Copper Reef Mining Corporation

FINANCIAL STATEMENTS

THREE AND SIX MONTH PERIODS ENDED MAY 31, 2016 AND 2015

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

The accompanying unaudited, condensed interim financial statements of Copper Reef Mining Corp. for the three months ended May 31, 2016 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors. The accompanying unaudited, condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Copper Reef Mining Corporation
Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	May 31. 2016 $	November 30, 2015 $
Assets			
Current assets			
Cash		**17,580**	50,623
Marketable securities	4	**1,500**	100,514
Amounts receivable	5	**9,504**	10,648
Total current assets		**28,584**	161,785
Non-current assets			
Equipment	6	**1,740**	2,047
Exploration and evaluation assets	7, 10	**9,208,194**	9,030,611
Total Assets		**9,238,518**	9,194,443
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	8	**224,598**	153,771
Non-current liabilities			
Deferred income taxes		**1,190,000**	1,190,000
Total Liabilities		**1,414,598**	1,343,771
Shareholders' equity			
Share capital	9(b)	**13,460,115**	13,374,415
Stock option reserve	9(c)	**237,900**	284,900
Warrant reserve	9(d)	**112,800**	57,500
Deficit		**(5,986,895)**	(5,866,143)
Total Shareholders' Equity		**7,823,920**	7,850,672
Total Liabilities and Shareholders' Equity		**9,238,518**	9,194,443

Going concern (Note 1)

Commitments and contingencies (Notes 7 and 11)

Subsequent events (Note 15)

Approved on behalf of the Board of Directors

"Stephen L. Masson" ***"Robert Granger"***

Chief Executive Officer & Director **Director**

The accompanying notes are an integral part of these financial statements

Copper Reef Mining Corporation
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

		3-Months Ended May 31		6-Months Ended May 31	
	Notes	**2016**	2,015	**2016**	2,015
Expenses					
Amortization	6	**154**	**221**	**307**	216
General and administrative		**59,745**	**79,476**	**117,916**	44,159
Investor relations		**2,583**	**2,261**	**3,158**	962
Generative exploration		**13,260**	**32,576**	**30,876**	31,557
Total expenses		**75,743**	114,534	**152,258**	76,894
Other Income/(loss)					
Unrealized/ realized gain (loss) on marketable securities	4	**4,768**	119,669	**(31,495)**	(78,461)
Total other income (loss)		**4,768**	119,669	**(31,495)**	(78,461)
(Loss) before income taxes		**(70,975)**	5,135	**(183,753)**	(155,355)
Net (loss) and comprehensive (loss) for the period		**(70,975)**	5,135	**(183,753)**	(155,355)
(Loss) per share, basic and diluted		**(0.001)**	0.000	**(0.001)**	(0.001)
Weighted average shares outstanding, basic and diluted		124,103,691	116,258,707	122,441,628	116,374,157

Copper Reef Mining Corporation
Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Number of Shares	Amount	Stock Option Reserve	Warrant Reserve	Deficit	Total Shareholder's Equity
	#	$	$	$	$	$
Balance as at November 30, 2014	**115,281,300**	**13,181,915**	**472,637**	**16,000**	**(5,627,798)**	**8,042,754**
Units issued for cash, private placement	800,000	40,000	–	–	–	40,000
Shares issued under property purchase agreement	500,000	15,000	–	–	–	15,000
Warrants expired	–	(12,000)	–	12,000	–	–
Fair value of expired options	–	–	(187,737)		187,737	–
Net loss and comprehensive loss for the 6-months ended May 31, 2015	–	–	–		(150,221)	(150,221)
Balance as at May 31, 2015	116,581,300	13,224,915	284,900	28,000	(5,590,282)	7,947,534
Units issued for cash, private placement	1,180,000	59,000	–	–	–	59,000
Shares issued under property purchase agreement	3,000,000	120,000	–	–	–	120,000
Value of warrants issued	–	(29,500)	–	29,500	–	–
Options issued	–	–	–	–	–	–
Net loss and comprehensive loss for the year	–	–	–	–	(426,082)	(426,082)
Balance as at November 30, 2015	**120,761,300**	**13,374,415**	**284,900**	**57,500**	**(5,866,142)**	**7,850,672**
Units issued for cash, private placement	5,170,000	157,000	–	–	–	157,000
Value of Options expired	–	–	(47,000)	–	47,000	–
Value of warrants issued	–	(71,300)	–	71,300	–	–
Value of warrants expired	–	–	–	(16,000)	16,000	–
Net loss and comprehensive loss for the 6-months ended May 31, 2016	–	–	–	–	(183,753)	(183,753)
Balance as at May 31, 2016	**125,931,300**	**13,460,115**	**237,900**	**112,800**	**(5,986,895)**	**7,823,920**

