MATICA ENTERPRISES INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in Canadian Dollars)

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

2005 Sheppard Avenue East, Suite 300
Toronto, Ontario
M2J 5B4, Canada
Phone 416-496-1234
Fax 416-496-0125
Web www.mhc-ca.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Matica Enterprises Inc.

We have audited the accompanying consolidated financial statements of Matica Enterprises Inc. and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statement of loss and comprehensive loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Matica Enterprises Inc. and its subsidiaries as at December 31, 2015, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The consolidated financial statements of Matica Enterprises Inc. for the year ended December 31, 2014, were audited by other auditors who expressed an unmodified opinion on those statements on June 1, 2015.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that Matica Enterprises Inc. had continuing losses during the year ended December 31, 2015 and a working capital deficiency and cumulative deficit as at December 31, 2015. These conditions along with other matters set forth in Note 1 indicate the existence of material uncertainties which cast significant doubt about Matica Enterprises Inc.'s ability to continue as a going concern.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
October 17, 2016

MATICA ENTERPRISES INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015 AND 2014

(Expressed in Canadian Dollars)

	Notes	2015	2014
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents		**94,975**	119,594
GST recoverable		**31,740**	40,924
Prepaid expenses		**19,839**	30,295
Total current assets		**146,554**	190,813
DEPOSIT		**-**	24,196
INVESTMENT IN ASSOCIATE	4	**-**	464,047
EXPLORATION AND EVALUATION ASSETS	5	**36,733**	540,315
TOTAL ASSETS		**183,287**	1,219,371
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		**243,126**	272,627
Due to related parties	7	**9,724**	29,720
Flow-through renounciation obligations	11	**140,152**	135,046
Total current liabilities		**393,002**	437,393
SHAREHOLDERS' EQUITY			
Share capital	6	**6,664,368**	4,611,662
Share subscriptions received	6	**-**	17,400
Treasury units to be cancelled		**(80,000)**	-
Contributed surplus		**293,163**	406,848
Deficit		**(7,087,246)**	(4,253,932)
Total shareholders’ equity		**(209,715)**	781,978
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		**183,287**	1,219,371

NATURE OF BUSINESS AND GOING CONCERN (Note 1)
COMMITMENTS AND CONTINGENCIES (Notes 4, 5, 11 and 12)
SUBSEQUENT EVENTS (Note 14)

APPROVED ON BEHALF OF THE BOARD ON OCTOBER 17, 2016:

/s/ “George A. Brown”
George A. Brown, Director

/s/ “Boris Ziger”
Boris Ziger, Director

MATICA ENTERPRISES INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in Canadian Dollars)

	Notes	2015	2014
		$	$
GENERAL AND ADMINISTRATIVE EXPENSES			
Consulting	6(d)	**74,598**	102,550
General exploration expense	5	**-**	28,731
Management and directors' fees	7	**49,500**	185,844
Marketing	6(d)	**1,067,253**	575,058
Office and miscellaneous		**44,492**	41,435
Professional fees		**239,502**	130,965
Rent		**59,158**	43,418
Share-based compensation	6(d)	**132,310**	47,145
Transfer agent and filing fees		**44,492**	44,468
Travel and promotion		**21,546**	26,440
Total general and administrative expenses		**1,732,851**	1,226,054
OTHER INCOME (EXPENSES)			
Gain on settlement of debt		**83,514**	-
Impairment of exploration and evaluation assets	5	**(795,315)**	(92,000)
Impairment of investment in associate	4(a)	**(687,677)**	-
Product research and investigation costs	4(b)	**-**	(400,000)
Equity in loss of associate	4(a)	**(58,624)**	(39,703)
Flow-through shares indemnification	11	**-**	(21,372)
Part XII taxes and interest related to flow-through shares	11	**(5,106)**	(5,467)
Deposit (impairment)	4(c)	**-**	(50,000)
Total other income (expenses)		**(1,463,208)**	(608,542)
NET LOSS AND COMPREHENSIVE LOSS		**(3,196,059)**	(1,834,596)
LOSS PER SHARE - BASIC AND DILUTED		**(0.04)**	(0.04)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES		**82,726,858**	42,578,083

MATICA ENTERPRISES INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in Canadian Dollars)

