CANADIAN OREBODIES

Condensed Interim Financial Statements

For the six months ended

July 31, 2016

(expressed in Canadian dollars)

(Unaudited)

Responsibility for Financial Statements

The auditors of Canadian Orebodies Inc. have not performed a review of the unaudited condensed interim financial statements for the six months ended July 31, 2016.

Canadian Orebodies Inc.
Condensed Interim Statements of Financial Position
(unaudited)

	July 31, 2016	January 31, 2016
Assets		
Current assets		
Cash and cash equivalents *(note 2(d))*	$ 762,042	$ 702,875
Marketable securities *(note 3)*	12,000	6,000
Accounts receivable	14,000	5,219
Prepaid expenses	9,557	4,794
Exploration advances	20,000	-
Total Assets	$ 817,599	$ 718,888
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 62,004	$ 24,809
	62,004	24,809
Shareholders' Equity		
Share capital *(note 5)*	21,697,816	21,662,816
Contributed surplus *(note 6)*	5,144,925	4,898,210
Accumulated other comprehensive income (loss)	8,000	-
Deficit	(26,095,146)	(25,866,947)
	755,595	694,079
Total Equity and Liabilities	$ 817,599	$ 718,888

Subsequent events *(note 11)*

See accompanying notes to the financial statements

Canadian Orebodies Inc.
Condensed Interim Statements of Operations and Comprehensive Loss
(unaudited)

	Three months ended July 31, 2016	Three months ended July 31, 2015	Six months ended July 31, 2016	Six months ended July 31, 2015
Expenses				
Management and administrative services *(note 9)*	$ 94,592	$ 89,333	$ 185,275	$ 183,247
Exploration expenditures *(note 4)*	115,722	-	133,037	10,000
Office and administration	12,195	13,531	28,527	29,646
Professional and consulting fees	13,333	4,164	19,871	6,442
Shareholder information	9,997	5,470	11,002	11,772
Share based compensation *(note 6 and 9)*	246,715	-	246,715	-
Interest income	(1,215)	(43)	(2,228)	(279)
Investment (gain) loss	-	8,278	(2,000)	37,418
Recovery on sale of mineral properties *(note 4)*	(150,000)	-	(392,000)	-
	341,339	120,733	228,199	278,246
Net income (loss) for the period	(341,339)	(120,733)	(228,199)	(278,246)
Other comprehensive (loss) income				
Items that will subsequently be reclassified to profit or loss:				
Unrealized gain (loss) on available-for-sale marketable securities arising during the period	-	19,004	10,000	(29,741)
Items reclassified to profit or loss:				
Realized (gain) loss	-	8,278	(2,000)	37,418
	-	27,282	8,000	7,677
Total comprehensive loss for the period	$ (341,339)	$ (93,451)	$ (220,199)	$ (270,569)
Basic and diluted net loss per share *(note 8)*	$ (0.004)	$ (0.004)	$ (0.003)	$ (0.008)

See accompanying notes to the financial statements

Canadian Orebodies Inc.
Condensed Interim Statements of Cash Flows
(unaudited)

Six months ended July 31,	2016	2015
Operating Activities		
Net income (loss)	$ (228,199)	$ (278,246)
Items not affecting cash and cash equivalents from operating activities:		
Interest income	(2,228)	(279)
Share based compensation	246,715	-
Investment (gain) loss	(2,000)	37,418
Shares issued for mineral properties	35,000	10,000
Changes in non-cash working capital items		
Accounts receivable	(8,781)	(843)
Prepaids and deposits	(4,763)	(2,880)
Exploration advances	(20,000)	-
Accounts payable and accrued liabilities	37,195	278
	52,939	(234,552)
Investing Activities		
Sale of marketable securities	4,000	120,495
Interest income	2,228	279
	6,228	120,774
Net change in cash and cash equivalents	59,167	(113,778)
Cash and cash equivalents, beginning of period	702,875	199,778
Cash and cash equivalents, end of period	$ 762,042	$ 86,000

See accompanying notes to the financial statements

Canadian Orebodies Inc.
Condensed Interim Statements of Changes in Equity
(unaudited)