Copper Reef Mining Corporation
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Notes	3-Months Ended May 31 2016 $	3-Months Ended May 31 2015 $	6-Months Ended May 31 2016 $	6-Months Ended May 31 2015 $
Cash Flows from Operating Activities					
Net (loss) for the year		**(70,976)**	5,134	**(183,753)**	(150,221)
Unrealized/ realized (gain) loss on marketable securities		**(4,768)**	(86,945)	**31,496**	(7,779)
Amortization		**154**	221	**307**	437
(Increase)/decrease in amounts receivable		**(2,897)**	5,494	**1,147**	6,547
Increase/(decrease) in accounts payable and accrued liabilities		**(2,604)**	(13,129)	**34,378**	(22,749)
Cash (used in) operating activities		**(81,090)**	(89,224)	**(116,425)**	(173,765)
Cash Flows from Financing Activities					
Proceeds from share and warrant issuance		**157,000**	0	**157,000**	40,000
Advance from related party		**0**	0	**0**	0
Cash provided from financing activities		**157,000**	0	**157,000**	40,000
Cash Flows from Investing Activities					
Net proceeds from the sale of marketable securities		**24,165**	187,315	**67,519**	259,245
Exploration, evaluation and expenditures, net of (1)	7	(99,116)	(11,278)	**(141,134)**	(32,239)
Cash provided from (used in) investing activities		(74,952)	176,037	**(73,615)**	227,006
Increase/(Decrease) in cash		**957**	86,813	**(33,041)**	93,242
Cash, beginning of period		**16,624**	41,794	**50,623**	35,365
Cash, end of period		**17,581**	128,607	**17,581**	128,607

Supplemental Information

(1) Change in accrued exploration expenditures	**(36,449)**	339	**36,449)**	(6,940)
(2) Shares issued for evaluation and exploration assets	**0**	–	**–**	15,000

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Copper Reef Mining Corporation (the "Company" or "Copper Reef") was incorporated under the laws of the Province of Manitoba by Letters Patent of Incorporation dated March 27, 1973 as "Copper Reef Mines (1973) Limited", as amended by Articles of Amendment dated January 18, 2005, and Articles of Amendment dated September 8, 2006, changing the corporate name to "Copper Reef Mining Corporation". The registered and head office of the Company is located at 6 Mitchell Road, Flin Flon, Manitoba R8A 1N1.

The shares of the Company are listed on the Canadian Securities Exchange under the symbol "CZC". The Company is engaged in the identification, acquisition and exploration of mineral properties in Canada, with present activities concentrated in the provinces of Manitoba and Saskatchewan.

The financial statements of Copper Reef for the 3-Months ended May 31, 2016 were reviewed by the Audit Committee and approved and authorized by the Board of Directors on July 20, 2016.

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

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, other land claims and non-compliance with regulatory and environmental requirements. These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. These adjustments could be material.

As at May 31, 2016, the Company had not advanced any of its properties to commercial production and is not able to finance day to day activities through operations. The Company incurred losses before income taxes of $183,753 during the period ended May 31, 2016, had working capital of $(196,015), and had an accumulated deficit of $5,986,895 as at May 31, 2016. There is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with funds currently on hand and through the raising of equity and expects that it will require additional financing in order to carry out its exploration plans and operations for the coming twelve months.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

a) STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The policies set out below were consistently applied to all periods presented unless otherwise noted below. These financial statements have been prepared on a historical cost basis except for financial instruments carried at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after December 1, 2015 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

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

- IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

(Expressed in Canadian Dollars) May 31, 2016 and 2015

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

- IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted.