	Notes	Common shares Shares	Common shares Amount	Treasury Units	Shares Issued but Not Paid	Share Subscriptions Received	Contributed Surplus	Deficit	Shareholders' Equity (Deficiency)
			$	$	$	$	$	$	$
Balance, December 31, 2013		33,448,118	2,089,574	-	(24,000)	-	144,798	(2,419,336)	(208,964)
Subscriptions received		-	-	-	24,000	17,400	-	-	41,400
Warrants exercised	6(b)	2,397,381	182,450	-	-	-	-	-	182,450
Options exercised	6(b)	550,000	96,881	-	-	-	(41,881)	-	55,000
Shares issued for properties	6(b)	4,700,000	334,000	-	-	-	-	-	334,000
Shares issued for long term investment	6(b)	5,325,000	522,500	-	-	-	-	-	522,500
Units issued for cash, net	6(b)	13,921,500	952,757	-	-	-	6,653	-	959,410
Units issued for settlement of debts	6(b)	5,640,000	433,500	-	-	-	-	-	433,500
Share-based compensation	6(d)	-	-	-	-	-	297,278	-	297,278
Net loss		-	-	-	-	-	-	(1,834,596)	(1,834,596)
Balance, December 31, 2014		65,981,999	4,611,662	-	-	17,400	406,848	(4,253,932)	781,978
Subscriptions received		-	-	-	-	(17,400)	-	-	(17,400)
Warrants exercised	6(b)	1,980,000	138,600	-	-	-	-	-	138,600
Options exercised	6(b)	3,125,000	405,517	-	-	-	(173,517)	-	232,000
Options expired	6(b)	-	-	-	-	-	(362,745)	362,745	-
Shares issued for properties	6(b)	6,000,000	240,000	-	-	-	-	-	240,000
Shares issued for long term investment	6(b)	300,000	24,000	-	-	-	-	-	24,000
Units issued for cash, net	6(b)	10,758,525	537,609	-	-	-	11,391	-	549,000
Units and shares issued for services and settlement of debts	6(b)	10,199,500	706,980	-	-	-	-	-	706,980
Units to be cancelled	6(b)	-	-	(80,000)	-	-	-	-	(80,000)
Share-based compensation	6(d)	-	-	-	-	-	411,186	-	411,186
Net loss		-	-	-	-	-	-	(3,196,059)	(3,196,059)
Balance, December 31, 2015		98,345,024	6,664,368	(80,000)	-	-	293,163	(7,087,246)	(209,715)

MATICA ENTERPRISES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in Canadian Dollars)

	Note	2015	2014
		$	$
OPERATING ACTIVITIES			
Net loss		**(3,196,059)**	(1,834,596)
Items not involving cash			
Gain on write-off of payables		**(83,514)**	-
Equity in loss of associate	4(a)	**58,624**	39,703
Interest and penalty accrual on flow-through shares		**5,106**	26,839
Impairment of exploration and evaluation assets	5	**795,315**	92,000
Impairment of investment in associate	4(a)	**687,677**	-
Product research and investigation costs	4(b)	**-**	400,000
Share-based compensation	6(d)	**411,186**	297,278
Units and shares issued for services		**558,700**	
		(762,965)	(978,776)
Changes in non-cash working capital items:			
GST recoverable		**9,184**	(33,445)
Prepaid expenses and deposits		**34,652**	(52,492)
Accounts payable and accrued liabilities		**113,664**	299,433
Cash Used in Operating Activities		**(605,465)**	(765,280)
INVESTING ACTIVITIES			
Investment in exploration and evaluation assets		**(43,104)**	(81,123)
Investment in associate		**(258,254)**	(341,250)
Cash Used in Investing Activities		**(301,358)**	(422,373)
FINANCING ACTIVITIES			
Units issued		**685,032**	1,034,530
Unit issue costs		**(153,432)**	(51,120)
Share subscriptions received		**-**	17,400
Exercise of options		**232,000**	55,000
Exercise of warrants		**138,600**	182,450
Due to related parties		**(19,996)**	68,830
Cash Provided by Financing Activities		**882,204**	1,307,090
(DECREASE) INCREASE IN CASH		**(24,619)**	119,437
CASH AND CASH EQUIVALENTS, BEGINNING		**119,594**	157
CASH AND CASH EQUIVALENTS, ENDING		**94,975**	119,594
NON-CASH TRANSACTIONS:			
Shares issued for exploration and evaluation assets	5(a)	**240,000**	334,000
Shares issued for investment in associates	4	**-**	522,500
Shares issued for related parties debt settlement	6	**100,000**	210,500
Shares issued for vendors debt settlement	6	**606,980**	223,000
Shares issued for finders fees on investments	4	**64,000**	30,450
Agent warrants issued	6	**11,391**	6,653
SUPPLEMENTAL INFORMATION:			
Interest paid		**-**	-
Income taxes paid		**-**	-