	Share Capital		Reserves			Deficit	
	(note 5) Number of shares	Amount	Contributed surplus	Warrants	Accumulated other comprehensive (loss) income	Deficit	Total
Balance, January 31, 2015	**32,724,059**	**$ 20,647,230**	**$ 4,898,210**	**$ -**	**$ (27,692)**	**$(25,388,648)**	**$ 129,100**
Issued for mineral properties	200,000	10,000	-	-	-	-	10,000
Unrealized loss on marketable securities	-	-	-	-	(29,741)	29,741	-
Reclassification of realized (gain) loss on marketable securities	-	-	-	-	37,418	(37,418)	-
Comprehensive income (loss) for the period	-	-	-	-	-	(270,569)	(270,569)
Balance, July 31, 2015	**32,924,059**	**$ 20,657,230**	**$ 4,898,210**	**$ -**	**$ (20,015)**	**$(25,666,894)**	**$ (131,469)**
Private placements	36,175,000	723,500	-	-	-	-	723,500
Cost of issue of private placements	-	(35,175)	-	-	-	-	(35,175)
Conversion of due to related party *(note 9)*	11,651,784	233,035	-	-	-	-	233,035
Share-based compensation	4,211,281	84,226	-	-	-	-	84,226
Unrealized gain (loss) on marketable securities	-	-	-	-	29,741	(29,741)	-
Reclassification of realized (gain) loss on marketable securities	-	-	-	-	(9,726)	9,726	-
Comprehensive income (loss) for the period	-	-	-	-	-	(180,038)	(180,038)
Balance, January 31, 2016	**84,962,124**	**$ 21,662,816**	**$ 4,898,210**	**$ -**	**$ -**	**$(25,866,947)**	**$ 694,079**
Issued for mineral properties *(note 4)*	1,000,000	35,000	-	-	-	-	35,000
Share-based compensation	-	-	246,715	-	-	-	246,715
Unrealized loss on marketable securities	-	-	-	-	10,000	(10,000)	-
Reclassification of realized (gain) loss on marketable securities	-	-	-	-	(2,000)	2,000	-
Comprehensive income (loss) for the period	-	-	-	-	-	(220,199)	(220,199)
Balance, July 31, 2016	**85,962,124**	**$ 21,697,816**	**$ 5,144,925**	**$ -**	**$ 8,000**	**$(26,095,146)**	**$ 755,595**

See accompanying notes to the financial statements

1. Nature of Operations

Canadian Orebodies Inc. (the "Company") was incorporated pursuant to the provision of the Business Corporations Act (of Alberta) on January 28, 2008 ("Inception Date"). On July 21, 2008, the Company was authorized to continue its operations from the jurisdiction of Alberta to Ontario. Its principal business activity is the exploration of mineral properties. The address of the Company's registered office is 141 Adelaide Street West, Suite 301, Toronto, Ontario M5H 3L5. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amount expended on mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of such properties.

2. Significant Accounting Policies

(a) Basis of presentation and statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the IASB. Accordingly, they do not include all of the information required for full annual financial statements as required by IFRS. These condensed interim financial statements should be read in conjuction with the Company's audited annual financial statements for the year ended January 31, 2016.

These condensed interim financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business, and on a historical cost basis except for the revaluation of certain financial instruments. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The condensed interim financial statements were approved by the Board of Directors on September 28, 2016.

(b) Significant accounting estimates and judgements

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods.

2. Significant Accounting Policies - continued

(c) Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations and comprehensive loss.

Loans and receivables - These assets are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held to maturity investments - These assets are non derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations and comprehensive loss.

Available for sale - These assets are non derivative financial assets not included in the above categories. They are carried at fair value with changes in fair value recognized in other comprehensive income. Where a decline in the fair value of an available for sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at the end of each reporting period. Financial assets are impaired when there is any objective evidence that the future cash flows associated with a financial asset or a group of financial assets have been negatively impacted. Different criteria to determine impairment are applied for each category of financial assets described above.

2. Significant Accounting Policies - continued

(c) Financial instruments - continued

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the corresponding asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations and comprehensive loss.

Other financial liabilities - This category includes all other financial liabilities, all of which are recognized at amortized cost.