4. MARKETABLE SECURITIES

The Company holds shares in two public companies Foran Mining Corp. and Jaxon Minerals Inc. Activity in marketable securities is summarized as follows:

	May 31, 2016					November 30, 2015		
Securities issuer	**Number of shares November 30, 2015**	**Number of shares sold during period**	**Number of shares May 31, 2016**	**Value $**	**Cumulative Unrealized (loss) $**	Number of shares held	Value $	Cumulative Unrealized (loss) $
Foran Mining Corporation	**948,700**	**948,700**	**–**	**–**	**–**	948,700	99,614	-706,782)
Jaxon Minerals Inc.	**20,000**	**0**	**20,000**	**1,500**	**(16,400)**	20,000	900	(16,100)
Total				**1,500**	**(16,400)**		100,514	(722,882)

During the period ended May 31, 2016, the Company sold 695,000 shares (2015 – Nil) of Foran Mining Corporation for total net proceeds of $43,355 (2015 – Nil), resulting in a net realized loss of $28,380 (2015 – Nil).

5. AMOUNTS RECEIVABLE

The Company's amounts receivable are broken down as follows:

	May 31, 2016 $	November 30, 2015 $
Goods and services tax receivable	**9,504**	10,648
Total	**9,504**	10,648

6. EQUIPMENT

	Cost	**Accumulated Amortization**	**May 31, 2016 Net Book Value**	**November 30, 2015 Net Book Value**
	$	**$**	**$**	**$**
Vehicles	**10,031**	**8,291**	1,740	2,047

7. EXPLORATION AND EVALUATION ASSETS

The Company holds interests in 42 mineral properties, with 40 held by way of mineral claims and two by mineral leases, all located in Saskatchewan and Manitoba. Nineteen of the properties are consolidated into five groups plus one individual claim as noted in the table overleaf.

The remaining properties are grouped under “Other” in the table overleaf. These claims include the Hanson Lake, Mink Narrows Group, Smelter, Kiss/Kissing Group and Fort LaCorne plus 7 individual properties.

A continuity schedule of the capitalized expenditures allocated to individual major properties and summarized for minor properties is shown overleaf:

The Mink Narrows Group and the Smelter and Hanson Lake properties have been allocated to “Others” as work for the past two years has consisted of title sustaining work necessary to maintain the current status of the claims.

Also, the Company has included a summary of expenditures that have been expensed not capitalized to illustrate total mineral property costs for the periods ended May 31, 2016 and 2015.

(Expressed in Canadian Dollars) For the 3 & 6-Month Periods ended May 31, 2016 and 2015

7. EXPLORATION AND EVALUATION ASSETS (CONT'D)

	Total	Non Capitalised Exploration	Total Capitalised Exploration	Gold Rock Group	Alberts Lake Group	Morgan Group	Burn	Otter/ Twin Lakes	Pikoo	Others
Balance, November 30, 2014			**8,805,958**	**1,523,770**	**556,640**	**341,498**	**23,076**	**249,515**	**112,167**	**5,999,292**
Claim acquisition & holding	26,537	3,251	23,286	468	4,591	1,274		143	15,000	1,810
Assay	10	10	0	0	0	0	0	0	0	0
Geological	13,334	0	13,334	44				5,090	8,200	0
Field labour costs	69,009	51,808	17,201	475			475	3,563	12,688	0
Other fields costs	9,421	9,064	357	117				0	240	0
YTD Expenditures to May 31, 2015	**118,311**	**64,133**	**54,178**	**1,104**	**4,591**	**1,274**	**475**	**8,796**	**36,128**	**1,810**
Claim acquisition & holding	124,248	1,950	122,298	732	–	364	130	155	40,000	80,917
Assay	2,706	2,317	389	–	5	–	–	–	384	–
Geological	403	203	200	–	–	–	–	–	200	–
Field labour costs	77,688	45,109	32,579	737	5,550	–	–	1,500	24,792	–
Other fields costs	24,187	9,179	15,008	143	–	–	–	–	14,865	–
Total Q3-Q4 2015 expenditures	229,232	58,758	170,474	1,612	5,555	364	130	1,655	80,241	80,917
Balance November 30, 2015		**122,891**	**9,030,610**	**1,526,486**	**566,786**	**343,136**	**23,681**	**259,966**	**228,536**	**6,082,019**
Claim acquisition & holding	10,332	2,640	7,692	468	5,775	104	–	–	–	1,306
Assay	17,530	248	17,282	–	3,580	–	–	–	13,702	–
Geological	3,020	–	3,020	–	120	–		–	2,900	–
Field labour costs	83,330	20,205	63,125	–	45,738	–	–	–	17,388	–
Other fields costs	27,607	7,784	19,824	–	19,540	–	–	–	284	–
Drilling	66,640	–	66,640	–	66,640	–	–	–	–	–
Total Q1 2016 expenditures	**208,459**	**30,876**	**177,583**	**468**	**141,393**	**104**	**–**	**39**	**34,273**	**1,306**
Balance May 31, 2015			**9,208,193**	**1,526,954**	**708,179**	**343,240**	**23,681**	**260,005**	**262,809**	**6,083,325**

