fair value of all granted options was $0.098 per share which is reflected in the share based compensation of $98,030 for year ended December 31, 2016. No option grants were made during the year ended December 31, 2015.

Management Services

- On December 29, 2012, CIM entered into a Management Services Agreement with Globex under which the Corporation would receive management services including administrative, compliance, corporate secretarial, risk management support and advisory services.

- In 2016, the Management Service fees of $42,040 (2015 – $10,000) were incurred. The increase reflects increased corporate activities related to the accounting and reporting for flow-through exploration expenses, the share consolidation, a private placement which closed in June 2016 as well as the efforts required to secure amendments to the stock option plan.

Amortization of financing costs

- During the year ended December 31, 2016, $12,060 of amortization of financing costs related to the long-term term loan which was secured on December 15, 2014 was recorded (2015 - $9,559). The expense in the current year is higher as the loan was paid off on June 30, 2016 rather than December 15, 2016 as originally intended, which resulted in an additional charge of $5,822 which represented the unamortized balance of the financing charges.

Interest expense on long-term loan

- The interest expense of $6,565 (2015 - $10,059) represents accrued interest on the long-term loan during the year ended December 31, 2016. The interest expense is lower in the current year as a result of the loan repayment on June 30, 2016.

Impairment of mineral properties and deferred exploration expenses

- IFRS 6, *Exploration for and Evaluation for Mineral Resources*, outlines facts and circumstance which indicate that an entity should test exploration and evaluation assets for impairment. In CIM's case, the relevant circumstances include:

  (a) whether the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed and

  (b) substantive expenditure on further exploration for and evaluation of mineral resources is neither budgeted nor planned.

  Under the Canadian Viewpoint developed by the Chartered Professional Accountants of Canada and the Prospectors and Developers Association of Canada, it is also recommended that if the market capitalization of the corporation is less than the carrying value of the net assets, then an entity should carefully consider the reasons for this occurrence.

- During the year ended December 31, 2016, an impairment provision of $1,456 has been made against the carrying value of the deferred exploration expenses. In the year ended December 31, 2015, an impairment provision of $993,191 was recorded as the Corporation had no exploration funding at that time.

- In 2017, in order to retain the various properties in good standing, CIM has no work commitments, but needs to spend approximately $13,000 for mining property tax and permits.

- Management still strongly believes that the exploration targets identified in 2013 should be further explored and is confident that the carrying value of its mineral properties will be recovered. The exact recovery remains subject to significant uncertainty and will be subject to a number of factors including the successful negotiation of option, joint venture, or sale arrangements. The impairment provisions have no impact on the Corporation's cash flow or the cash and cash equivalents.

Other income (expenses)

- The other expense of $145,159 during the year ended December 31, 2016 (December 31, 2015 - $43,703) represent:

  - interest income of $2,892 (2015 - $39),
  - a $24,301 decrease in the fair value of 972,040 Mag Copper Limited shares (the shares were valued at $0.005 per share at December 31, 2016 compared to $0.03 per share at December 31, 2015) and

- $123,750 decrease in fair market value of 2,750,000 Vendome Resources Corp. shares (acquired at a value of $0.175 and valued at $0.13 per share at December 31, 2016).

Recovery of income and mining tax

- During the year end December 31, 2016, CIM recorded a recovery of income and mining tax of $66,775 as compared to $189,364 in 2015. The recovery in the current year mainly represents the net impact of the sale of tax benefits as a result of the eligible CEE incurred on the exploration properties.

Financial position - December 31, 2016

Total assets

At December 31, 2016, the total assets were $1,252,570 which represented an increase of $985,706 from $266,864 at December 31, 2015. The change mainly reflects:

- the impact of the gross proceeds of $1,034,500 from the financings which closed in June 2016 less the exploration and administration activities,
- the $116,887 used to repay the loan and accrued interest owed to Jack Stoch Geoconsultant Services Limited ("GJSL").

Cash and cash equivalents, cash reserved for exploration

At December 31, 2016, CIM had cash and cash equivalents of $388,912 (December 31, 2015 - $55,447) and cash reserved for exploration of Nil (December 31, 2015 – Nil). All of the $250,000 flow-through Funds from the private placement which closed on June 24, 2016 are spent.

Liabilities

Current liabilities

At December 31, 2016, CIM had current liabilities of $49,872 as compared to $127,973 at December 31, 2015). The December 31, 2015 balance included $98,262, due to GJSL under a loan arrangement secured in December 2014. This liability was repaid along with accrued interest on June 30, 2016.

Related party payable – Globex Mining Enterprises Inc.

At December 31, 2016, CIM owed Globex Mining Enterprises Inc. $17,551 (2015 - $30,408) which represented unpaid management services and other miscellaneous payments made by Globex.

Deferred income tax

At December 31, 2016, the Corporation had a deferred tax liability of $83,225 (2015 – Nil) which related mainly to the tax benefits renounced to shareholders under flow-through subscription arrangements and therefore not available as a reduction in taxable income.

The deferred tax estimates represent management's best estimate of future taxes that will be payable if income is earned, based on substantially enacted legislation as well as current operating plans and tax strategies.

Owners' equity

Owners' equity of the Corporation consists of common shares, warrants, contributed surplus, and the deficit which totaled $1,101,922 at December 31, 2016 (December 31, 2015 - $108,483). The increase mainly reflects the proceeds from the financing which closed in June 2016.

Common Shares

At December 31, 2015, the Corporation had 32,477,248 common shares outstanding and following the share consolidation on June 9, 2016, (after giving effect to partially shares) had 16,238,542 shares outstanding. As a result of the private placement which closed on June 24, 2016, 20,690,000 shares were issued. On June 27, 2016, 300,000 shares were issued to a finder which resulted in 37,228,542 shares outstanding at December 31, 2016.

Warrants

At December 31, 2015, there were 1,000,000 warrants outstanding which were issued on December 14, 2014 in connection with the loan from GJSL. As a result of the share consolidation, the number of warrants outstanding was reduced to 500,000. On June 24, 2016, 7,845,000 warrants were issued in connection with the private placement. On December 15, 2016, 500,000 warrants issued in connection with the loan from GJSL expired which resulted in 7,845,000 warrants outstanding at December 31, 2016. On March 2, 2017, 230,000 warrants were exercised at $0.10 per warrant which resulted in 7,615,000 warrants outstanding at March 10, 2017.

Liquidity, working capital, cash flow and capital resources

At December 31, 2016, the Corporation had cash and cash equivalents of $388,912 (December 31, 2015 - $55,447).

Working Capital

The Corporation had working capital (based on current assets minus current liabilities) of $748,783 at December 31, 2016 compared to a working capital deficiency of $33,058 at December 31, 2015.

Cash Flow

During the year ended December 31, 2016, $158,044 (December 31, 2015 - $86,600) was used in operating activities and $16,915 (December 31, 2015 – generated $10,860) was used in changes in non-cash operating working capital items.

During the year ended December 31, 2016, financing activities generated $791,846 (2015 - $65,026). In 2016, these financing activities consisted of net proceeds from a private placement of $921,590 and offsetting repayments of related party liabilities to Globex of $12,857 and the repayment of the loan from GJSL plus accrued interest of $116,887. In the year ended December 31, 2015, the financing activities consisted of a related party advance from Globex of $15,026 and advances from GJSL of $50,000.

In the year ended December 31, 2016, $289,310 (2015 - $4,795) was invested in deferred exploration expenses which was offset by a Quebec refundable tax credit of $2,868 (2015 - $12,044). In 2016, $5,178 was spent on mineral property acquisitions (2015 - Nil) and proceeds of $8,198 was generated from the optioning of a mineral property (2015 – Nil).

These operating, financing and investing activities resulted in a net increase in the cash and cash equivalents of $333,465 during the year ended December 31, 2016 as compared to a net decrease of $3,465 in 2015.

Capital Resources

Prior to the current year, the Corporation had no significant operating revenues and therefore relied on funds generated from equity financing and other financing transactions to maintain its capacity to meet ongoing exploration and operating activities.

On June 24, 2016, the Corporation issued 15,690,000 Units (“units”) of the Corporation under a private placement. Each unit was comprised of one (1) common share in the capital stock and one-half (1/2) of a common share purchase warrant of the Corporation at a price of $0.05 per unit, for gross proceeds of $784,500. On the same date, the Corporation issued 5,000,000 post-consolidation common shares on a flow-through basis at a price of $0.05 per FT share which generated gross proceeds of $250,000.

In connection with the option arrangement with Vendome Resources as outlined on page 8, the Corporation received $150,000 on March 1, 2017.

Based on the current cash position and exploration strategy, the Corporation will likely not need additional capital resources to carry out its exploration and development plans for the next twelve months.

Financial instruments

Capital risk management

The Corporation manages its common shares, stock options, warrants and retained earnings (deficit) as capital. Its principal source of cash is from the issuance of common shares. The Corporation’s objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern while it pursues its objective of evaluating, enhancing the value and acquiring additional properties or business assets. The Corporation manages the capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, CIM may attempt to issue new shares. The Corporation’s overall strategy remains unchanged from 2015.

The Corporation’s investment policy is to invest its short-term excess cash in highly-liquid short-term interest-bearing investments with short-term maturities, selected with regards to the expected timing of expenditures related to continuing operations. In order to facilitate the management of its capital requirements, the Corporation prepares annual expenditure budgets that are updated as necessary. The annual and updated budgets are approved by the Board of Directors. For capital management purposes, the Corporation has developed two objectives which are as follows:

- Retain cash and cash equivalents, cash reserved for exploration expenditures and accounts receivable which are equal to or greater than the committed exploration expenditures,

- Retain equity investments and debt instruments with a combined fair market value which are greater than twelve months of projected operating and administrative expenditures.

Based on the current cash position and exploration strategy, the Corporation will likely not need additional capital resources to complete or carry out its exploration and development plans for the next twelve months.

The Corporation is not subject to any externally imposed capital requirements.

The fair value of the Corporation’s cash and cash equivalents, payable and accruals approximate their carrying value due to the short-term nature. The equity investments have been adjusted to reflect their fair market value at the period end based on quoted market rates.

Financial risk management objectives

The Corporation’s financial instruments are exposed to certain financial risks including; credit risk, liquidity risk, equity market risk, and fair value measurements recognized in the statement of financial position.

(a) Credit Risk

The Corporation had cash and cash equivalents which totaled $388,912 at December 31, 2016 (December 31, 2015 - $55,447). These funds are subject to a combination of the $100,000 maximum guarantee per individual institution as provided by the Canadian Deposit Insurance Corporation ("CDIC"), a federal Crown Corporation. The Corporation does not believe that it is subject to any significant concentration of credit risk. Cash and cash equivalents are in place with major Canadian financial institutions.