1. NATURE OF BUSINESS AND GOING CONCERN

Matica Enterprises Inc. ("Matica" or the "Company") was incorporated pursuant to the British Columbia Business Corporation Act in November 2007 under the name of Cadman Resources Inc. as a Capital Pool Company as defined in the policies of the TSX Venture Exchange (the "Exchange"). In December 2010 the Company was transferred to the NEX Board for failing to complete a Qualifying Transaction within the prescribed time frame. In July 2012, the Company listed on the Canadian Stock Exchange ("CSE") and delisted from the NEX Board.

In April 2014, the Company changed its name to Matica Graphite Inc. and began trading under the symbol GRF. In July 2014, the Company changed its name to Matica Enterprises Inc.. In July 2014, the Company's shares were accepted for trading on the Frankfurt Stock Exchange. In May 2014, the Company was subject to a cease trade order for not being able to timely file its December 31, 2013 financial statements. The cease trade order was revoked and the Company's shares began trading on the CSE under the symbol MMJ in November 2014. See Note 14 (m).

The head office, principal address and records office of the Company is 1102 – 44 Victoria Street, Toronto, ON M5C 1Y2, Canada.

During the year ended December 31, 2014, the Company completed a change of business with a primary focus in the medical marijuana industry. As a result of this change of business, trading of Matica shares was halted in August 2014 and resumed in November 2014.

In January 2015, the Company entered into an arrangement agreement (the "Arrangement") to transfer assets to four subsidiaries and distribute the shares of the four subsidiaries to the Company's shareholders. The purpose of the Arrangement was to enable the Company to focus on the development of the medical marijuana business in THC Dispensaries Canada Inc. ("THCD") (Note 4), and to divest its other assets to subsidiaries. The Arrangement was approved by the shareholders of the Company and by the Supreme Court of British Columbia in 2015. The Company terminated the Arrangement in August 2015.

The Company continues to hold mineral exploration property interests. The business of 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 value.

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, social licensing requirements and non-compliance with regulatory requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty.

The Company has a net loss of $3,196,059 for the year ended December 31, 2015 (2014 - $1,834,596), an accumulated deficit of $7,087,246 (2014 - $4,253,932), and a working capital deficiency of $246,448 (2014 - $246,580) which has been funded primarily by the issuance of equity. The Company does not generate cash flows from operations and accordingly the Company will need to raise additional funds through future issuance of securities or debt financing. Although the Company has raised funds in the past, there can be no assurance the Company will be able to raise sufficient funds in the future, in which case the Company may be unable to meet its obligations as they come due in the normal course of business. It is not possible to predict whether financing efforts will be successful or if the Company will ever attain a profitable level of operations.

1. NATURE OF BUSINESS AND GOING CONCERN (continued)

The Company's ability to continue as a going concern is uncertain and is dependent upon developing reserves from exploration and evaluation assets, obtaining additional financing, or maintaining continued support from its shareholders and creditors. The outcome of these matters cannot be predicted at this time and in the event that they do not occur, the carrying value of the Company's assets may be adversely affected. These factors reflect material uncertainties that cast significant doubt on the Company's ability to continue as a going concern.

These consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a forced liquidation. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of compliance

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

These consolidated financial statements were approved and authorized for issuance by the Company's Board of Directors on October 17, 2016.

(b) Basis of preparation

The consolidated financial statements of the Company have been prepared on an accrual basis except for cash flow information and are based on historical costs, modified for specific financial instruments carried at fair value where applicable. The consolidated financial statements are presented in Canadian dollars. Certain comparative figures may have been reclassified to conform to the current year's presentation.