7. EXPLORATION AND EVALUATION ASSETS (CONT'D)

PROPERTIES INCLUDED IN THE PRECEDING TABLE

Gold Rock Group, Manitoba

The Gold Rock Group includes the Gold Rock, North Star and Star mineral properties, the North Star mining lease and the Gold Rock mining lease. The North Star mineral property and mining lease are subject to a 2% Net Smelter Returns royalty ("NSR").

The Gold Rock Mining Lease is 100% owned by the Company, subject to a 2% NSR. In addition the NSR holder retains a 25% Net Profits Interest ("NPI") in the first 25 feet below surface of vein material as currently documented.

Also included in the Gold Rock Group is the Murr claim, also owned 100% by the Company, subject to a 1% NSR.

Alberts Lake Group, Manitoba

The Alberts Lake Group includes the Alberts Lake, Lew, Amulet, Mike, Mur and Hanna mineral properties. With the exception of the Mike 1 (15% NPI) and Mur 6 (2% NSR), all claims are 100% owned by the Company.

Morgan Group, Manitoba

The Morgan Group includes the Morgan, Bruce Morgan, Woo and Woosey mineral properties. The Morgan claims are 100% owned, subject to a 10% NPI with an advance royalty payment of $150,000 upon the making of a Bruce Morgan Property production decision by the Company. The Woo and Woosey claims are 100% owned with no underlying royalties or charges.

Burn, Manitoba

During the year ended November 30, 2014, the Company performed geological mapping and prospecting and filed a VTEM airborne electromagnetic survey report and a geological report on the work on the property. This maintained the property in good standing for seven years and entitled the company to receive a Manitoba government rebate of $12,425. This rebate was against a cash in lieu payment of the same amount made previously to maintain claims in good standing.

Otter/Twin Lakes Group, Manitoba

The Otter Group includes the Otter Lake and Twin Lakes mineral properties. On December 23, 2011, the Company announced the 100% acquisition of the Otter Lake Property for $5,000 and 50,000 shares of the Company valued at $5,250 based on the quoted market price of the shares on the measurement date. The vendor retained a 1% NSR on the Otter Lake claims.

The Twin Lakes property is owned 100% by the Company and is in good standing for at least 6 years based on a geological report filed by the company for work on the property to November 30, 2014. This entitled the Company to receive a Manitoba government rebate of $29,983.

8. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Pikoo, Saskatchewan

On January 23, 2014, the Company entered a property purchase agreement with CanAlaska Uranium Ltd. ("CanAlaska") for the acquisition of two claim units located in Saskatchewan. In order to complete the purchase, the Company is required to pay $50,000 cash (paid), issue two tranches of shares each of 500,000 on or before February 15, 2014 (issued) and by January 31, 2015 (issued) and complete $50,000 of qualified exploration work by December 31, 2014 (incurred) and a further $50,000 by December 31, 2015 (incurred).

On April 22, 2015, the Company entered a second property purchase agreement with CanAlaska for the acquisition of two additional Pikoo claim blocks referred to as "*C2*" and "*C3*". Terms of acquisition were the issuance of 1,000,000 shares to CanAlaska (issued) and completion of two years assessment work or the issuance of a further 1,000,000 shares of the Company. The agreement is subject to a 2.5% NSR to CanAlaska.

As at May 31, 2016, all work commitments have been met and the property is owned 100% by the company. A total of $262,809 has been expended to date to purchase and work on these properties.

OTHER CLAIMS

Other Claims include 6 claim groups and 7 individual claims with a total capitalized cost of 6,083,325

Hanson Lake, Saskatchewan

The Hanson Lake Property consists of a single claim located in the Hanson Lake area of Saskatchewan. It is 100% owned by the Company.

Mink Narrows Group, Manitoba

The Mink Narrows Group includes the Mink Narrows, Mystic and Payuk mineral properties. The claims are 100% owned by the Company.