The maximum exposure to credit risk was:

	December 31, 2016 $	December 31, 2015 $
Cash and cash equivalents	**388,912**	55,447
Investments	**362,360**	29,161
Taxes receivable	**36,788**	729
	788,060	85,337

(b) Liquidity Risk

Liquidity risk represents the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through its capital structure and by continuously monitoring actual and projected cash flows. The Corporation finances its exploration activities through flow-through shares, operating cash flows including net option arrangements and sales of properties and the utilization of its liquidity reserves.

The Board of Directors reviews and approves the Corporation's operating and capital budgets, as well as any material transaction out of the ordinary course of business.

(c) Equity market risk

Equity market risk is defined as the potential adverse impact on the Corporation's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Corporation closely monitors the general trends in the stock markets and individual equity movements, and determines the appropriate course of action to be taken.

The Corporation currently holds equity investments with a fair market value of $362,360 at December 31, 2016 (December 31, 2015 - $29,161) and as a result a 10% increase or decrease would impact Income and Loss by $36,236 (2015 - $2,916).

(d) Fair value measurements recognized in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for

the asset or liability that are not based on observable data (unobservable inputs).

December 31, 2016	Level 1 $	Level 2 $	Level 3 $	Total Financial Assets at fair Value $
Financial assets				
Cash and cash equivalents	-	388,912	-	388,912
Investments	-	362,360	-	362,360
Taxes receivable	-	-	36,788	36,788
Total financial assets	-	362,360	36,788	788,060

There were no transfers between level 1 and level 2 during the period. The level 2 equity investments have been measured using the quoted price of the shares on the market which has been determined to be non-active. For all other financial assets and liabilities, the fair value is equal to the carrying value.

December 31, 2015	Level 1 $	Level 2 $	Level 3 $	Total Financial Assets at fair Value $
Financial assets				
Cash and cash equivalents	-	55,447	-	55,447
Investments	-	29,161	-	29,161
Taxes receivable	-	-	729	729
	-	84,608	729	85,337

Significant accounting assumptions, judgments and estimates

The preparation of financial statements under the principles of IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, 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 making the judgments about the 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. Revision 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 future periods if the revision affects both current and future periods.

Information about such judgments and estimates is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarized below. Areas of judgment that have the most significant effect on the amounts recognized in the financial statements are:

a) Estimate of Net Option Income

Under Option arrangements, CIM is entitled to cash payments and/or shares in the Optionee company, and as a result at each period end, the Corporation must determine the amounts receivable under the agreement as well as consider the collectability of the amounts.

b) Fair value of equity investments

CIM determines the fair value of its equity investments based on published price quotations in an active market. However, as a result of the strategic nature or volume of trading in the market, the quoted price may not be representative of the price that these shares could be sold to a willing arm's length party. These valuation issues could also impact the fair value measurement of financial assets at each period end.

c) Impairment of mineral properties and deferred exploration expenses

At each period end, the Corporation considers whether there has been an impairment of its mineral properties as well as deferred exploration expenses. If the Corporation determines that there has been an impairment, then it must estimate the recoverable amount and selling costs resulting in a net recoverable amount. As a result of the limited information available, it requires significant management judgment in estimating a net recoverable amount and represents a measurement uncertainty as future conditions could result in a material change.

The ultimate recoverable amount of the mineral properties will be determined through the Corporation entering into a joint venture or option agreement or sale of mineral properties.

d) Estimate of share-based compensation

The estimate of share-based compensation requires the selection of an appropriate valuation model and consideration of the inputs necessary for the model chosen.

The Corporation has made estimates of the volatility of its own shares, the probable life of options granted, interest rates, and the time of exercise of those options. The Corporation uses the Black-Scholes valuation model to calculate the fair value of the share-based compensation.

e) Deferred tax balances

The Corporation uses the asset and liability method in accounting for deferred income taxes. Under this method, deferred income taxes are recognized for the future income tax. In preparing these estimates, management is required to interpret, substantially enacted legislation as well as economic and business conditions along with management's tax and corporate plans which may impact taxable income in future periods.

f) Estimate of fair value of warrants

The estimate of the fair value of warrants, requires the Corporation to select an appropriate valuation model and consideration of inputs necessary for the model chosen. The Corporation has made estimates of the volatility of its own shares and interest rates. The Corporation uses the Black-Scholes valuation model to calculate the fair value of the warrants.

Outstanding share data

At December 31, 2016, the Corporation had 37,228,542 common shares outstanding (December 31, 2015, after share consolidation - 16,238,542). In addition, at December 31, 2016, the Corporation had 7,845,000 warrants (December 31, 2015, after share consolidation – 500,000) as well as 1,587,500 stock options (December 31, 2015, after share consolidation – 667,700).

On October 11, 2016, the TSXV approved an amendment to the Corporation's stock option plan which increased the number of shares issuable to 3,722,850 and resulted in 2,120,750 options available for future grant. On

November 1, 2016, 14,600 options naturally expired which resulted in 2,135,350 options available for future grant at December 31, 2016 and has remained unchanged at March 10, 2017.

In connection with the private placement which closed on June 24, 2016, CIM granted agents' options to various securities dealers entitling the holders to acquire up to 1,019,400 additional units, each comprised of one common share and one-half of a common share purchase warrant, and up to 364,000 additional common shares of CIM. The agents' options may be exercised at a price of $0.05 per unit or share as the case may be, for a period of two years. Under these arrangements, 1,893,100 shares may be issued. During the period from January 1, 2017 to March 10, 2017, 979,900 Agent's Options have been exercised which resulted in 913,200 Agent's Options outstanding at March 10, 2017.

During the period from January 1, 2017 to March 10, 2017, 979,900 Agent's Options have been exercised at an exercise price of $0.05 per share and 230,000 warrants were exercised at $0.10 which has increased the number of shares outstanding to 38,438,442.

Based on the common shares, warrants, stock options, and agent's options CIM had fully diluted common shares of 48,554,142 at December 31, 2016 (December 31, 2015- 17,406,242 shares) and the total remained unchanged at March 10, 2017.

Risks and uncertainties

The Corporation, like all other mining exploration companies, is exposed to a variety of financial and environmental risks as well as operational and safety risks. It is also subject to risks related to other factors, such as metal prices and financial market conditions. The main risks which the Corporation is exposed to is as follows:

(a) Financing Risk

The Corporation must periodically obtain new funds in order to pursue its activities. While it has always succeeded in doing so to date, there can be no assurance that it will continue to do so in the future.

The Corporation believes that the quality of its properties and their geological potential will enable it to obtain the required financing for their continued exploration and potential development.

(b) Financial Market Risk

Under its current business model as a project generator, Globex acquires properties and attempts to option or sell properties to other junior mining companies or producers. In order for Junior Mining companies to satisfy their obligations with Globex under their option arrangements, in many cases, they must raise funds in the equity markets which currently are very challenging.

(c) Volatility of Stock Price and Limited Liquidity

The CIM shares trade on the TSX Venture Exchange under the symbol CBG, on the Stuttgart exchange under the symbol CLL, as well as on the OTC Markets (USA) under the symbol CMAUF.

CIM's common shares have experienced significant volatility in price and trading volume over the last several years. There can be no assurance of adequate liquidity in the future for CIM's common shares.

(d) Permits and licences

The Corporation's operations may require permits and licenses from different governmental authorities. There cannot be any assurance that the Corporation will obtain all the required permits and licenses in order to continue the exploration and development of its properties.

(e) Government Laws and Regulations

The Corporation's operations and exploration activities are subject to the laws and regulations of federal, provincial, and local governments in the jurisdictions in which the Corporation operates. These laws and regulations are extensive and govern prospecting, exploration, development, production, exports, taxes, labour standards, occupational health and safety, waste disposal, toxic substances, environmental protection, mine safety and other matters. Compliance with such laws and regulations increases the costs of planning, designing, drilling, developing, constructing, operating, closing, reclaiming and rehabilitating mines and other facilities. New laws, regulations or taxes, amendments to current laws, regulations or taxes governing operations and activities of mining corporations or more stringent implementation or interpretation thereof could have a material adverse impact on the Corporation, cause a reduction in levels of production and delay or prevent the development of new mining properties.

The Canadian mining industry is subject to federal and provincial environmental protection legislation. This legislation sets high standards on the mining industry in order to reduce or eliminate the effects of waste generated by extraction and processing operations and subsequently emitted into the air or water. Compliance with applicable environmental legislation and review processes, as well as the obtaining of permits, particularly for the use of the land, permits for the use of water, and similar authorizations from various governmental bodies increases the costs of planning, designing, drilling, as well as exploration and operating activities.

Some of the Corporation's operations are subject to reclamation, site restoration and closure requirements. Costs related to ongoing site restoration programs are expensed when incurred. It is possible that the Corporation's estimates of its ultimate reclamation liability could change as a result of possible changes in laws and regulations and changes in cost estimates.

Failure to comply with applicable laws and regulations may result in enforcement actions thereunder, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

(f) Aboriginal rights and duty to consult

The Corporation operates and does exploration on properties, which are subject to Aboriginal rights or titles. The Corporation, under its Corporate Social Responsibility program, and local laws and regulations, consults with First Nations about any impact of its activities on such rights, titles or claims, which may cause delays in making decisions or project start-ups. Further, there is no assurance of favourable outcomes of these consultations. The Corporation may have to face adverse consequences such as significant expenses on account of lawsuits and loss of reputation.

(g) Environmental Risks

Environmental legislation is evolving in a way which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and increased responsibility for companies and their officers, directors and employees. At this time, it is not certain that these changes will not adversely affect the Corporation's operations. Compliance costs are expected to rise.

(h) Title Matters

The staked mining claims in which the Corporation has an interest have not been surveyed and, accordingly the precise location of the boundaries of the claims and ownership of mineral rights on specific tracts of land compromising the claims may be in doubt. Although, the Corporation has taken all possible measures to ensure proper title to its properties and royalty interests, including filing of necessary documents and payments to local regulatory authorities, there is no guarantee that the title of any of its properties will not be challenged.

The provincial governments are currently working to convert mining claims to a map designated cells which should mitigate this risk.

(i) Metal Prices

Even if the exploration programs of the Corporation are successful, some factors out of the Corporation's control may affect the marketing of the minerals found. World-wide supply and demand for metals determines metal prices which are affected by many factors including international, economic and political trends, inflation expectations, exchange rate fluctuations, interest rates, global and regional consumption levels, speculative activities and worldwide production levels. The effects of these factors cannot be precisely predicted.

(j) Key Personnel

The management of the Corporation rests on some key personnel and mostly on its President and Chief Executive Officer. The loss of the President and Chief Executive Officer could have a negative impact on the development and the success of its operations.