(c) Consolidation

These consolidated financial statements for the year ended December 31, 2015 include the accounts of Matica, its 100% wholly owned subsidiaries Ravenline Exploration Ltd. ("Ravenline"); its 100% wholly owned Nevada subsidiary Ravenline USA Ltd. ("Ravenline USA"); 1022607 B.C. Ltd.; 1022608 B.C. Ltd.; and 1024250 B.C. Ltd. The Company holds mineral claims to Nevada properties through Ravenline USA.

The three British Columbia numbered subsidiaries were formed to accomplish the Arrangement which was terminated in August 2015 under which assets would have been transferred to four subsidiaries, and shares of the subsidiaries would have been distributed to the Company's shareholders. These three numbered subsidiaries are inactive and incurred no transactions for the years ended December 31, 2015 and 2014.

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Measurement basis

These consolidated financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. All amounts are expressed in the Company's functional currency which is the Canadian dollars unless otherwise stated.

(b) Cash and cash equivalents

The Company considers deposits with banks or highly liquid short-term interest bearing securities that are readily convertible into specific amounts of cash and those that have maturities of three months or less when acquired to be cash equivalents.

(c) Exploration and evaluation assets

(i) Acquisition of exploration and evaluation assets

The Company capitalizes the direct costs of acquiring mineral exploration property interests. Option payments are considered acquisition costs if the Company has the intention of exercising the underlying option.

From time to time, the Company acquires and disposes of mineral exploration property interests pursuant to the terms of option agreements. Property options are exercisable entirely at the discretion of the optionee, and accordingly, are recorded as mineral exploration property costs (recoveries) when payments are made or received until the original cost is recovered; after which recoveries are credited to profit or loss.

(ii) Exploration and evaluation costs

The Company capitalizes exploration and evaluation expenses at cost for expenditures incurred after it has obtained legal rights to explore a specific area and before technical feasibility and commercial viability of extracting mineral resources are demonstrable.

All direct and indirect costs relating to the exploration of specific properties with the objective of locating, defining and delineating mineral reserves on specific properties are capitalized as exploration and evaluation assets. Government assistance, mining duty credits and optionee commitments from farmed-out mineral property interests are applied against exploration and evaluation assets when they are received.

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefit either from future exploration or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. Management makes certain estimates and assumptions about future events or circumstances, in particular when an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available. Exploration and evaluation expenditures are evaluated annually and then reclassified as mineral properties upon completion of technical feasibility and commercial viability.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Reclamation and restoration

The fair value of obligations associated with the retirement of tangible long-lived assets is recorded in the period it is incurred with a corresponding increase to the carrying amount of the related asset. The obligations recognized are statutory, contractual or legal obligations. The liability is accreted over time for changes in the fair value of the liability through charges to accretion, which is included in depletion, amortization and accretion expense. The costs capitalized to the related assets are amortized in a manner consistent with the depletion and amortization of the related asset. As at December 31, 2015 and 2014, the Company did not have any material reclamation and restoration obligations.

(e) Impairment

At each reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication of impairment. If any indication exists, then the asset's recoverable amount is estimated to determine the extent of the impairment, if any. The recoverable amount of an asset is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

An impairment loss is recognized in operations if the carrying amount of an asset exceeds its recoverable amount. For an asset that does not generate independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss in respect of goodwill is not reversed.

(f) Provisions

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

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

(g) Share issuance costs

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be more likely than not. Share issue costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to operations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Investments in associates

An associate is an entity over which the Company has significant influence and not control. Investments in associates are accounted for using the equity method. Under the equity method, the investment is carried in the statements of financial position at cost and is adjusted for the Company's share of the associate's profit or loss subsequent to the investment. Losses are recorded to the extent of the carrying amount of the investment; losses beyond this point are not recognized until the Company makes additional investment in the associate or positive earnings are achieved by the associate and the Company's share of profits equals its share of losses not previously recognized. Additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred obligations to provide funding to the associate.

(i) Impairment of long-lived assets

Long-lived assets are reviewed by management for possible impairment annually or whenever events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized when the carrying amount of an asset exceeds the estimated undiscounted future cash flow expected to result from the use of the asset and its eventual disposition.

(j) Foreign currency translation

The reporting currency of the Company is the Canadian dollar. The functional currencies of the Company's wholly owned subsidiaries is also the Canadian dollar.

In preparing the financial statements, transactions in currencies other than the functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value is determined. Gains or losses on translation are recorded in operations.