Smelter Property, Manitoba

The Smelter Property is comprised of three contiguous claims, which are 100% owned by the Company.

Kiss/Kississing Group, Manitoba

The Kississing/Kiss Group includes the Kississing and Kiss mineral properties. The claims are 100% owned by the Company.

Lucille Lake, Manitoba

The Lucille Lake property includes three unpatented mineral claims all of which are owned 100% by the Company.

Fort LaCorne, Saskatchewan

The Fort LaCorne claims consist of seven widely scattered claim blocks located in the Fort a la Corne area of Northern Saskatchewan, acquired from 49 North Resources Inc. Terms of the acquisition were the issuance of 2,000,000 shares of the Company (issued) and completion of two years assessment work by January 31, 2016. The Company now holds a 100% interest in the claims subject to a 2.5% NSR to 49 North Resources Inc.

(Expressed in Canadian Dollars) May 31, 2016 and 2015

Others

Remaining properties include the Bartley, Big Island, Cooke Lake/Foran, Counsell Lake/Foran, Jen, Mikangen LK, Raelynn. These seven properties had a total of $1,315 in exploration for the year ended May 31, 2016 (2014 – $nil).

The Company also holds title to 14 claims where the decision has been made to expense all exploration in the year that the exploration has been incurred. These claims were acquired for the purposes of examination through generative exploration or as outlier claims to claim blocks under exploration programs, both current and deferred. Until these properties have been deemed by the Company to warrant significant exploration, costs are expensed.

On April 23, 2012, pursuant to an agreement dated February 14, 2012, the Company announced that it had acquired 100% of the Hamell Lake property for $5,000 and 50,000 shares of the Company valued at $3,000 based on the quoted market price of the shares on the measurement date. The vendor retains a 1% NSR.

During 2014, the Company wrote off the Hamell Lake property as all staked claims expired and the Company has no plan to apply further work on the property. In addition, the Company wrote off the capitalized cost balance in the other properties (i.e. Cook Lake, Jewel Box and Radar Properties) as the Company did not plan to perform further exploration work on them.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are broken down as follows:

	May 31, 2016 **$**	November 30, 2015 $
Trade payables and accrued liabilities	**110,124**	98,086
Due to related parties (Note 10)	**114,474**	55,685
Total	**224,598**	153,771

10. SHARE CAPITAL

a) AUTHORIZED SHARE CAPITAL

Unlimited number of common shares without par value

b) ISSUED SHARE CAPITAL

As at May 31, 2016, the Company had 125,931,300 issued and fully paid common shares (November 30, 2015 – 120,761,300).

- On December 31, 2014, the Company closed a non-brokered private placement of 800,000 flow-through units at a price of $0.05 per unit for gross proceeds of $40,000. Each unit consists of one flow through common share and one warrant. Each warrant can be exercised to purchase one common share of the Company at an exercise price of $0.10 for a two-years term, expiring December 30, 2016.

  A director and officer of the Company subscribed for 300,000 of these units. An officer of the Company subscribed for 200,000 of these units.

  The Company is committed to incur prior to December 31, 2015, on a best efforts basis, $40,000 in qualifying exploration expenditures pursuant to this private placement. See Note 12(c).

- On February 3, 2015, pursuant to a property purchase agreement with CanAlaska described in Note 7, the Company issued 500,000 common shares at an estimated fair value of $0.03 per share, based on the quoted fair market price of the Company's shares as at February 3, 2015.

- On May 11, 2015, pursuant to a property purchase agreement with CanAlaska described in Note 7, the Company issued 1,000,000 common shares at an estimated fair value of $0.04 per share, based on the quoted fair market price of the Company's shares as at May 11, 2015.

- On May 12, 2015, pursuant to a property purchase agreement with 49 North Resources Inc., described in Note 7, the Company issued 2,000,000 common shares at an estimated fair value of $0.04 per share, based on the quoted fair market price of the Company's shares as at May 12, 2015.

- On September 25, 2015, the Company completed a non-brokered private placement of 1,180,000 flow-through units at $0.05 per unit for gross proceeds of $59,000. Each unit consisted of one flow-through share and one ordinary share purchase warrant. Each warrant can be exercised to purchase one common share of the Company at an exercise price of $0.10 for a two-year term, expiring September 24, 2017.

  A director and officer of the Company subscribed for 800,000 of these units. An officer of the Company subscribed for 200,000 of these units.