Related party information

(a) Related party payables

	December 31, 2016	December 31, 2015
	$	$
Globex Mining Enterprises Inc.	**17,551**	30,408

The Corporation is considered a related party with Globex as Management consisting of the President and CEO, Executive Vice-President and Chief Financial Officer hold the same positions with both entities. In addition, the President and CEO holds a large number of common shares of both organizations through GJSL and therefore can significantly influence the operations of both entities.

(b) Management Services

On December 29, 2012, CIM entered into a Management Services Agreement with Globex under which the Corporation would receive management services including administrative, compliance, corporate secretarial, risk management support and advisory services.

The management services fees were $42,040 for the year-ended December 31, 2016 (December 31, 2015 - $10,000). These fees represent Globex's estimate of the specific costs related to performing these services.

The increase reflects increased corporate activities related to the accounting and reporting for flow-through exploration expenses, the share consolidation, a private placement which closed in June 2016 as well as the efforts required to secure amendments to the stock option plan.

During the year ended December 31, 2016, Sam Bosum, an independent director, through his corporation, Native Exploration Services earned $4,000 (December 31, 2015 – Nil) for line cutting services. These charges represented the fair market value for similar services.

(c) Amount due to Jack Stoch Geonconsultant Services Limited

On December 15, 2014, CIM entered into a $100,000 loan with GJSL with a December 15, 2016 maturity and at an annual interest rate of 12%, compounded and payable on maturity. The loan was secured by a hypothec and security interest on all of CIM's assets. In consideration for the loan, CIM issued 500,000 non-transferrable common share purchase warrants to GJSL each of which entitles GJSL to purchase one common share of CIM at a price of $0.10 per share until December 15, 2016.

During 2016, accrued interest of $6,565 was recorded along with the amortization of deferred financing costs of $6,238 and the write-off of unamortized financing costs of $5,822. On June 30, 2016, the principal and accrued interest of $116,887 was repaid.

	December 31, 2016 $	December 31, 2015 $
Loan balance	**100,000**	100,000
Accrued interest	**16,887**	10,322
	116,887	110,322
Deduct: deferred financing costs		
Fair value of 1,000,000 warrants issued	**21,369**	21,369
Fees paid to TSXV	**500**	500
	21,869	21,869
Amortization of financing costs	**(16,047)**	(9,809)
Write-off of unamortized financing costs	**(5,822)**	-
	-	12,060
Repayment of loan balance plus accrued interests	**(116,887)**	-
Balance, end of year	-	98,262

(d) Management and Director Compensation

None of the key management personnel received any remuneration or other benefits during the years ended December 31, 2016 or December 31, 2015.

During the year-ended December 31, 2016, the Directors were awarded 700,000 stock options which vested immediately and had a fair value of $62,382. In the year-ended December 31, 2015, the Directors received no stock options.

Outlook

As we indicated in our March 31, 2016 MD&A, we recognized that favourable attitudes were appearing towards the successful completion of financings in the junior mining sector. We were extremely pleased to successfully complete our private placements in June 2016, which provided the funding that we believed was needed to significantly advance our understanding of Berrigan and Bateman Bay properties. Limited exploration activities which have been undertaken confirmed our initial enthusiasm and we expect to continue to gain additional information which will focus our subsequent exploration efforts.

The Optioning of the Mont Sorcier property to Vendome Resources Corporation in the fourth quarter of 2016 represents a significant achievement and will provide a source of funds to support the Corporation in achieving its corporate objectives in 2017.

Management believes that the Corporation holds first-class properties and has access to the human and corporate resources necessary to advance the exploration and development of our Chibougamau Mining Camp Properties.

In our forward planning for the remainder of 2016 and into 2017, we recognized that the economic uncertainties and market challenges are factors that need to be considered.

Additional information

This analysis should be read in conjunction with the comparative financial statements for the year ended December 31, 2016 and the year ended December 31, 2015 and additional information about the Corporation which is available on SEDAR at www.sedar.com. Further, the Corporation posts all publicly filed documents, including this MD&A on its website, www.chibougamaumines.com, in a timely manner.

If you would like to obtain, at no cost to you, a copy of the 2016 and/or 2015 MD&A, please send your request to:

Chibougamau Independent Mines Inc.
86, 14th Street, Rouyn-Noranda, Quebec J9X 2J1
Telephone: 819.797.5242 Fax: 819.797.1470
Email: info@chibougamaumines.com

Management's responsibility for financial information

The financial statements and other financial information contained in this MD&A are the responsibility of CIM's management and have been approved by the Board of Directors on March 10, 2017.

Responsibilities for Financial Statements

The management of the Corporation is responsible for the preparation of the financial statements and the financial information contained in the Annual Report. The accompanying financial statements of Chibougamau Independent Mines Inc. have been prepared by management and approved by the Board of Directors of the Corporation. Financial information contained elsewhere in this report is consistent with the financial statements.

The financial statements have been prepared in accordance with International Financial Reporting Standards and where appropriate reflect management's best estimates and judgments based on currently available information.

Chibougamau Independent Mines Inc. maintains adequate accounting systems and administrative controls to produce reliable financial statements and provide reasonable assurance that assets are properly safeguarded.

Deloitte LLP, "Comptables Professionnels agréés", have been appointed by the shareholders to conduct an independent audit of the Corporation's financial statements. Their report outlines the nature of their audit and expresses their opinion of the financial statements of the Corporation.

The Board of Directors of the Corporation is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board of Directors carries out this responsibility through its Audit Committee, which is composed solely of independent directors. The Audit Committee is also responsible for making recommendations with respect to the appointment, the remuneration and the terms of engagement of the Corporation's auditors. The Audit Committee meets periodically with management and the external auditors to discuss internal controls, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. The Audit Committee also reviews the financial statements, management's discussion and analysis, the external auditor's report, and examines the fees and expenses for audit services, and considers the engagement of reappointment of the external auditors. Deloitte LLP, the external auditors, have full and free access to the Audit Committee. The Audit Committee reports its findings to the Board of Directors for its consideration when approving the financial statements for issuance to shareholders.

"Jack Stoch"
Jack Stoch
President and Chief Executive Officer

"James Wilson"
James Wilson
Chief Financial Officer, Treasurer and Corporate Secretary

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Independent Auditor's Report

To the Shareholders of
Chibougamau Independent Mines Inc.

We have audited the accompanying Financial Statements of Chibougamau Independent Mines Inc., which comprise the Statements of Financial Position as at December 31, 2016 and December 31, 2015, and the Statements of Income (loss) and Comprehensive Income (loss), Statements of Equity and Statements of 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.

Auditor's 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 auditor's 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, the Financial Statements present fairly, in all material respects, the financial position of Chibougamau Independent Mines Inc. as at December 31, 2016 and December 31, 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 modifying our opinion, we draw attention to Note 2 to the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

(s) Deloitte LLP [1]

March 10, 2017

[1] CPA auditor, CA, public accountancy permit No. A121501

CHIBOUGAMAU INDEPENDENT MINES INC.

Statements of Income (loss) and Comprehensive Income (loss)

(In Canadian dollars)

	Notes	**December 31, 2016**	December 31, 2015
		$	$
Continuing operations			
Revenues	15	**477,052**	-
Expenses			
Administration	16	**16,339**	12,506
Transfer agent and filing fees		**42,530**	24,743
Legal		**14,695**	17,510
Audit and accounting		**31,134**	21,880
Project finder's fees		**25,000**	-
Share-based compensation and payments	18	**98,030**	-
Management services	19 (b)	**42,040**	10,000
Amortization of financing costs	19 (c)	**12,060**	9,559
Interest expense on long-term loan	19 (c)	**6,565**	10,059
Impairment of mineral properties and deferred exploration expenses	9, 10, 11	**1,456**	1,182,985
		289,849	1,289,242
Income (loss) from operations		**187,203**	(1,289,242)
Other income (expenses)			
Decrease in fair value of financial assets	8	**(148,051)**	(43,742)
Interest income		**2,892**	39
		(145,159)	(43,703)
Income (loss) before taxes		**42,044**	(1,332,945)
Income and mining tax			
Recovery of Income and mining tax	14	**(66,775)**	(189,364)
Income (loss) and comprehensive income (loss) for the year		**108,819**	(1,143,581)
Income (loss) per common share			
Basic and diluted	17	**0.00**	(0.07)
Weighted average number of common shares outstanding		**27,189,881**	16,238,542
Shares outstanding at end of year		**37,228,542**	16,238,542

The accompanying notes are an integral part of these financial statements

CHIBOUGAMAU INDEPENDENT MINES INC.

Statements of Cash Flows

(In Canadian dollars)

	Notes	**December 31, 2016**	December 31, 2015
		$	$
Operating activities			
Income (loss) and comprehensive income (loss) for the year		**108,819**	(1,143,581)
Adjustments for:			
Disposal of mineral properties for shares	15	**(481,250)**	-
Decrease in fair value of financial assets	8	**148,051**	43,742
Shares issued to a finder	18	**15,000**	-
Share-based compensation and payments	18	**98,030**	-
Impairment of mineral properties and deferred exploration expenses	9, 10, 11	**1,456**	1,182,985
Amortization of financing costs		**12,060**	9,559
Interest expense		**6,565**	10,059
Deferred income and mining taxes	14	**(66,775)**	(189,364)
		(158,044)	(86,600)
Changes in non-cash operating working capital items	20	**(16,915)**	10,860
		(174,959)	(75,740)
Financing activities			
Related party payable - Globex Mining Enterprises Inc.		**(12,857)**	15,026
Amount due to Jack Stoch Geoconsultant Services Limited	19 (c)	**(116,887)**	50,000
Issuance of common shares	18	**1,034,500**	-
Share issuance costs	18	**(112,910)**	-
		791,846	65,026
Investing activities			
Deferred exploration expenses	11	**(289,310)**	(4,795)
Quebec refundable tax credit	11	**2,868**	12,044
Mineral properties acquisitions	10	**(5,178)**	-
Proceeds on mineral properties optioned		**8,198**	-
		(283,422)	7,249
Net increase (decrease) in cash and cash equivalents		**333,465**	(3,465)
Cash and cash equivalents, beginning of year		**55,447**	58,912
Cash and cash equivalents, end of year		**388,912**	55,447
Cash and cash equivalents		**388,912**	55,447
		388,912	55,447

Supplementary cash flow information (note 20)

The accompanying notes are an integral part of these financial statements

CHIBOUGAMAU INDEPENDENT MINES INC.