The Company's financial instruments consist of the following:

Financial assets:	Classification:
Cash and cash equivalents	Fair value through profit and loss
Accounts receivable	Loans and receivables
Marketable securities - equity securities	Available for sale
Financial liabilities:	**Classification:**
Accounts payable and accrued liabilities	Other financial liabilities

Fair value hierarchy

The Company classifies its financial instruments according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of 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 that are observable for assets or liabilities, either directly or indirectly; and
• Level 3 - Inputs for assets or liabilities that are not based on observable market data.

The Company's cash and cash equivalents and equity securities held as marketable securities are classified within level 1 of the fair value hierarchy.

2. Significant Accounting Policies - continued

(d) Cash and cash equivalents

Cash and cash equivalents include money market instruments which are readily convertible into cash or have maturities at the date of purchase of less than ninety days. The breakdown of cash and cash equivalents was:

	July 31, 2016	**January 31, 2016**
Cash	$ 114,910	$ 636,797
Money market instruments	647,132	66,078
	$ 762,042	**$ 702,875**

(e) Mineral properties and exploration expenditures

The Company expenses all costs relating to the acquisition of, exploration for and development of mineral claims and credits all revenues received against the exploration expenditures. Such costs include, but are not limited to geological, geophysical studies, exploratory drilling and sampling.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized; this includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

(f) Income taxes

Income tax on the profit or loss for the periods presented consists of current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized either in profit or loss and comprehensive income or loss or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent their future recovery is probable. At the end of each reporting period, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

2. Significant Accounting Policies - continued

(g) Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resources property exploration expenditures. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

(h) Share issue costs

Costs incurred for the issue of common shares and warrants are deducted from share capital and warrants respectively.

(i) Share-based payment transactions

The share option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

(j) Asset retirement obligation

The operations of the Company are subject to regulations governing the environment, including future site restoration costs for mineral properties. The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred when a reasonable estimate of fair value can be made. If a reasonable estimate of fair value cannot be made in the period the asset retirement obligation is incurred, the liability is recognized when a reasonable estimate of fair value can be made.

2. Significant Accounting Policies - continued

(j) Asset retirement obligation - continued

The Company has determined that there are no asset retirement obligations or any other environmental obligations with respect to its mineral properties, and therefore no liability has been recognized in these financial statements.

(k) Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed using the treasury stock method. Stock options and warrants outstanding are not included in the computation of diluted earnings (loss) per share if their inclusion would be anti dilutive.

(l) Future changes in accounting standards not yet adopted

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The Company intends to adopt those standards when they become effective.

IFRS 9 - Financial Instruments

IFRS 9, Financial Instruments ("IFRS 9") was issued in its final form by the IASB in July 2014 and will replace *IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39")*. IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. 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. 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.

3. Marketable Securities

During the six months ended July 31, 2016, the Company sold a portion of its equity securities for gross proceeds of $4,000. The following is a summary of the Company's marketable securities:

	July 31, 2016	**January 31, 2016**
Equity securities	$ 12,000	$ 6,000

4. Mineral Properties and Exploration Expenditures

The total cumulative expenditures, net of recoveries, on each active property in the Company's mineral property portfolio are as follows:

	Belcher Islands Iron Project	Lithium and Rare Metals Projects	Trump & Hawkins Projects	Hemlo Project	Total
January 31, 2016	**$ 14,197,416**	**$ 1,295,724**	**$ 726,984**	**$ -**	**$ 16,220,124**
Expenditures	-	17,315	-	115,722	133,037
Recoveries	-	(320,000)	(72,000)	-	(392,000)
Disposals	-	-	(654,984)	-	(654,984)
July 31, 2016	**$ 14,197,416**	**$ 993,039**	**$ -**	**$ 115,722**	**$ 15,306,177**

** Disposal indicates the Company no longer holds an interest in the respective property, excluding royalty interests, and as such the cumulative expenditure has been eliminated.*

Belcher Islands Iron Project

On February 14, 2011 the Company entered into a non-arm’s length Purchase Agreement (the "Agreement") to acquire up to a 100% legal and beneficial interest in the Inuit Owned Lands Mineral Exploration Agreement (the "NTI Agreement") with Nunavut Tunngavik Incorporated ("NTI") which covers the Haig Inlet Iron Project with an area of approximately 1,226 hectares, located on the Belcher Islands, Nunavut, Canada (the “Property”). The Company now holds a 100% interest in the NTI Agreement and the vendors retain a 3% gross overriding royalty, of which one-third can be purchased by the Company for a maximum of $3,000,000. In addition to the lands acquired under the Agreement, the Company staked 29 claims covering 21,816 hectares of Municipal Land.