  The Company is committed to incur prior to December 31, 2016, on a best efforts basis, $59,000 in qualifying exploration expenditures pursuant to this private placement. See Note 12(c).

9. SHARE CAPITAL (CONT'D)

- On March 10, 2016, the Company closed a private placement which raised an aggregate of $100,000 from the sale of 3,140,000 flow-through and non-flow-through units. Details are as follows:

    1. 2,280,000 units at a price of $0.025 per unit, comprised of 2,280,000 common shares and 4,560,000 warrants. Each warrant entitles the holder to purchase one common share at an exercise price of $0.05 per warrant. The warrants are exercisable for twelve months and have an expiry date of March 9, 2017; and
    2. 860,000 flow-through units at a price of $0.05 per unit, comprised of 860,000 flow-through shares and 860,000 warrants. Each warrant entitles the holder to purchase one common share at an exercise price of $0.05 per warrant. The warrants are exercisable for twenty-four months and have an expiry date of March 9, 2018.

    Directors and officers of the Company subscribed for 800,000 of these units for total proceeds of $30,000.

- On May 11, 2016, the Company closed a private placement which raised an aggregate of $57,000 from the sale of 250,000 flow-through and 1,780,000 non-flow-through units. Details are as follows:

    1. The Flow Though Units were issued at $0.05, with each Unit consisting of one common share and one share purchase warrant, exercisable at $0.05 and expire on May 11, 2018. A Fair value of $5,500 was ascribed to the warrants; and
    2. The Non-Flow Through Units at $0.025; each unit consists of one common share and two share purchase warrants exercisable at $0.05 until May 11, 2017. A Fair value of $14,300 was ascribed to the warrants

(Expressed in Canadian Dollars) May 31, 2016 and 2015

9. SHARE CAPITAL (CONT'D)

c) INCENTIVE STOCK OPTIONS

Pursuant to the Company's stock option plan (the "Plan"), the Company may grant to its employees, officers, directors and consultants, options to purchase common shares of the Company at a fixed price as determined by the board of directors. The options vest in accordance with the terms of their granting and have a maximum term of five years. The common shares reserved for issuance under the Plan will not exceed, in aggregate, 10% of the Company's common shares issued and outstanding at the time of grant.

No stock options were granted during the years ended November 30, 2014 and 2015.

The following table summarizes the Company's stock option transactions during the years ended November 30, 2014 and 2015 and May 31, 2015:

Grant Date	Number of Options	Weighted Average Exercise Price $	Estimated Grant Date Fair Value $
Balance, November 30, 2014	**8,070,000**	**0.10**	**472,637**
Expired, May 24, 2015	(3,020,000)	0.10	(187,737)
Balance, November 30, 2015	**5,050,000**	**0.10**	**284,900**
Expired	**(1,000,000)**		**(30,000)**
Expired	**(200,000)**	**.11**	**(17,000)**
Balance, May 31, 2016	**3,850,000**		**237,900**

As at May 31, 2016, the following options were outstanding:

Grant Date	Exercise Price $	Number of Outstanding Options	Expiry Date	Remaining Contractual Life (in Years)
June 15, 2011	0.10	1,575,000	June 15, 2016	0.30
January 25, 2013	0.10	2,275,000	January 24, 2018	1.90
Balance May 31, 2016	**0.10**	**3,850,000**		**1.47**

See Note 15

(Expressed in Canadian Dollars) May 31, 2016 and 2015

9. SHARE CAPITAL (CONT'D)

d) WARRANTS

The following table summarizes a continuity of outstanding warrants:

	Issued	Expiry Date	Weighted Average Exercise Price $	Remaining Contractual Life (in Years)	Estimated Grant Date Fair Value $
Balance November 30, 2014	**1,000,000**		**0.10**	0.1	**16,000**
Issued December 31, 2014	800,000	Dec. 31, 2016	0.10	1.1	12,000
Issued September 25, 2015	1,180,000	Sept. 24, 2017	0.10	1.8	29,500
Balance November 30, 2015	**2,980,000**		**0.10**	**1.1**	**57,500**
Expired, January 23, 2016	(1,000,000)		0.10		(16,000)
Issued March 7, 2016	860,000	March 6, 2018	0.05	1.8	19,600
Issued March 7, 2016	4,560,000	March 6, 2017	0.05	0.8	27,700
Issued May 11, 2016	250,000	May 11, 2018	0.05	0.9	2,800
Issued May 11, 2017	3,560,000	May 11, 2018	0.05	1.9	21,200
Balance May 31, 2016	**11,210,000**		**0.04**	**1.4**	**112,800**