Statements of Financial Position

(In Canadian dollars)

	Notes	**December 31, 2016**	December 31, 2015
		$	$
Assets			
Current assets			
Cash and cash equivalents	6	**388,912**	55,447
Investments	8	**362,360**	29,161
Taxes receivable		**36,788**	729
Prepaid and deposits		**10,595**	9,578
		798,655	94,915
Mineral properties	10	**173,357**	171,949
Deferred exploration expenses	11	**280,558**	-
		1,252,570	266,864
Liabilities			
Current liabilities			
Payables and accruals	12	**49,872**	29,711
Amount due to Jack Stoch Geoconsultant Services Limited	19 (c)	**-**	98,262
		49,872	127,973
Related party payable - Globex Mining Enterprises Inc.	19 (a)	**17,551**	30,408
Deferred income tax	14	**83,225**	-
Owners' equity			
Common shares	18	**8,975,255**	8,554,690
Warrants	18	**240,425**	21,369
Contributed surplus - equity settled reserve		**518,387**	273,388
Deficit		**(8,632,145)**	(8,740,964)
		1,101,922	108,483
		1,252,570	266,864

The accompanying notes are an integral part of these financial statements

Approved by the board

"Jack Stoch"
Jack Stoch, Director

"Dianne Stoch"
Dianne Stoch, Director

CHIBOUGAMAU INDEPENDENT MINES INC.

Statements of Equity

(In Canadian dollars)

	Notes	**December 31, 2016**	December 31, 2015
		$	$
Common shares			
Beginning of year		**8,554,690**	8,554,690
Fair value of shares issued under private placement	18 (a)	**784,500**	-
Fair value of flow-through shares issued under private placement	18 (a)	**100,000**	-
Fair value of warrants	18 (a)	**(240,425)**	-
Shares issued to a finder	18 (a)	**15,000**	-
Share issuance costs - commissions, legal and other	18 (a)	**(112,910)**	-
Share issuance costs - fair value of agent's options	18 (a)	**(125,600)**	-
End of year		**8,975,255**	8,554,690
Warrants			
Beginning of year	18 (b)	**21,369**	21,369
Issued in connection with private placement	18 (b)	**240,425**	-
Expired warrants		**(21,369)**	-
End of year		**240,425**	21,369
Contributed surplus - equity settled reserve			
Beginning of year		**273,388**	273,388
Share-based compensation and payments	18 (c)	**98,030**	-
Share issuance costs - fair value of agent's options	18 (a)	**125,600**	-
Expired warrants	18 (b)	**21,369**	-
End of year		**518,387**	273,388
Deficit			
Beginning of year		**(8,740,964)**	(7,597,383)
Income (loss) and comprehensive income (loss) for the year		**108,819**	(1,143,581)
End of year		**(8,632,145)**	(8,740,964)
Total Equity		**1,101,922**	108,483

The accompanying notes are an integral part of these financial statements

Notes to the Financial Statements
Years ended December 31, 2016 and 2015
(In Canadian dollars)

1. General business description

Chibougamau Independent Mines Inc. (the "Corporation", "CIM") was incorporated under the Canada Business Corporations Act on December 13, 2010, as a wholly-owned subsidiary of Globex Mining Enterprises Inc. ("Globex") with the intention of acquiring and developing properties located in the Chibougamau Mining District of Québec. It is focused on reviving production in the Chibougamau gold-copper mining camp.

On September 10, 2012, Globex and CIM entered into an Arrangement which resulted in the reorganization of the Corporation's capital and the receipt of cash and cash equivalents, certain investments held by Globex as well as the transfer of ten properties from Globex to CIM. Under a Plan of Arrangement, effective December 29, 2012, ten properties were transferred from Globex to CIM subject to a 3% "Gross Metal Royalty" in favour of Globex. On October 3, 2016, Globex announced that the 3% Gross Metal Royalty on a number of claims related to the Mont Sorcier project had been reduced to 1%, but extended to claims acquired by CIM in 2016 and therefore applicable to the entire historical mineral deposit.

On June 9, 2016, the Corporation completed a share consolidation on a one (1) post-share for two (2) pre-share basis. The Corporation's number of outstanding options, options available for grant, and warrants and the accompanying exercise prices were adjusted on the same basis. Unless otherwise stated, the number of shares, options, warrants and the exercise prices of options and warrants presented in these financial statements have been retrospectively restated to reflect the share consolidation.

The Corporation's head office and principal business offices are located at 86, 14th Street, Rouyn-Noranda, Québec, J9X 2J1.

The CIM shares trade on the TSX Venture Exchange under the symbol CBG, on the Stuttgart exchange under the symbol CLL, as well as on the OTC Markets (USA) under the symbol CMAUF.

2. Basis of presentation and going concern

a) Statement of Compliance

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

b) Basis of Presentation

These financial statements have been prepared on a going concern basis, under the historical cost basis, as modified by the revaluation of financials assets and financial liabilities at fair value through the statement of income (loss) and comprehensive income (loss). All financial information is presented in Canadian dollars.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

2. Basis of presentation and going concern (continued)

Since its incorporation, the Corporation has accumulated a deficit of $8,632,145 (December 31, 2015 - $8,740,964). The Corporation's ability to continue as a going concern depends on its ability to realize its assets and to obtain additional financing. While it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. The application of International Financial Reporting Standards (IFRS) on a going concern basis may be inappropriate, since there is a doubt as to the appropriateness of the going concern assumption.

CIM is in the exploration stage and is subject to the risks and challenges particular to companies at this stage. There is no assurance that CIM's projects will be successful. As a result, there is substantial doubt regarding CIM's ability to continue to operate as a going concern. The Corporation's continuing operations are dependent on the ability to secure adequate financing, the discovery of economically-recoverable mineral reserves, securing and maintaining title or beneficial interests in the mining properties and on future profitable production or proceeds from the disposition of mineral property interests.

The recoverability of amounts shown for mineral properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Corporation's interest in the underlying mineral claims, the ability of the Corporation to obtain necessary financing to complete the development, and future profitable production or proceeds from the disposal thereof.

These financial statements have been prepared on a going-concern basis which contemplates that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. This assumption is based on the current net assets of the Corporation and management's current operating plans.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported amounts of revenues and expenses and the classification of statement of financial position items if the going concern assumption was deemed inappropriate, and these adjustments could be material. Management did not take these adjustments into account as it believes in the validity of the going concern assumption.

c) Approval of Financial Statements

The Corporation's Board of Directors approved these financial statements for the years ended December 31, 2016 and December 31, 2015 on March 10, 2017.

3. New and revised International Financial Reporting Standards

a) International Financial Reporting Standards adopted.

In preparing these financial statements for the year ended December 31, 2016 and as at December 31, 2016, the Corporation has adopted the following new standards or amendments.

Effective date	New amendments or interpretations
January 1, 2016	IAS 1 - *Presentation of financial statements (narrow scope amendments)*

The adoption of this standard has not resulted in any material changes in the financial statements or reported results.

3. New and revised International Financial Reporting Standards (continued)

b) New and revised International Financial Reporting Standards issued, but not yet effective

Certain new standards, interpretations, amendments and improvements to existing standards are not yet effective, and have not been applied in preparing these financial statements.

IFRS 2 Share based payment (amendments published in June 2016)

On June 20, 2016, the IASB published final amendments to IFRS 2 that clarify the classification and measurement of share-based payment transactions. These amendments deal with variations in the final settlement arrangements including; (a) accounting for cash-settled share-based payment transactions that include a performance condition, (b) classification of share-based payment transactions with net settlement features, as well as (c) accounting for modifications of share-based payment transactions from cash-settled to equity.

These changes are effective for annual periods beginning on or after January 1, 2018. Management is in the process of evaluating the impacts of these changes on the Corporation.

IFRS 9 Financial Instruments (replacement of IAS 39)

In July 2014, the IASB completed the final element of the comprehensive responses to the financial crisis with the publication of IFRS 9 Financial Instruments. The package of improvements introduced to IFRS 9 includes a logical model for classification and measurement, a single, forward – looking “expected loss” impairment model and a substantially reformed approach to hedge accounting. The IASB had previously published versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication represents the final version of the Standard, replaces earlier versions of IFRS 9 and completes the IASB’s project to replace IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted. Management is in the process of evaluating the impacts of this standard on the Corporation.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which establishes the principles that an entity shall apply to report useful information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

IFRS 15, replaces a number of standards and interpretations including IAS 18 Revenue which provides the guidance that the Corporation currently employs in recording Option revenue and Net Metal Royalty Revenues.

IFRS 15 is currently effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted. Management is in the process of evaluating the impacts of this standard on the Corporation, and they have recognized that under this standard they will need to consider at the outset all forms of payments under the contract and the likelihood that all of the obligations will be met. This new standard may result in revenue recognition timing differences.

3. New and revised International Financial Reporting Standards (continued)

IAS 7 Statement of Cash Flows:

The objective of the amendments is to enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes.

The amendments to IAS 7 respond to investors' requests for information that helps them better understand changes in an entity's debt, which is important to their analysis of financial statements. These amendments are mandatory for annual periods beginning on or after January 1, 2017. Management is in the process of evaluating the impacts of this standard on the Corporation.

4. Summary of significant accounting policies

The principal accounting policies applied in the presentation of these financial statements are set out below.

a) Functional and Presentation Currency

The Corporation's presentation and the functional currency is the Canadian (CAD) dollar as this is the principal currency of the economic environment in which it operates.

b) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

c) Cash reserved for exploration

The cash reserve for exploration consists of cash at banks and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. These funds are earmarked for funding prescribed resource expenditures.

d) Financial assets

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity" investments, "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Classification of financial assets

The table below illustrates the classification and measurement of the financial assets under IAS 39:

Financial Assets	Measurement category under IAS 39
Cash and cash equivalents	Loans and receivables
Investments	Financial assets at FVTPL
Taxes receivable	Loans and receivables

4. Summary of significant accounting policies (continued)

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Corporation manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Corporation's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

The Corporation has designated all of its investments as at FVTPL upon initial recognition.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising on re-measurement recognized in income or loss. Fair value is determined in the manner described in note 21.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including accounts receivables and refundable tax credit and mining duties) are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest rate method

The effective interest rate method is a method of calculating the amortized cost of a financial asset/liability and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments through the expected life of the financial asset/liability or, where appropriate, a shorter period.

4. Summary of significant accounting policies (continued)

Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Corporation has transferred substantially all the risk and rewards of ownership of the financial assets.

e) Financial liabilities

The Corporation's financial liabilities includes accounts payable and accrued liabilities.

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through the profit and loss that are carried subsequently at fair value with gains or losses recognized in profit or loss.