Lithium & Rare Metals

Falcon Lake & Zig Zag Properties

On November 20, 2009, the Company entered into an option agreement to acquire a 100% interest in various mining claims known as the Falcon Lake and Barbara Lake Properties that make up its lithium and rare metals properties. The vendor retains a 2% Net Smelter Return Royalty ("NSR") on the property, one-half of which can be purchased for $1,000,000.

On March 3, 2010, the Company signed a property acquisition agreement with Ultra Lithium Inc. ("Ultra") and the underlying property owners (the "Owners") to acquire an 80% interest in the Zig Zag Property located approximately 60 kilometers northeast of Armstrong, Ontario. On October 15, 2013, the Company acquired Ultra's remaining 20% interest in the Zig Zag Property. The Owners retain a 2% NSR, one-half of which can be purchased by the Company for $1,000,000.

4. Mineral Properties and Exploration Expenditures - continued

Lithium & Rare Metals - continued

Commencing on the fourth anniversary, the Company will be required to pay $10,000 per annum in pre-production royalties in either cash or shares. On March 3, 2016, the Company issued 500,000 shares to the Owners, valued at $10,000, to pay the pre-production royalty.

On March 4, 2016, the Company announced the signing of an option agreement to sell its 100% interest in the Zig Zag and Falcon Lake properties to Sunrise International Resources Ltd., a subsidiary of Argnonaut Resources NL, for cash payments totaling $420,000 as follows:

- (i) $20,000 on signing (received);
- (ii) $50,000 on exercise of the option (received);
- (iii) $150,000 on or before July 8, 2016 (received); and
- (iv) $200,000 on or before November 30, 2016.

The Company can also receive the following milestone payments, subject to certain conditions:

- (i) $400,000 in cash or shares payable on the announcement of a maiden resource estimate; and
- (ii) $1,000,000 in cash or shares payable on a decision to mine.

Greenbush Property

On March 22, 2016, the Company staked the Greenbush property, which consists of 47 claim units covering 752 hectares in Greenbush Lake Township. On April 28, 2016, the Company sold its 100% interest in the Greenbush property to Sunrise Canada Inc., a subsidiary of Argonaut Resources NL, in exchange for a cash payment of $100,000 on closing. The Company retained a 2% NSR on the Greenbush property.

Hawkins Property

The Hawkins property is comprised of 96 claim units covering 1,536 hectares located in the Hawkins and Walls Townships, approximately 200 kilometers east of Timmins. On November 12, 2015 the Company entered into an option agreement with Pavey Ark Minerals Inc. ("Pavey Ark"), whereby Pavey Ark could acquire a 100% interest in the Hawkins Property. On February 23, 2016, the Company completed the sale of the Hawkins Property to Pavey Ark Minerals Inc. and received the final cash payment of $72,000, for total cash consideration of $96,000 over the course of the option. In addition, the Company retained a 0.5% NSR on the Hawkins property.

Trump Property (Webequie)

On July 8, 2008, the Company announced it had entered into a letter of intent with Rainy Mountain Royalty Corp. ("Rainy Mountain", formally East West Resource Corporation) granting the Company the option to acquire an 80% legal and beneficial interest in 96 claim units comprising more than 1,536 hectares in the James Bay Lowlands. On February 4, 2016 the Company relinquished its interest in the Trump property.

4. Mineral Properties and Exploration Expenditures - continued

Hemlo North Limb Project

On May 24, 2016, the Company purchased a 100% interest in 135 claim units comprising 2,160 hectares approximately 40 kilometers northeast of Marathon, Ontario. As consideration, the Company paid a total of $25,000 in cash and issued 500,000 common shares valued at $0.05 per share. In addition, the vendors retain a 1% NSR on the purchased claims.

In addition to the purchased claims, the Company staked 261 claim units totaling 4,176 hectares.

5. Share Capital

Authorized share capital

On March 3, 2015, the Company issued 200,000 common shares valued at $10,000 as part of the Zig Zag property agreement (note 4).