The weighted average grant date fair value of the warrants issued during the year ended May 31, 2016 of $0.02 (2014 - $0.02) was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2015	2014
Expected dividend yield	0%	0%
Expected volatility	155%	134%
Risk free interest rate	0.72%	1.11%
Expected life (years)	2.0	2.0

(Expressed in Canadian Dollars) May 31, 2016 and 2015

11. RELATED PARTY TRANSACTIONS AND BALANCES

a) RELATED PARTY BALANCES

		May 31, 2016		November 30, 2015	
Related party	**Purpose**	**Amounts charged during the period $**	**Amounts payable or accrued at May 31, 2016 $**	Amount Charged during the year $	Amounts payable or accrued at year-end $
Corporation controlled by an officer	Filing fees	**5,237**	**2,540**	12,147	1,625
	expenses	**–**	**–**	–	–
Accounting firm of which an officer of the Company is a partner	Professional fees	**–**	**15,000**	7,500	15,000
Corporation controlled by a director and significant shareholder	Management fees, Director	**30,000**	**15,000**	63,000	3,000
	Exploration	**107,515**	**51,429**	173,844	14,980
	Office, rent and general expenses	**61,999**	**30,505**	102,417	21,077
Totals to and as at May 31, 2016		**204,751**	**114,474**	358,909	55,682

During the period ended May 31, 2016, the Company recorded directors' fees of $nil (2014 - $nil).

The accounts payable and accrued liabilities to related parties are unsecured and non-interest bearing with no fixed terms of repayment (Note 8).

b) KEY MANAGEMENT PERSONNEL COMPENSATION

The remuneration of directors and other members of management included in the table in Note 11(a) were as follows:

	2016 $	2015 $
Short term employee benefits	**30,000**	7,000

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the compensation committee having regard to the performance of individuals and market trends.

10. RELATED PARTY TRANSACTIONS (CONT'D)

c) SHARE SUBSCRIPTIONS

See Note 9(b) and Note 16 for descriptions of related party share subscriptions.

12. COMMITMENTS AND CONTINGENCIES

a) COMMITMENTS

Consulting Agreement

The Company entered into an exploration management services agreement dated December 31, 2010 with M'Ore and the President and significant shareholder of M'Ore, who is an officer, director and shareholder of the Company. Pursuant to the agreement, M'Ore provides consulting and management services to the Company and incurs various administrative expenses, including administrative salaries and office and vehicle rentals on behalf of the Company. The term of the agreement is for a period of two years ended December 31, 2012 and can be renewed thereafter at the end of every 12 months. On March 28, 2013, the Company has extended the term of the agreement for a further two year term to December 31, 2014.

Management fees and salaries incurred by M'Ore were capped at $200,000 per annum. Additional charges to the Company in prior years consisted of a lease with M'Ore whereby the Company would pay $30,000, plus operating expenses, per annum for rental of office and storage space. The lease also specifies rates to be charged for the use of various items of equipment if and when utilized by the Company.

b) CONTINGENCIES

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

11. COMMITMENTS AND CONTINGENCIES (CONT'D)

c) FLOW-THROUGH EXPENDITURES

During the year ended May 31, 2016, the Company renounced Canadian exploration expenditures in the aggregate amount of $99,000 (2014 -$165,500) related to proceeds from the issuance of flow-through shares pursuant to the financings described in Note 9(b) and is committed to incur $40,000 in qualifying Canadian exploration expenditures prior to December 31, 2015 and $59,000 prior to December 31, 2016. As at May 31, 2016, approximately $42,000 of this commitment was unspent. If the Company does not incur the required qualifying expenditures, it will be required to indemnify the holders of the flow-through shares for any tax and other costs payable by them as a result of the Company not making the required expenditures. See also Note 16.

13. SEGMENTED INFORMATION

All of the Company's assets, liabilities and operations are domiciled in Canada.