Derecognition of financial liabilities

The Corporation derecognizes financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit and loss.

f) Mineral properties

All direct costs related to the acquisition of mineral properties are capitalized, at their cost at the date of acquisition, by property.

g) Deferred exploration expenses

All costs incurred prior to obtaining the legal rights to undertake exploration and evaluation activities are recognized in the statements of income (loss) as incurred. Exploration expenses arising following the acquisition of the right to explore are capitalized on a project-by-project basis, pending determination of the technical feasibility and commercial viability of the project. Costs incurred include appropriate technical costs and deferred exploration costs, and are carried at historical cost less any impairment losses recognized. The Corporation classifies exploration assets as tangible or intangible according to the nature of the assets acquired.

General exploration costs not related to specific properties and general exploration administrative expenses are charged to the Statement of Income (loss) and Comprehensive Income (loss) in the year in which they are incurred.

If an exploration project is successful, then the related expenditures are transferred to mining assets and amortized over the estimated life of the ore reserves on a unit of production basis.

The recoverability of deferred exploration and evaluation expenses is dependent upon the discovery of economically recoverable ore reserves, the ability of the Corporation to obtain the necessary financing to complete the development of ore reserves and future profitable production or proceeds from the disposal thereof.

4. Summary of significant accounting policies (continued)

h) Impairment of non-financial assets

The carrying amounts of mining properties and exploration and evaluation assets are assessed for impairment when the facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Typically, one or more of the following facts and circumstance indicate the need to test for impairment:

(a) The right to explore the property has expired or will expire in the near future with no expectation of renewal.

(b) Substantive expenditures on further exploration for and evaluation of mineral resources is neither budgeted or planned.

(c) No commercially viable quantities of mineral resources have been discovered and it has been decided to discontinue such activities in the specific area.

(d) Sufficient work has been performed to indicate that, the carrying value of the expenditures are unlikely to be recovered in full from successful development or by sale.

If any such indicators exist, then the asset's recoverable amount is estimated. Impairment testing and the estimation of recoverable amount is applied at the individual mining property level as the Corporation considers these to be the equivalent of cash generating units (CGU's). The recoverable amount of an individual property is generally its fair value less costs of disposal. CIM's properties are at various stages in the exploration cycle. The estimates of the net recoverable amounts are based on management's estimates of the fair values using benchmarks and appropriate indices.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been net of depreciation or amortization, if no impairment loss had been recognized.

i) 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 estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the 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 is 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.

j) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods or arising from the use by others of the Corporation's assets yielding option income, royalties, interest and dividends. The Corporation recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Corporation and when the specific criteria have been met for each of the Corporation's activities as described below.

4. Summary of significant accounting policies (continued)

(i) Sales of mineral properties

The proceeds from the sale of mineral properties are initially recorded as a credit against the carrying costs of the mineral property and deferred exploration expenses until they are fully recovered and any additional amounts are recorded as option income.

(ii) Option income

Option income is recognized on an accrual basis in accordance with the substance of the relevant agreements. Shares received under option agreements are valued at fair value which is determined at quoted market prices if the shares are quoted on an active market. If the market for the shares is not active, fair value is established by using a valuation technique. Option income is initially recorded as a credit against the carrying costs of the mineral property and deferred exploration expenses until they are fully recovered.

(iii) Interest and dividend income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Corporation and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Corporation and the amount of income can be measured reliably).

k) Current and deferred taxes

Taxes, comprising both income and resource taxes accounted for as income taxes, are recognized in the statement of income (loss), except where they relate to items recognized in other comprehensive income or directly in equity, in which case the related taxes are recognized in other comprehensive income or equity. Taxes on income are recorded using the tax rate that would be applicable to expected annual income.

The current income tax charge is based on taxable income for the period. Taxable income differs from net income (loss) as reported in the statement of income (loss) and comprehensive (loss) because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are not taxable or deductible.

Deferred tax is recognized, using the asset and liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

4. Summary of significant accounting policies (continued)

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At the end of each reporting period, CIM reassesses unrecognized deferred tax assets. The Corporation recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profits will enable the deferred tax asset to be recovered. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is adjusted to the extent that it is no longer probable that sufficient taxable income will be available to ensure that all or part of the asset will be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and CIM intends to settle its current tax assets and liabilities on a net basis.

l) Share-based compensation

The Corporation uses the fair value method to record stock options. The fair value of all share purchase options is expensed over their vesting period with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital. The Corporation uses the Black-Scholes option pricing model to calculate the fair value of share purchase options at the date of the grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, do not necessarily provide a reliable single measure of the fair value of CIM's share purchase options.

m) Flow-Through shares

The Corporation raises funds through the issuance of "flow-through" shares which entitle investors to prescribed resource tax benefits and credits once CIM has renounced these benefits to the investors in accordance with applicable tax legislation. The Corporation considers the issuance of flow-through shares in substance: (a) an issue of an ordinary share; and (b) the sale of tax deductions. The sale of tax deductions has been measured based on the relative fair value method.

At the time, the flow-through shares are issued; the sale of tax deductions is deferred and presented as an Other Liability. When CIM fulfills its obligation; the Other Liability is reduced; the sale of tax deductions is recognized in the statement of income (loss) and comprehensive income (loss) as a reduction of the deferred tax expense; and a deferred tax liability is recognized in accordance with IAS 12, Income Taxes, for the taxable temporary differences between the carrying value of eligible expenditures capitalized as an asset in the statement of financial position and its tax base.

n) Income (loss) per share

Basic Income (loss) per share is computed by dividing the net income (loss) attributable to common shareholders by the weighted average number of shares outstanding during the reporting period.

Diluted income (loss) per share is computed similar to basic income (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options (if dilutive).

The number of additional shares is calculated by assuming that outstanding dilutive stock options were exercised and the proceeds from such exercise were used to acquire common stock at the average market price during the reporting periods.

4. Summary of significant accounting policies (continued)

o) Share capital

The Corporation's common shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

p) Warrants

The Corporation engages in equity financing transactions necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve the issuance of common shares or units. A unit may consist of a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending upon the terms and conditions of each equity financing agreement, the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement.

Warrants that are part of units are valued based on a relative fair value method. The Corporation considers the market value of the common shares issued as fair value, and measures the fair value of the warrant component of the unit using the Black-Sholes option pricing model. Warrants that are issued as payment for an agency fee or other transaction costs are accounted for as share-based payments.

When warrants expire, the ascribed value is transferred to Contributed Surplus of the Corporation.

q) Financing costs

Financing costs related to long-term debt are capitalized as a reduction of long-term debt and amortized using the effective interest rate method.

5. Significant accounting assumptions, judgments and estimates

The preparation of financial statements under the principles of IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, 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 making the judgments about the 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. Revision 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 future periods if the revision affects both current and future periods.

Information about such judgments and estimates is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarized below. Areas of judgment that have the most significant effect on the amounts recognized in the financial statements are:

a) Estimate of Net Option Income

Under Option arrangements, CIM is entitled to cash payments and/or shares in the Optionee company, and as a result at each period end, the Corporation must determine the amounts receivable under the agreement as well as consider the collectability of the amounts.

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

b) Fair value of equity investments

CIM attempts to determine the fair value of the shares on receipt based on published price quotations in an active market. However, in some cases, when received, the shares may not be traded in an active market and as a result CIM must use a valuation technique to determine the fair market value. In some cases, as a result of the strategic nature or volume of trading in the market, the quoted price may also not be representative of the price that these shares could be sold to a willing arm's length party. These valuation issues could also impact the fair value measurement of financial assets at each period end.

c) Impairment of mineral properties and deferred exploration expenses

At each period end, the Corporation considers whether there has been an impairment of its mineral properties as well as deferred exploration expenses. If the Corporation determines that there has been an impairment, then it must estimate the recoverable amount and selling costs resulting in a net recoverable amount. As a result of the limited information available, it requires significant management judgment in estimating the net recoverable amount and represents a measurement uncertainty as future conditions could result in a material change.

The ultimate recoverable amount of the mineral properties will be determined through the Corporation entering into a joint venture or option agreement or sale of mineral properties.

d) Estimate of share-based compensation

The estimate of share-based compensation requires the selection of an appropriate valuation model and consideration of the inputs necessary for the model chosen.

The Corporation has made estimates of the volatility of its own shares, the probable life of options granted, interest rates, and the time of exercise of those options. The Corporation uses the Black-Scholes valuation model to calculate the fair value of the share-based compensation.

e) Deferred tax balances

The Corporation uses the asset and liability method in accounting for deferred income taxes. Under this method, deferred income taxes are recognized for the future income tax. In preparing these estimates, management is required to interpret, substantially enacted legislation as well as economic and business conditions along with management's tax and corporate plans which may impact taxable income in future periods.

f) Estimate of fair value of warrants

The estimate of the fair value of warrants, requires the Corporation to select an appropriate valuation model and consideration of inputs necessary for the model chosen. The Corporation has made estimates of the volatility of its own shares and interest rates. The Corporation uses the Black-Scholes valuation model to calculate the fair value of the warrants.

6. Cash and cash equivalents

	December 31, 2016	December 31, 2015
	$	$
Bank balances	**388,912**	55,447

7. Cash reserved for exploration

	December 31, 2016	December 31, 2015
	$	$
Bank balances	**-**	-

On June 24, 2016, the Corporation issued 5,000,000 post-consolidation common shares on a flow-through (FT shares) basis at a price of $0.05 per share which resulted in gross proceeds of $250,000. All of these funds were expended on qualified exploration activities prior to December 31, 2016.

8. Investments

	December 31, 2016	December 31, 2015
	$	$
Investments (i) (ii)	**362,360**	29,161

(i) At December 31, 2016, the fair market value of $362,360 represents 972,040 Mag Copper Limited shares valued at $4,860 ($0.005 per share) as well as 2,750,000 Vendome Resources Corp. ("Vendome") shares valued at $357,500 ($0.13 per share). The Vendome shares were received on November 21, 2016 in connection with a property transaction at which time they were issued at a deemed price of $0.175 per share, for a total deemed value of $481,250. As a result of the transaction, CIM held 15.6% of Vendome's outstanding common shares and at December 31, 2016, the 2,750,000 shares which CIM held represented 14.0% of the shares outstanding. CIM does not have Board of Director's membership of Vendome. On January 16, 2017, Vendome announced that it had changed its name to Vanadium One Energy Corp.

(ii) At December 31, 2015, the fair market value of $29,161 represents 972,040 Mag Copper Limited shares valued at $0.03 per share.

9. Impairment provision mineral properties and deferred exploration expenses

At each period end, the Corporation considers the facts and circumstances which suggest that the carrying value of properties and exploration and evaluation assets may exceed the recoverable amounts. General exploration expenses not allocated to specific projects are expensed as incurred. The impairment provisions represent a charge against properties on which claims have lapsed or will be dropped in the near future as well as a charge against deferred exploration expenses on properties on which there are no immediate substantive expenditures planned or budgeted, and the Corporation does not have an active option or joint venture agreement.