(k) Financial instruments

All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available for sale, loans and receivable or at fair value through profit or loss ("FVTPL"). Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial liabilities are initially recorded at fair value less directly attributable transaction costs and classified as either at FVTPL or other financial liabilities.

Financial instruments comprise cash and cash equivalents, accounts payable and due to related parties. At initial recognition management has classified financial assets and liabilities as follows:

(i) Financial assets

The Company has classified its cash and cash equivalents as FVTPL. A financial instrument is classified at FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial instruments at FVTPL are measured at fair value and changes therein are recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Financial liabilities

The Company has classified its accounts payable and accrued liabilities and due to related parties as other financial liabilities. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

(l) Share-based payments

The Company accounts for share-based payments awards granted to employees, directors and consultants at the fair value of the equity instruments at grant date. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. The fair value is estimated at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest, using the Black-Scholes option pricing model. The amount recognized as expense is adjusted to reflect the number of share options expected to vest at each reporting period. The consideration received from private placement units is allocated to the common shares. No value is allocated to the warrants that are characterized as equity instruments.

(m) Flow-through shares

The proceeds from offering of flow-through shares are allocated between the shares and the sale of tax benefits when the shares are offered. The allocation is made based on the difference between the market value of the shares and the amount the investors pay for the flow-through shares. A liability is recognized for the premium paid by the investors and is then recognized in the results of operations in the period the eligible exploration expenditures occurred. Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through shares premium liability will be reversed. In instances where the Company has sufficient deductible temporary differences available to offset the deferred income tax liability created from renouncing qualifying expenditures, the realization of the deductible temporary differences will be shown as a recovery in profit or loss in the period of renunciation.

(n) Current and deferred income taxes

Income tax expense comprises current and deferred tax and is recognized in operations except to the extent that it relates to business combinations, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for temporary differences in assets and liabilities arising in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, transactions relating to investments in jointly controlled entities to the extent that they will not reverse in the foreseeable future, and transactions arising on the initial recognition of goodwill. Deferred tax is recognized at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax assets is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Loss per share

Basic loss per share is computed by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive. The weighted average number of common shares outstanding is adjusted retrospectively for changes in capitalization such as share splits, reverse splits, or cancellations without consideration.

Loss per share for the periods presented exclude the impact of issued and outstanding stock options and warrants as their effect would be anti-dilutive.

(p) Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from those estimates.

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

<u>Exploration and Evaluation Expenditures</u>
The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

<u>Impairment</u>
The carrying value of non-financial assets is reviewed each reporting period upon the occurrence of events or changes in circumstances indicating that the carrying value of assets may not be recoverable and when criteria of assets held for sale are met to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in profit or loss. The assessment of fair values, including those of the cash generating units (the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflow from other assets or groups of assets) ("CGUs") for purposes of testing goodwill, require the use of estimates and assumptions for recoverable production, long-term commodity prices, discount rates, foreign exchange rates, future capital requirements and operating performance. Changes in any of the assumptions or estimates used in determining the fair value of goodwill or other assets could impact the impairment analysis.

<u>Title to Mineral Properties</u>
Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Decommissioning Liabilities

The Company's provision for decommissioning liabilities represents management's best estimate of the present value of the future cash outflows required to settle estimated reclamation and closure costs at the end of a mine's life. The provision reflects estimates of future costs, inflation, movements in foreign exchange rates and assumptions of risks associated with the future cash outflows, and the applicable risk free interest rates for discounting the future cash outflows. Changes in the above factors can result in a change to the provision recognized by the Company.

Share-Based Payments

Management uses valuation techniques in estimating the fair value of share options granted. The fair value is determined using the Black Scholes option pricing model which requires management to make certain estimates, judgements, and assumptions in relation to the expected life of the share options, expected volatility, expected risk-free rate, and expected forfeiture rate. Changes to these assumptions could have a material impact on the Company's consolidated financial statements.

Contingencies

The Company estimates the amount of contingencies due to the non-compliance of the expenditure obligation on the flow-through shares issued. Consequently, the Company is subject to the interest and penalties from Canada Revenue Agency. In addition, the Company estimates the costs of indemnification from flow-through share subscribers for taxes and penalties that may arise from their personal tax returns as a result of the Company not meeting its renounciation obligations.