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the evaluation and exploration of its mineral exploration properties and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of share capital as well as cash. There were no changes to the Company policy for capital management during the years ended May 31, 2016 and 2014. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, acquire or dispose of assets, or adjust the amount of cash and marketable securities. In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its excess cash in highly liquid investments that are readily convertible into cash with maturities of three months or less from the original date of acquisition or when it is needed, selected with regards to the expected timing of expenditures from continuing operations. The Company expects that it will require additional financing in order to fund operational commitments, working capital needs and further drilling programs for the coming twelve months (see Note 1).

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the Canadian Securities Exchange ("CSE") which requires adequate working capital of $50,000.

As of May 31, 2016, the Company may not be compliant with the policies of the CSE. The impact of this violation is not known and is ultimately dependent on the discretion of the CSE.

(Expressed in Canadian Dollars) — May 31, 2016 and 2015

15. FINANCIAL INSTRUMENTS

a) FAIR VALUE

The carrying values of cash, amounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments.

As at November 30, 2015	Loans and receivables and other liabilities $	Assets at fair value through profit and loss $	Total $
Cash	50,623	–	50,623
Marketable securities	–	100,514	100,514
Accounts payable and accrued liabilities	153,771	–	153,771
As at May 31, 2016			
Cash	17,580	–	17,580
Marketable securities	–	1,500	1,500
Amounts Receivable	–	9,503	9,503
Accounts payable and accrued liabilities	224,598	–	224,598

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

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

Level 3: Inputs that are not based on observable market data.

As at May 31, 2016 and 2015, the financial instruments recorded at fair value on the statement of financial position are marketable securities which are measured using Level 1 of the fair value hierarchy.

14. FINANCIAL INSTRUMENTS (CONT'D)

b) FINANCIAL RISK MANAGEMENT

Credit Risk

The Company is exposed to credit risk with respect to its cash and amounts receivable. Cash has been placed on deposit with major Canadian financial institutions.

Amounts receivable consist of amounts due from the Company's brokerage house, Financier Banque National. Management believes that the credit risk concentration with respect to these financial instruments is minimal.

The risk arises from the non-performance of counterparties of contractual financial obligations. The Company manages credit risk, in respect of cash, by purchasing term deposits held at a major Canadian financial institution. Concentration of credit risk exists with respect to the Company's cash as the majority of the amounts are held at a single Canadian financial institution.

The credit risk associated with cash is minimized by ensuring the majority of these financial assets are held with major Canadian financial institutions with strong investment-grade ratings by a primary rating agency.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

The Company's expected source of cash flow for the upcoming year ended November 30, 2016 will be through equity financings.

The Company maintained cash at May 31, 2016 in the amount of $17,580 (2015 – $41,795), in order to meet short-term business requirements. At May 31, 2016, the Company had accounts payable and accrued liabilities of $224,598 (2015 - $126,467). All accounts payable and accrued liabilities are current.

Market Risk

The significant market risks to which the Company is exposed are interest rate risk, currency risk and commodity price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company also holds a portion of cash in bank accounts that earn variable interest rates. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of May 31, 2016 and 2015.

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash. A 1% change in interest rates on cash outstanding at May 31, 2016 would result in a $500 change to the Company's net loss for the year ended May 31, 2016.

14 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk

The Company is not exposed to currency risk.

Other price risk

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

Marketable securities

Risk to the Company from its marketable securities is derived from two factors:

- The ability of the issuer to sustain itself financially; and
- The ability to monetize the securities of the issuer.

The Company's marketable securities as at May 31, 2016 consist of nil shares of Foran Mining Corporation (2015 – 2,509,700 shares) with a quoted market value at May 31, 2016 of $nil (2015 − $451,746) and 20,000 shares of Jaxon Minerals Inc. (2015 - 20,000 shares) with a quoted market value at May 31, 2016 of $1,500 (2015 − $900). A 1% change in the quoted market prices of these marketable securities would result in a $15 change to the Company's net loss for the period ended May 31, 2016 (2015 – $4,526).

Commodity risk

The Company is exposed to price risk with respect to commodity prices, specifically precious and non-precious metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for these commodities, the level of interest rates, the rate of inflation, investment decision by large holders of commodities including governmental reserves and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in investment patterns and monetary systems and political developments. As the Company does not have production assets, management believes this risk is minimal.

15. SUBSEQUENT EVENTS

On June 15, 2016, 1,575,000 options with a grant date fair value of $128,700 expired. These options had a grant date fair value of $128,700.

On June 20, 2016 the Company announced the cancellation of the remaining 2,275,000 issued options. These options had a grant date fair value of $109,200.