During the year ended December 31, 2016, an impairment provision of $1,456 representing general exploration expenses and deferred exploration prior to the completion of the June 2016 financing was incurred as compared to $1,182,985 (Mineral properties - $189,794; deferred exploration expense - $993,191) in the year-ended December 31, 2015.

10. Mineral properties

	December 31, 2015	**Additions 2016**	**Recoveries 2016**	**Impairment 2016**	**December 31, 2016**
	$	**$**	**$**	**$**	**$**
Bateman Bay	31,741	**-**	**-**	**-**	**31,741**
Berrigan South and Berrigan Mine	53,075	**-**	**-**	**-**	**53,075**
Lac Chibougamau	81,396	**-**	**-**	**-**	**81,396**
Kokko Creek	3,171	**-**	**-**	**-**	**3,171**
Lac Simon	-	**656**	**-**	**-**	**656**
Mont Sorcier (Sulphur Converting Property and Magnetite Bay)	2,566	**1,204**	**(3,770)**	**-**	**-**
Nepton	-	**3,318**	**-**	**-**	**3,318**
	171,949	**5,178**	**(3,770)**	**-**	**173,357**

10. Mineral properties (continued)

On September 27, 2016, the Corporation announced that it acquired 12 claims resulting in the Mont Sorcier Property having a 100% ownership of 57 claims located in Roy Township, 18 km east of the Town of Chibougamau.

The Mont Sorcier Property was optioned to Vendome ("Vendome") Resources Corp under a September 29, 2016 agreement. Vendome changed its name to Vanadium One Energy Corp, effective January 16, 2017.

Impairment

For the year ended December 31, 2016, no impairment provisions have been made against the mineral properties as a result of management's current view that it will be able to realize the carrying value through continued exploration or option arrangements.

For the year ended December 31, 2015, the impairment provision of $189,794 represented management's estimate of the decline in the carrying value of the properties reflecting changes in gold and copper prices, the financing challenges for junior exploration companies, external benchmark prices for properties with similar characteristics, as well as CIM's short-term priorities and exploration plans.

	December 31, 2014	Additions 2015	Impairment 2015	December 31, 2015
	$	$	$	$
Bateman Bay	66,776	-	(35,035)	31,741
Berrigan South and Berrigan Mine	111,658	-	(58,583)	53,075
Lac Chibougamau	171,239	-	(89,843)	81,396
Kokko Creek	6,672	-	(3,501)	3,171
Mont Sorcier (Sulphur Converting Property and Magnetite Bay)	5,398	-	(2,832)	2,566
	361,743	-	(189,794)	171,949

11. Deferred exploration expenses

	December 31, 2015	**Additions 2016**	**Recoveries 2016**	**Impairment 2016**	**December 31, 2016**
	$	**$**	**$**	**$**	**$**
Bateman Bay	-	**79,758**	-	-	**79,758**
Berrigan South and Berrigan Mine	-	**179,962**	-	-	**179,962**
Copper Cliff Extension	-	**845**	-	-	**845**
Lac Chibougamau	-	**4,995**	-	**(748)**	**4,247**
Lac Elaine	-	**443**	-	-	**443**
Grandroy	-	**2,424**	-	-	**2,424**
Kokko Creek	-	**2,930**	-	-	**2,930**
Lac Antoinette	-	**443**	-	-	**443**
Mont Sorcier (Sulphur Converting Property and Magnetite Bay)	-	**4,522**	**(4,428)**	-	**94**
Malouf	-	**119**	-	-	**119**
Nepton	-	**9,001**	-	-	**9,001**
Virginia Option	-	**292**	-	-	**292**
General exploration	-	**3,576**	-	**(3,576)**	-
Quebec refundable tax credit	-	**(2,868)**	-	**2,868**	-
	-	**286,442**	**(4,428)**	**(1,456)**	**280,558**

11. Deferred exploration expenses (continued)

Additions

During the year ended December 31, 2016, gross exploration expenditures totalled $289,310 (2015 - $4,795) and net of a Quebec refundable tax credit of $2,868 (2015 - $12,044) were $286,442 (2015 – recovery of $7,249).

Impairment

During the year ended December 31, 2016, an impairment provision of $1,456 has been made against the carrying value of the deferred exploration expenses. In the year ended December 31, 2015, an impairment provision of $993,191 was recorded as the Corporation had no exploration funding at that time.

	December 31, 2014	Additions 2015	Impairment 2015	December 31, 2015
	$	$	$	$
Bateman Bay	257,286	151	(257,437)	-
Berrigan South and Berrigan Mine	330,568	1,639	(332,207)	-
Lac Chibougamau	134,348	192	(134,540)	-
Grandroy	-	301	(301)	-
Kokko Creek	86,955	123	(87,078)	-
Lac Antoinette	-	746	(746)	-
Mont Sorcier (Sulphur Converting Property and Magnetite Bay)	193,823	1,536	(195,359)	-
Lac Simon	-	107	(107)	-
Quebec refundable tax credit	(2,540)	(12,044)	14,584	-
	1,000,440	(7,249)	(993,191)	-

Deferred exploration expenses by expenditure type:

	December 31, 2016	December 31, 2015
	$	$
Balance, beginning of year	**-**	1,000,440
Current exploration expenses		
Core shack, storage and equipment rental	**1,500**	-
Drilling	**155,644**	-
Geology	**16,473**	725
Laboratory analysis and sampling	**18,192**	-
Labour	**78,444**	1,293
Mining property tax and permits	**6,378**	2,767
Prospecting and surveying	**2,640**	-
Reports, maps and supplies	**2,782**	-
Transport and road access	**7,257**	10
Quebec refundable tax credit	**(2,868)**	(12,044)
Total current exploration expenses	**286,442**	(7,249)
Impairment provisions	**(1,456)**	(993,191)
Option revenue offset	**(4,428)**	-
Balance, end of year	**280,558**	-

12. Payables and accruals

	December 31, 2016	December 31, 2015
	$	$
Payables and accruals	**49,872**	29,711

13. Other liabilities

	December 31, 2016	December 31, 2015
	$	$
Balance, beginning of year	**-**	-
Additions during the year	**150,000**	-
Reduction related to the incurrence of qualified exploration expenditures	**(150,000)**	-
Balance, end of year	**-**	-

The Other Liabilities represents the excess of the proceeds received from flow-through share financings over the fair value of the shares issued.

On June 24, 2016, the Corporation issued 5,000,000 post-consolidation common shares on a flow-through ("FT shares") basis at a price of $0.05 per share. The fair market value of the FT shares was based on the closing price of the Units issued in the private placement, minus the value of the warrants which resulted in an ascribed value of $0.02 per share. The excess of the issue price of the FT shares being the fair value of $150,000 ($0.03 per share) represents the increase in the year of the Other Liabilities.

Prior to December 31, 2016, CIM had spent all of the flow-through funds raised in June 2016, and as a result the Other liabilities were derecognized.

14. Deferred income tax

Recovery of income and mining taxes

	December 31, 2016	December 31, 2015
	$	$
Provision (recovery) of deferred income taxes	**98,286**	(307,055)
Unrecognized tax assets	**(15,061)**	117,691
	83,225	(189,364)
Recovery of income tax as a result of the sale of tax benefits (flow-through shares)	**(150,000)**	-
Recovery of income taxes	**(66,775)**	(189,364)

Tax expense reconciliation

The recovery of income taxes attributable to the income (loss) before taxes differs from the amounts computed by applying the combined federal and provincial income tax rate of 26.9% as a result of the following:

14. Deferred income tax (continued)

	December 31, 2016	December 31, 2015
	$	$
Income (loss) before income taxes	**42,044**	(1,332,945)
Provision (recovery) of income taxes at combined statutory rate	**11,310**	(358,562)
Adjustments for share-based compensation	**26,370**	-
Share issuance expenses	**(30,373)**	-
Impairment of mineral properties	**607**	43,240
Taxable income at different rates	**19,913**	5,883
Adjustments related to previous taxation years and other	**(35)**	(187)
Deferred tax expense related to flow-through shares	**67,250**	-
Non-deductible amortization of financing costs	**3,244**	2,571
Provision (recovery) of income taxes	**98,286**	(307,055)
Unrecognized tax asset	**(15,061)**	117,691
Other liabilities (sale of tax benefits (flow-through shares))	**(150,000)**	-
Recovery of income taxes	**(66,775)**	(189,364)

At December 31, 2016, the Corporation had unrecognized non-capital loss carry forwards of $1,502,637 available to reduce future years' income for tax purposes. The non-capital losses will expire as follows:

	$
2031	547
2032	175,459
2033	653,814
2034	255,818
2035	208,211
2036	208,788
	1,502,637

Deferred tax balances

	January 1, 2016	Recognized in income or loss	December 31, 2016
	$	**$**	**$**
Temporary differences			
Deferred tax assets			
Non-capital losses carry forward	347,856	**56,353**	**404,209**
Share issue expenses	30,008	**(5,710)**	**24,298**
Financial asset at FVTPL	5,883	**19,913**	**25,796**
	383,747	**70,556**	**454,303**
Deferred tax liabilities			
Mining properties and deferred exploration expenses	85,617	**(168,842)**	**(83,225)**
Less valuation allowance	(469,364)	**15,061**	**(454,303)**
Deferred tax liabilities	-	**(83,225)**	**(83,225)**

14. Deferred income tax (continued)

	January 1, 2015	Recognized in income or loss	December 31, 2015
	$	$	$
Temporary differences			
Deferred tax assets			
Non-capital losses carry forward	291,656	56,200	347,856
Share issue expenses	60,015	(30,007)	30,008
Financial asset at FVTPL	-	5,883	5,883
	351,671	32,076	383,747
Deferred tax liabilities			
Mining properties and deferred exploration expenses	189,364	(103,747)	85,617
Less valuation allowance	(351,671)	(117,693)	(469,364)
Deferred tax liabilities	189,364	(189,364)	-

15. Revenues

	December 31, 2016	December 31, 2015
	$	$
Sale of Buckell Lake property	**4,000**	-
Net option income - Mont Sorcier property	**473,052**	-
	477,052	-

On August 22, 2016, two claims representing the Buckell Property were sold for $4,000.

On September 29, 2016, CIM signed an option agreement with Vendome which will result in it acquiring an undivided beneficial 100% right, title and interest in the Mont Sorcier property. The agreement was amended effective October 14, 2016.