On July 9, 2015, the Company completed a share consolidation on the basis of one post-consolidation common share for every five pre-consolidation common shares (the "Share Consolidation"). The exercise price of outstanding share options, and the number of such options, were also proportionately adjusted based upon the Share Consolidation. All historical information presented in the financial statements has been adjusted to reflect the Share Consolidation.

On December 31, 2015, the Company closed a first tranche of a non-brokered private placement raising gross proceeds of $702,500 through the sale of 35,125,000 common shares at a price of $0.02 per share. In connection with the private placement, the Company paid finders fees of $35,175. Also on December 31, 2015, the Company repaid the related party loan through the issuance of 11,651,784 common shares and paid deferred salaries totaling $84,226 through the issuance of 4,211,281 common shares.

On January 5, 2016, the Company closed a second tranche of a non-brokered private placement raising gross proceeds of $21,000 through the sale of 1,050,000 common shares at a price of $0.02 per share.

On March 3, 2016, the Company issued 500,000 common shares valued at $10,000 as part of the Zig Zag property agreement (note 4).

On May 24, 2016, the Company issued 500,000 common shares valued at $25,000 to purchase 135 claim units forming part of the Hemlo North Limb Project (note 4).

At July 31, 2016, the authorized share capital consisted of an unlimited number of common shares and the issued share capital amounted to $21,697,816. The common shares do not have a par value. All issued shares are fully paid.

6. Share Options

The Company has a Share Option Plan (the "Plan") under which it is authorized to grant options to purchase common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The aggregate number of shares of the Company which may be issued and sold under the Plan will not exceed 10% of the total number of common shares issued and outstanding from time to time. Share options are granted with a maximum term of five years with vesting requirements at the discretion of the Board of Directors.

The Company records a charge to the statements of operations and comprehensive loss using the Black-Scholes fair valuation option pricing model with respect to a share option grant. The valuation is dependent on a number of estimates, including the risk free interest rate, the level of share volatility, together with an estimate of the level of forfeiture. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

The following table reflects the continuity of share options for the period ended July 31, 2016:

	Options	Weighted Avg. Exercise Price
Balance, January 31, 2015	2,460,000	0.59
Expired	(325,000)	0.50
Cancelled	(2,135,000)	0.61
Balance, January 31, 2016	-	-
Granted	6,650,000	0.05
Balance, July 31, 2016	**6,650,000**	**0.05**

On June 1, 2016, the Company granted to Directors, Officers and consultants of the Company 6,650,000 share options vesting immediately, and exercisable at $0.05 per share for a period of five years from the date of issuance. The value ascribed to the 6,650,000 share options granted was estimated at $246,715 using the Black-Scholes model for option pricing. The assumptions used to determine the value were: stock price - $0.05; expected dividend yield - 0%; weighted expected volatility - 100%; risk-free interest rate - 0.72% and an expected life of 5 years.

The following table reflects the actual share options issued and outstanding as at July 31, 2016.

Options	Exercise Price	Expiry Date
6,650,000	$ 0.05	June 1, 2021

7. Warrants

For the six months ended July 31, 2016 and year ended January 31, 2016, the Company had no warrants outstanding.

8. Earnings (Loss) Per Common Share

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

	Three months ended Jul. 31, 2016	Three months ended Jul. 31, 2015	Six months ended Jul. 31, 2016	Six months ended Jul. 31, 2015
Income (loss) attributable to common shareholders	$ (341,339)	$ (120,733)	$ (228,199)	$ (278,246)
Weighted-average common shares outstanding - basic and diluted	85,831,688	32,924,059	85,558,277	32,824,059
Basic and diluted income (loss) per common share	**$ (0.004)**	**$ (0.004)**	**$ (0.003)**	**$ (0.008)**

Diluted income (loss) per share does not include the effect of share options and warrants outstanding if their effect is anti-dilutive.