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgements or assessments with a significant risk of material adjustment in the next year.

Income, Value Added, Withholding and Other Taxes

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

Going Concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgement. Management monitors future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

Investment in Associates

The determination whether the Company has significant influence and not control or power over associated companies requires management judgement (see Note 4).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Adoption of new pronouncements

The Company adopted the following accounting policies effective January 1, 2015:

IFRS 8 - Operating Segments ("IFRS 8") was amended to require an entity to disclose the judgments made by management in aggregating segments. IFRS 8 was also amended to clarify that an entity needs to present a reconciliation between the total reporting segment's assets to the entities' total assets if this information is usually provided to the chief operating decision maker. The amendments are effective for annual periods beginning on or after July 1, 2014.

IFRS 13 - Fair Value Measurement ("IFRS 13") was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32. The amendment is effective for annual periods beginning on or after July 1, 2014.

IAS 24 – Related Party Disclosures ("IAS 24") was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The amendments to IAS 24 are effective for annual periods beginning on or after July 1, 2014.

The adoption of the above new standards and the amendments to other standards did not have a significant impact on the Company’s consolidated financial statements.

(r) New standards and interpretations not yet adopted

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

The following standards will be effective for annual periods beginning on or after January 1, 2016:

IAS 1 *Presentation of Financial Statements* - In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016.

IFRS 9 *Financial Instruments* - IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 is effective for annual periods beginning on or after January 2018 with early adoption permitted.

IFRS 10 *Consolidated Financial Statements (“IFRS 10”)* and IAS 28 *Investments in Associates and Joint Ventures* (“IAS 28”) - IFRS 10 and IAS 28 were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

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.

4. INVESTMENT IN ASSOCIATES

a) <u>THC Dispensaries Canada, Inc. (“THCD”)</u>

In October 2014, the Company entered into an Investment Agreement (the “THCD Agreement”) with THCD and the sole shareholder of THCD (the “Vendor”) to acquire a 50% ownership interest in THCD. THCD was a private company incorporated under the laws of Nova Scotia. THCD’s intended business was to provide dried marijuana, seeds, and organic soil to dispensaries throughout North America and Europe. THCD was in the process of applying to become a licensed producer under the Marijuana for Medical Purposes Regulation (“MMPR”) program.

To obtain an initial 50% ownership interest, the Company had agreed to pay $325,000 (paid) and issue 1,000,000 common shares of the Company to nominees of THCD (issued at a value of $130,000). The Company also issued 325,000 common shares at a value of $32,500 as a finders’ fee for Marketplace Financial Inc. (see Note 12). To maintain the 50% ownership interest, the Company would also have been required to pay an additional $1,175,000 ($240,000 of which was advanced) and issue an additional 4,000,000 common shares upon THCD becoming a licensed producer. The initial 50% ownership interest was subject to a termination clause if the license was not received by October 31, 2015.

(Expressed in Canadian Dollars)

4. INVESTMENT IN ASSOCIATES (continued)

	Amount	Share Issuance
		#
Due on closing of the October 7, 2014 THCD Agreement (paid and issued)	$325,000	1,000,000
On the date a producer licence is issued by Health Canada	$1,175,000	4,000,000
Total	$1,500,000	5,000,000

Pursuant to the THCD Agreement, THCD's Board was to be comprised of five directors, two appointed by the Company and three by the Vendor. Based on the Board's composition, it was determined that the Company had significant influence but not control of THCD. As a result, the Company accounted for the investment in THCD using the equity method.

The investment in THCD consisted of the following as at December 31:

	2015	2014
	$	$
Fair value of 1,000,000 common shares issued	130,000	130,000
Cash paid	565,000	325,000
Shares issued for finder's fee	56,500	32,500
Professional fees (see Note 12)	34,504	16,250
Initial investment at cost	786,004	503,750
Share of losses from THCD's operations	(98,327)	(39,703)
Impairment of investments	(687,677)	-
Balance, as at December 31,	-	464,047

For the year ending December 31, 2015, the Company had advanced $240,000 to THCD which was intended for the purchase of HVAC equipment required in preparation for a pre-licensing inspection by Health Canada. During the same period ending December 31, 2015, the Company also issued 300,000 common shares at a value of $24,000 to Marketplace Financial Inc. as payment of finders' fees relating to the additional investment in THCD. Professional fees charged in 2015 to investment in THCD totalled $18,254.