Under the agreement, Vendome agreed to:

- Pay $150,000 in cash within after completing a financing for minimum gross proceeds of $500,000 (cash was received on March 1, 2017),
- Issue 2,750,000 Vendome common shares to CIM. Shares were issued on November 21, 2016 at deemed value of $0.175 per share,
- Complete one million dollars in exploration, within 24 months, as well as
- Accept to pay a 2% Gross Metal Royalty (GMR) on all mineral production from the property.

The net option income of $473,052 represents the fair market value of the shares received of $481,250 less recovered costs related to Mont Sorcier of $8,198.

16. Expenses by nature

The following is a breakdown of the nature of expenses included in administration expenses.

	December 31, 2016	December 31, 2015
	$	$
Office supplies and maintenance	**3,071**	579
Shareholder information	**2,384**	442
Information technology	**1,215**	1,785
Advertising and promotion	**156**	274
Insurance	**9,211**	9,210
Other	**302**	216
	16,339	12,506

17. Income (loss) per common share

On June 9, 2016, the Corporation completed a share consolidation on a one (1) post-share for two (2) pre-share basis. The weighted average number of shares outstanding has been adjusted to reflect the effect of this share consolidation.

Income (loss) per common share is calculated by dividing the net income (loss) by the weighted average number of common shares outstanding during the year. Diluted income (loss) per common share is calculated by dividing the net income (loss) applicable to common shares by the weighted average number of common shares outstanding during the year, plus the effects of dilutive common share equivalents such as warrants and stock options.

Diluted income (loss) per share is calculated using the treasury method, where the exercise of options is assumed to be at the beginning of the year and the proceeds from the exercise of options and the amount of compensation expense measured, but not yet recognized in income are assumed to be used to purchase common shares of the Corporation at the average market price during the year.

Basic and diluted income (loss) per common share

The following table sets forth the computation of basic and diluted income (loss) per share:

		December 31, 2016		December 31, 2015
Numerator				
Income (loss) for the year	**$**	**108,819**	$	(1,143,581)
Denominator				-
Weighted average number of common shares - basic and diluted [(i)]		**27,189,881**		16,238,542
Income (loss) per share				
Basic and diluted	**$**	**0.00**	$	(0.07)

(i) At December 31, 2016, no stock options were included in the diluted income (loss) per share as the time weighted market price was less than the average strike price. At December 31, 2015, no stock options were included in the diluted loss per share as they were anti-dilutive.

18. Share capital

Authorized:

The Corporation is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series.

On June 9, 2016, the Corporation completed a share consolidation on a one (1) post-share for two (2) pre-share basis. The Corporation's number of outstanding options, options available for grant, and warrants and the accompanying exercise prices were adjusted on the same basis. Unless otherwise stated, the number of shares, options, warrants and the exercise prices of options and warrants presented in these financial statements have been retrospectively restated to reflect this share consolidation.

Common Shares: Voting

Preferred: Issuable in series, non-voting, conditions to be determined by the Board of Directors.

a) Changes in capital stock

		December 31, 2016		December 31, 2015
Fully paid common shares	**Number of shares**	**Capital Stock $**	Number of shares	Capital Stock $
Balance, beginning of year	**16,238,542**	**8,554,690**	16,238,542	8,554,690
Private placements				
Common shares (i)	**15,690,000**	**784,500**	-	-
Flow-through shares (ii)	**5,000,000**	**100,000**	-	-
Fair value of warrants	**-**	**(240,425)**	-	-
Shares issued to a finder (iii)	**300,000**	**15,000**	-	-
Share issuance costs (iv)	**-**	**(238,510)**	-	-
Balance, end of year	**37,228,542**	**8,975,255**	16,238,542	8,554,690

(i) On June 24, 2016, the Corporation issued 15,690,000 post-consolidation Units ("units") of the Corporation under a private placement. Each unit is comprised of one (1) common share in the capital stock and one-half (1/2) of a common share purchase warrant of the Corporation at a price of $0.05 per unit, for gross proceeds of $784,500. Each full warrant entitles the holder to acquire one additional post consolidation common share of CIM at a price of $0.10 for a period of 18 months (December 24, 2017). The ascribed value of the half warrants is $240,425 ($0.03 per warrant).

In the event that the closing price of the shares on the TSXV is at least $0.15 for a period of not less than twenty (20) consecutive trading days at any time subsequent to four months after the Closing date (June 24, 2016), the warrants will expire, at the sole discretion of the Issuer, on the 30th day after the date on which the Issuer issues a press release announcing the new expiry date of the warrants and provides written notice of such expiry date.

(ii) On June 24, 2016, the Corporation issued 5,000,000 post-consolidation Flow-through common shares ("FT") at a price of $0.05 per FT share. The fair market value of the FT shares was based on the closing price of the units as described above minus the value of the warrants which resulted in an ascribed value of $0.02 per share. The excess of the issue price of the FT shares being the fair value which totalled $150,000 ($0.03 per share) has been reflected in Other Liabilities.

(iii) On June 27, 2016, 300,000 common shares were issued to a finder at a deemed price of $0.05 per share. In addition, the finder was paid a cash sales commission of $10,000. These are reflected as Project finder's fees in the Statements of Income (loss) and Comprehensive Income (loss).

18. Share capital (continued)

Share Issuance costs

(iv) In 2016, In connection with the private placement, the share issuance costs consisted of cash share issuance costs of $112,910 and the fair value of Agent's Options of $125,600 for a total of $238,510. No tax affect has been recorded on the share issuance costs as a full valuation allowance has been provided against the deferred tax assets.

The cash share issuance costs of $112,910 represent sales commissions to securities dealers of $69,170, legal fees of $26,177 and other expenses of $17,563. In addition, CIM granted Agents' Options to securities dealers entitling them to acquire up to 1,019,400 additional Units (each Unit consists of one common share and one-half of a common share purchase warrant ("Broker Warrant"), and up to 364,000 additional common shares of CIM. The Agents' Options may be exercised at a price of $0.05 per unit or share as the case may be, for a period of two years. Under these arrangements, 1,893,100 shares may be issued. The fair value of the options or warrants has been estimated using the Black Scholes Model at $0.07 per share for a total of $125,600. The Agent's Options are not included in CIM's 2012 Stock Option Plan.

b) Warrants

	December 31, 2016		December 31, 2015	
	Number of warrants	**Fair value $**	Number of warrants	Fair value $
Balance, beginning of year	**500,000**	**21,369**	**-**	-
Issued in connection with GJSL loan (i)	**-**	**-**	500,000	21,369
Issued in connection with private placement (ii)	**7,845,000**	**240,425**	-	-
Expired (i)	**(500,000)**	**(21,369)**	-	-
Balance, end of year	**7,845,000**	**240,425**	500,000	21,369

(i) On December 14, 2014, 500,000 post share consolidation non-transferrable common share purchase warrants were issued to Jack Stoch Geoconsultant Services Limited (GJSL) in connection with a loan which entitles GJSL to purchase one common share of CIM at a price of $0.10 per share until December 15, 2016. These warrants expired on that date.

(ii) On June 24, 2016, 7,845,000 warrants were issued in connection with a private placement. Each warrant entitles the holder to acquire one additional common share of CIM at a price of $0.10 for a period of 18 months. These warrants expire on December 24, 2017. The fair value of each warrant has been estimated at $0.03 per warrant, which resulted in a fair value of $240,425 for the 7,845,000 warrants.

In the event that the closing price of the shares on the TSXV is at least $0.15 for a period of not less than twenty (20) consecutive trading days at any time subsequent to four months after the Closing date (June 24, 2016), the warrants will expire, at the sole discretion of the Issuer, on the 30th day after the date on which the Issuer issues a press release announcing the new expiry date of the warrants and provides written notice of such expiry date.

The warrants have been valued using the Black-Scholes Model with the following assumptions:

	December 31, 2016	December 31, 2015
Stock price, $ per share	**0.07**	N/A
Exercise price, $ per share	**0.10**	N/A
Expected dividend yield	**Nil**	N/A
Expected stock price volatility	**264.6%**	N/A
Risk free interest rate	**0.63%**	N/A
Expected life	**18 months**	N/A
Fair value, $ per warrant	**0.03**	N/A

18. Share capital (continued)

c) Stock options

On September 7, 2012, the CIM Directors approved the adoption of the 2012 Stock Option Plan for directors, officers, employees and consultants who share primary responsibility for the management, growth and protection of the business of the Corporation.

The key terms of the plan are as follows:

(i) The original maximum number of shares that could be issued pursuant to the plan was a fixed number of 1,603,235 after reflecting the impact of the share consolidation of June 2016. On October 11, 2016, the TSXV approved an amendment which increased the number of shares issuable to 3,722,850 which resulted in 2,120,750 options available for future grant.

The maximum number of shares that can be reserved for issuance during any 12-month period is limited to a certain percentage, as follows, of issued and outstanding shares:

a) 5% for any one optionee,
b) 2% for any one consultant,
c) 2% for persons conducting investor-relations.

(ii) The option exercise price shall be fixed by the Board of Directors at the time of granting the options and shall not be less than the Market Price of the Shares, less the maximum discount permitted under the policies of the TSX Venture Exchange. The options are not transferable and the term cannot exceed ten (10) years.

At December 31, 2016, 1,587,500 (December 31, 2015 - 667,700) options were issued with a weighted average exercise price of $0.12 per share and a weighted average remaining contractual life of 3.66 years. In addition to the 1,587,500 options outstanding, 2,135,350 (December 31, 2015 - 935,535) options were available to be granted at December 31, 2016.

The following is a summary of the share purchase option transactions under the Plan for the relevant years:

		December 31, 2016		December 31, 2015
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Balance - beginning of year	**667,700**	**0.07**	970,200	0.08
Expired	**(80,200)**	**1.09**	(302,500)	0.10
Granted - Contractor [(i)]	**300,000**	**0.14**	-	-
Granted - Directors and employees [(ii)]	**700,000**	**0.07**	-	-
Balance - end of year	**1,587,500**	**0.12**	667,700	0.07
Options exercisable	**1,587,500**	**0.12**	667,700	0.07

(i) On September 22, 2016, 300,000 options which vested immediately and expire on September 22, 2021 were granted at a strike price of $0.135 per share.

(ii) On June 27, 2016, 700,000 stock options which vested immediately and expire on June 27, 2021 were granted at a strike price of $0.07 per share.