9. Related Party Transactions and Balances

(a) Director and executive management compensation

Directors and executive management's compensation for the three months and six months ended July 31, 2016 and 2015 consisted of the following:

	Three months ended Jul. 31, 2016	Three months ended Jul. 31, 2015	Six months ended Jul. 31, 2016	Six months ended Jul. 31, 2015
Cash compensation	$ 94,592	$ 68,950	$ 185,275	$ 153,900
Deferred compensation	-	20,000	-	24,000
Fair value of stock options	226,310	-	226,310	-
	$ 320,902	**$ 88,950**	**$ 411,585**	**$ 177,900**

Directors and executive management received the following stock options during the six months ended July 31, 2016:

Expiry date	Number of options	Exercise price	Stock price at grant	Risk-free interest rate	Expected life	Volatility factor	Fair value
June 1, 2021	6,100,000	$ 0.05	$ 0.05	0.72 %	5.0	100 %	$ 0.037

9. Related Party Transactions and Balances - continued

(b) Director and executive management transactions

The aggregate value of transactions and outstanding balances relating to entities over which directors and executive management have control or significant influence were as follows:

		Transaction value Six months ended Jul. 31,		Balance outstanding as at Jul. 31,	
Account	**Note**	**2016**	**2015**	**2016**	**2015**
Accounts payable and accrued liabilties	(i)	$ -	$ 24,000	$ -	$ 24,000
Due to related party	(ii)	-	-	-	233,035
		$ -	**$ 24,000**	**$ -**	**$ 257,035**

(i) The Company's management elected to voluntarily defer a portion of their monthly cash compensation. This amount was paid through the issuance of common shares on December 31, 2015.

(ii) The Company had a loan from 695202 Ontario Limited, a corporation controlled by a relative of Gordon McKinnon, the Chief Executive Officer and a director of the Board, in the amount of $233,035 that was converted to 11,651,784 common shares of the Company at a price of $0.02 per share on December 31, 2015.

10. Capital Risk Management

The Company's capital is composed of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended July 31, 2016. The Company is not subject to externally imposed capital requirements.

10. Capital Risk Management - continued

Financial Risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

The Company's credit risk is primarily attributable to accounts receivable which consist primarily of Harmonized Sales Tax receivable. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is remote.

(b) Liquidity risk

The Company is currently in the exploration stage and has not commenced commercial operations. As at the date of issue of these financial statements, the Company had an accumulated deficit of $26,095,146. As at July 31, 2016, the Company was not yet generating operating cash flows, but had working capital of $755,595. Within this amount, it had a cash balance of $762,042 (January 31, 2016: $702,875) to settle current liabilities of $ 62,004 (January 31, 2016: $ 24,809).

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to fund its liabilities as they become due. All of the Company's financial liabilities have contractual maturities of less than 60 days and are subject to normal trade terms. The Company may be required to obtain additional capital to continue its progress toward recovering the amount expended on its mineral properties, and although success in this regard is not assured, management is of the opinion that additional capital can be raised as required for the foreseeable future.

(c) Market risk

(i) Interest rate risk

The Company has cash balances and no interest-bearing debt. Interest rate risk is remote.

(ii) Price risk

The Company is indirectly exposed to price risk with respect to the price of base metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Price risk is remote since the Company is not a producing entity.

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

10. Capital Risk Management - continued

Financial Risk Factors - continued

(d) Fair Value

The fair values of the Company's cash and cash equivalents, accounts receivable and accounts payables approximate their carrying values because of the short term-nature of these instruments.

(e) Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve month period. The Company's investments in public companies are sensitive to a plus or minus 50% change in Canadian equity prices which would affect comprehensive income (loss) by approximately $ 6,000.

11. Subsequent Events

On August 12, 2016, the Company closed a first tranche of a private placement financing (the "Financing"), raising gross proceeds of $2,405,200 through the sale of 40,086,668 units of the Company (each, a "Unit") at a price of $0.06 per Unit. Each Unit is comprised of one common share of the Company (each, a "Common Share") and one-half of one Common Share purchase warrant of the Company (each such whole Common Share purchase warrant, a "Warrant"). Each Warrant will be exercisable into one Common Share for a period of 18 months from closing at an exercise price of $0.14 per share beginning on the date of the closing of the Financing.

On August, 18, 2016, the Company closed the second and final tranche of the Financing, raising gross proceeds of $3,352,280 through the sale of 55,871,331 Units. In total, the Company raised gross proceeds of $5,757,480 through the sale of 95,957,999 Units. A total of $149,789 cash was paid in finder's fees resulting in net proceeds to the Company of $5,607,691 from both tranches. In addition, a total of 2,460,480 finder's warrants exercisable at $0.06 for a period of 18 months from closing were issued in connection with the Financing.