These financials show a 100% impairment in the value of the Investment in THCD since a license was not received by October 31, 2015. The Company has filed a Notice of Civil Claim against THCD and related entities in British Columbia court in November 2015 and no longer considers THCD to be an Associate.

b) <u>Chlorine Dioxide Tablets Marketing and Distribution Project</u>

In November 2014, the Company entered into an option agreement with Bellerosa Distributing Ltd. ("Bellerosa") (the "Bellerosa Project") to acquire a 60% interest in a business to market and distribute chlorine dioxide tablets for use in the medical marijuana growing industry as a natural cleaning or sanitizing product without the use of pesticides or fungicides. The Company agreed to issue 4,000,000 common shares to Bellerosa for access to Bellerosa's research and investigation of the viability of the tablet and acquisition of the 60% interest in the project. The Company would have had the right to market and distribute the chlorine dioxide tablets under the Bellerosa Project. The Company agreed to issue 400,000 common shares of the Company as a finder's fee relating to the Bellerosa Project. Bellerosa was a company incorporated under the laws of British Columbia and was a marketer and distributor of the chlorine dioxide tablets. Two of the directors of Bellerosa are brothers of the Company's former Chief Financial Officer ("CFO").

(Expressed in Canadian Dollars)

4. INVESTMENT IN ASSOCIATES (continued)

Pursuant to the Bellerosa Project, a five member management committee was to be established, three of which were to be appointed by the Company and two by Bellerosa. Based on the management committee's composition, management determined that the Company would have had control of the project.

During the year ended December 31, 2014, the Company issued 4,000,000 common shares at a fair value of $360,000 and accrued $40,000 in finder's fees for the Bellerosa Project. A legal entity was not incorporated and the operations never commenced. The $400,000 was expensed as product research and investigation costs in 2014. In January 2015, the Company issued 400,000 common shares to four individuals as settlement of the $40,000 of finders' fees.

Of the 4,000,000 common shares issued for the Bellerosa Project, 1,500,000 shares were issued to a director of Bellerosa who is a brother of the Company's former CFO. The Company and Bellerosa are not considered related parties as they have no directors in common.

c) <u>ChroniCare Project</u>

On June 13, 2014, the Company signed a letter of intent ("LOI") with ChroniCare Canada Inc. ("ChroniCare") to establish a licensed marijuana growing operation. On July 2, 2014, the Company signed an agreement with ChroniCare and paid a $50,000 refundable advance to ChroniCare which would be applied to any future payments the Company would make to ChroniCare pursuant to the aforementioned LOI and any ensuing agreement thereof. On August 11, 2014, the binding provisions of the LOI were terminated as the parties had not reached a definitive agreement. As at December 31, 2014, the Company wrote off the $50,000 deposit to net loss as the collection of the advance was uncertain.

5. EXPLORATION AND EVALUATION ASSETS

	Clayton Valley, Nevada	Grumpy Lizard, Nevada	Buckingham North, Quebec	Galaxy Graphite, Quebec	Maniwaki West, Quebec	Total
	$		$	$	$	$
Balance, December 31, 2013	-	-	137,191	-	80,000	217,191
Acquisition costs	-	352,694	50,000	12,000	-	414,694
Exploration costs						
Geological & engineering	-	-	430	-	-	430
Impairment	-	-	-	(12,000)	(80,000)	(92,000)
Balance, December 31, 2014	-	352,694	187,621	-	-	540,315
Acquisition costs	255,000	10,057	-	-	-	265,057
Exploration costs						
Geological & engineering	-	26,676	-	-	-	26,676
Impairment	(255,000)	(352,694)	(187,621)	-	-	(795,315)
Balance, December 31, 2015	-	36,733	-	-	-	36,733

5. EXPLORATION AND EVALUATION ASSETS (continued)

(a) Clayton Valley, Nevada

In October 2015, the Company entered into an agreement to purchase the 14 claim Clayton Valley lithium project. The Company received a 100% interest for the issue of 6,000,000 common shares (issued at a value of $240,000) and a payment of $15,000 (paid). The Company recorded an impairment of $255,000 as at December 31, 2015 as the Company had no future exploration plans for the property. (See Notes 14(f) and (l))

(b) Grumpy Lizard, Nevada

In January 2014, the Company entered into a letter of intent ("LOI") to acquire 100% of a new graphite project in North West Nevada, United States, known as the Grumpy Lizard property ("Grumpy Lizard"). The Company paid a deposit of $5,670 and expenses of $15,736 related to this LOI. The LOI expired on April 30, 2014. The deposit and expenses totalling $21,406 were expensed as general exploration expenses in 2014.