18. Share capital (continued)

The following table summarizes information regarding the stock options outstanding and exercisable as at December 31, 2016:

Range of prices	Number of Options Outstanding	Number of options outstanding and exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price
$				$
0.05 - 0.08	700,000	700,000	4.58	0.07
0.09 - 0.15	512,500	512,500	3.87	0.13
0.17 - 0.22	362,500	362,500	1.69	0.20
0.38 - 0.59	12,500	12,500	0.59	0.44
	1,587,500	1,587,500	3.66	0.12

Share-based compensation

The Corporation uses the Black-Scholes model to estimate the fair value for stock options granted to directors, officers, employees and non-employees. Accordingly, the fair value of the options at the date of grant is charged to operations, with an offsetting credit to contributed surplus, over vesting periods (which can vary from immediate vesting to 5 years). If and when the stock options are exercised, the applicable amounts of contributed surplus are transferred to capital stock.

During the year-ended December 31, 2016, the total expense related to stock-based compensation costs and payments amounted to $98,030 (2015 – Nil). The total expense has been recorded and presented separately in the Statements of Income (loss) and Comprehensive Income (loss).

The following assumptions were used to estimate the weighted average fair value of the granted options:

	December 31, 2016	December 31, 2015
Expected dividend yield	**Nil**	N/A
Expected stock price volatility	**228.2%**	N/A
Risk free interest rate	**0.68%**	N/A
Expected life	**5 years**	N/A
Weighted average fair value of granted options	**$ 0.10**	N/A

19. Related party information

a) Related party payables

	December 31, 2016	December 31, 2015
	$	$
Globex Mining Enterprises Inc.	**17,551**	30,408

19. Related party information (continued)

The Corporation is considered a related party with Globex as Management consisting of the President and CEO, Executive Vice-President and Chief Financial Officer hold the same positions with both entities. In addition, the President and CEO holds a large number of common shares of both organizations through Jack Stoch Geonconsultant Services Limited (GJSL) and therefore can significantly influence the operations of both entities.

b) Management Services

On December 29, 2012, CIM entered into a Management Services Agreement with Globex under which the Corporation would receive management services including administrative, compliance, corporate secretarial, risk management support and advisory services.

The management service fees were $42,040 for the year ended December 31, 2016 (December 31, 2015 - $10,000). These fees represent Globex's estimate of the specific costs related to performing these services.

During the year ended December 31, 2016, Sam Bosum, an independent director, through his corporation, Native Exploration Services earned $4,000 (December 31, 2015 - Nil) for line cutting services. These charges represented the fair market value for similar services.

c) Amount due to Jack Stoch Geoconsultant Services Limited

On December 15, 2014, CIM entered into a $100,000 loan with GJSL with a December 15, 2016 maturity and at an annual interest rate of 12%, compounded and payable on maturity. The loan was secured by a hypothec and security interest on all of CIM's assets. In consideration for the loan, CIM issued 500,000 non-transferrable common share purchase warrants to GJSL each of which entitles GJSL to purchase one common share of CIM at a price of $0.10 per share until December 15, 2016.

During 2016, accrued interest of $6,565 was recorded along with the amortization of deferred financing costs of $6,238 and the write-off of unamortized financing costs of $5,822. On June 30, 2016, the principal and accrued interest of $116,887 was repaid.

	December 31, 2016	December 31, 2015
	$	$
Loan balance	**100,000**	100,000
Accrued interest	**16,887**	10,322
	116,887	110,322
Deduct: deferred financing costs		
Fair value of 1,000,000 warrants issued	**21,369**	21,369
Fees paid to TSXV	**500**	500
	21,869	21,869
Amortization of financing costs	**(16,047)**	(9,809)
Write-off of unamortized financing costs	**(5,822)**	-
	-	12,060
Repayment of loan balance plus accrued interests	**(116,887)**	-
Balance, end of year	**-**	98,262

19. Related party information (continued)

d) Management and Director Compensation

None of the key management personnel received any remuneration or other benefits during the years ended December 31, 2016 or December 31, 2015.

During the year-ended December 31, 2016, the Directors were awarded 700,000 stock options which vested immediately and had a fair value of $62,382. In the year-ended December 31, 2015, the Directors received no stock options.

20. Supplementary cash flows information

Changes in non-cash working capital items

	December 31, 2016 $	December 31, 2015 $
Taxes receivable	**(36,059)**	(15)
Prepaid and deposits	**(1,017)**	1,442
Payables and accruals	**20,161**	9,443
	(16,915)	10,870

Non-cash financing and investing activities

	December 31, 2016 $	December 31, 2015 $
Fair value of warrants issued	**240,425**	-
Disposal of mineral properties for shares	**481,250**	-

21. Financial instruments

Capital risk management

The Corporation manages its common shares, stock options, warrants and retained earnings (deficit) as capital. Its principal source of cash is from the issuance of common shares. The Corporation’s objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern while it pursues its objective of evaluating, enhancing the value and acquiring additional properties or business assets. The Corporation manages the capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, CIM may attempt to issue new shares. The Corporation’s overall strategy remains unchanged from 2015.

The Corporation’s investment policy is to invest its short-term excess cash in highly-liquid short-term interest-bearing investments with short-term maturities, selected with regards to the expected timing of expenditures related to continuing operations. In order to facilitate the management of its capital requirements, the Corporation prepares annual expenditure budgets that are updated as necessary. The annual and updated budgets are approved by the Board of Directors. For capital management purposes, the Corporation has developed two objectives which are as follows:

21. Financial instruments (continued)

- Retain cash and cash equivalents, cash reserved for exploration expenditures and accounts receivable which are equal to or greater than the committed exploration expenditures,

- Retain equity investments and debt instruments with a combined fair market value which are greater than twelve months of projected operating and administrative expenditures.

Based on the current cash position and exploration strategy, the Corporation will likely not need additional capital resources to complete or carry out its exploration and development plans for the next twelve months.

The Corporation is not subject to any externally imposed capital requirements.

The fair value of the Corporation's cash and cash equivalents, payable and accruals approximate their carrying value due to the short-term nature. The equity investments have been adjusted to reflect their fair market value at the period end based on quoted market rates.

Financial risk management objectives

The Corporation's financial instruments are exposed to certain financial risks including; credit risk, liquidity risk, equity market risk and fair value measurements recognized in the statement of financial position.

(a) Credit risk

The Corporation had cash and cash equivalents as well as cash reserved for exploration which totaled $388,912 at December 31, 2016 (December 31, 2015 - $55,447). These funds are subject to a combination of the $100,000 maximum guarantee per individual institution as provided by the Canadian Deposit Insurance Corporation ("CDIC"), a federal Crown Corporation. The Corporation does not believe that it is subject to any significant concentration of credit risk. Cash and cash equivalents are in place with major Canadian financial institutions.

The maximum exposure to credit risk was:

	December 31, 2016	December 31, 2015
	$	$
Cash and cash equivalents	**388,912**	55,447
Investments	**362,360**	29,161
Taxes receivable	**36,788**	729
	788,060	85,337

(b) Liquidity risk

Liquidity risk represents the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through its capital structure and by continuously monitoring actual and projected cash flows. The Corporation finances its exploration activities through flow-through shares, operating cash flows and the utilization of its liquidity reserves.

The Board of Directors reviews and approves the Corporation's operating and capital budgets, as well as any material transactions out of the ordinary course of business.

21. Financial instruments (continued)

(c) Equity market risk

Equity market risk is defined as the potential impact on the Corporation's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Corporation closely monitors the general trends in the stock markets and individual equity movements, and determines the appropriate course of action to be taken.

The Corporation currently holds equity investments with a fair market value of $362,360 at December 31, 2016 (December 31, 2015 - $29,161) and as a result a 10% increase or decrease would impact Income and Loss by $36,236 (2015 - $2,916).

(d) Fair value measurements recognized in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

December 31, 2016	Level 1 $	Level 2 $	Level 3 $	Total Financial Assets at fair Value $
Financial assets				
Cash and cash equivalents	-	388,912	-	388,912
Investments	-	362,360	-	362,360
Taxes receivable	-	-	36,788	36,788
Total financial assets	-	362,360	36,788	788,060

There were no transfers between level 1 and level 2 during the years. The level 2 investments have been measured using the quoted price of the shares on the market which has been determined to be non-active. For all other financial assets and liabilities, the fair value is equal to the carrying value.

December 31, 2015	Level 1 $	Level 2 $	Level 3 $	Total Financial Assets at fair Value $
Financial assets				
Cash and cash equivalents	-	55,447	-	55,447
Investments	-	29,161	-	29,161
Taxes receivable	-	-	729	729
Total financial assets	-	84,608	729	85,337

22. Risk Management

The Corporation is engaged primarily in mineral exploration and manages related industry risk issues directly. The Corporation may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

23. Commitments and contingencies

At year-end,

a) The Corporation had no outstanding commitments other than in the normal course of business.

b) Management believes to the best of its knowledge that CIM is in conformity with applicable laws and regulations. Restoration costs, if any, will be accrued in the financial statements and reflected in the statement of income and loss, if and when they can be reasonably estimated at that time.

24. Subsequent Events

During the period, January 1, 2017 to March 10, 2017, 979,900 Agent's Options have been exercised at an exercise price of $0.05 per share and 230,000 warrants were exercised at $0.10 which has increased the number of shares outstanding to 38,438,442.

CORPORATE INFORMATION

Board of Directors

Jack Stoch
Director
Toronto, Ontario Canada

Dianne Stoch
Director
Toronto, Ontario Canada

Independent Directors

Samuel R. Bosum [1][2]
Director
Oujé-Bougoumou, Quebec Canada

David LeClaire [1][2]
Director
Aurora, Ontario Canada

Rimant (Ray) Zalnieriunas [1][2]
Director
Larder Lake, Ontario Canada

(1) Member of the Audit Committee
(2) Member of the Compensation Committee

Stock Exchange Listings

Canada - Trading Symbol: **CBG**
Toronto Stock Exchange Venture

Germany - Trading Symbol: **CLL**
Stuttgart Stock Exchange

USA – Trading Symbol: **CMAUF**
OTC Markets

CUSIP No. 167101203

Officers

Jack Stoch
President and Chief Executive Officer

Dianne Stoch
Executive Vice President

James Wilson
Chief Financial Officer, Treasurer and Corporate Secretary

Auditors

Deloitte LLP "Comptables Professionnels agréés"
Montreal, Quebec Canada

Legal Counsel

Fasken Martineau DuMoulin s.e.n.c.r.l.
Montreal, Quebec Canada

Transfer Agent & Registrar

Computershare Investor Services Inc.
Montreal, Quebec Canada

Head Office

Chibougamau Independent Mines Inc.
86, 14th Street
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J9X 2J1 Canada
Telephone: 819.797.5242
Fax: 819.797.1470
info@chibougamaumines.com
www.chibougamaumines.com

Annual Meeting of Shareholders

May 31, 2017 at 9:30 a.m.
Best Western Plus Hotel Albert
84, Principale Avenue
Rouyn-Noranda, Quebec Canada