In September 2014, the Company entered into a property option and royalty agreement to acquire a 100% interest in the Grumpy Lizard property with the same optionor. As consideration, the Company paid $57,291 and issued 3,400,000 common shares with a fair value of $272,000. The property is subject to a 2.5% royalty based on any and all materials sold from the property.

During the year ended December 31, 2015, the Company filed additional claims as part of the Grumpy Lizard project. The Company incurred $36,733 of exploration costs on these claims. The original claims were not renewed and $352,694 of the costs capitalized to exploration and evaluation assets on this property were written off as an impairment expense.

(c) Buckingham North Property

In September 2013, the Company entered into an option agreement with JP & Associates Inc. and Alexander Johnston to acquire a 100% interest in a graphite project located east of Ottawa/Gatineau. The Buckingham North property (the "Buckingham North Property") was comprised of 18 permits. To exercise the option and earn a 100% interest in the property, the Company agreed to issue 3,000,000 common shares of the Company upon signing of the option agreement and pay $5,000 on or before November 15, 2013 (not paid).

In November 2013, the Company issued 3,000,000 common shares at a fair value of $135,000 pursuant to the option agreement.

In November 2013, the Company entered into another option agreement with JP & Associates Inc. to acquire a 100% interest in a property, adjacent to the Buckingham North Property, located in the Ottawa valley, western Quebec. This property was comprised of 4 permits. To exercise the option and earn the 100% interest in the property, the Company agreed to issue 1,000,000 common shares of the Company (issued with a fair value of $50,000) upon signing of the option agreement and to make a cash payment of $5,000 on or before December 31, 2013 (not paid).

As of December 31, 2015, these claims have expired and the $187,621 of deferred acquisition costs incurred were written off as an impairment expense.

5. EXPLORATION AND EVALUATION ASSETS (continued)

(d) Galaxy Graphite, Quebec

In May 2014, the Company entered into a property option and royalty agreement to acquire a 100% interest in the Galaxy Graphite project in Quebec. The Company issued 300,000 common shares at a fair value of $12,000 as consideration for the property.

During the year ended December 31, 2014, management determined not to pursue any further exploration on the property. The $12,000 deferred acquisition costs incurred on this property were written off as an impairment expense in 2014.

(e) Maniwaki West Property, Quebec

In July 2013, the Company entered into an option agreement with JP & Associates Inc. to acquire a 100% interest in a rare earth project (the “Maniwaki West Project”) located north of Ottawa/Gatineau near the town of Maniwaki in the Province of Quebec. To earn the 100% interest, the Company agreed to issue 2,000,000 common shares of the Company (issued at a fair value of $80,000) upon signing of the option agreement and to make a payment of $10,000 (not paid). During 2014, management determined not to pursue any further exploration in the property. The $80,000 deferred acquisition costs incurred were written off as an impairment expense in 2014.

6. SHARE CAPITAL

(a) Authorized

An unlimited number of common shares without par value.

(b) Issued and outstanding

Shares issued for the year ended December 31, 2014:

In January 2014, pursuant to the Buckingham North property agreement, the Company issued 1,000,000 common shares with a fair value of $50,000 (see Note 5(c)).

In May 2014, pursuant to the Galaxy Graphite property agreement, the Company issued 300,000 common shares with a fair value of $12,000 (see Note 5(d)).

In July 2014, the Company closed a private placement of 9,130,000 units at a price of $0.05 per unit for gross proceeds of $456,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable to acquire one common share at a price of $0.07 per share for a period of eighteen months. The consideration received was all allocated to the common shares and no value was allocated to the warrants. Of the 9,130,000 units, 2,730,000 units were issued for settlement of $110,500 owed to related parties and $26,000 owed to vendors, totalling $136,500. The Company also issued 609,000 common shares as finder’s fees for a fair value of $30,450.

In July 2014, the Company issued 150,000 units at $0.14 per unit to settle an amount of $21,000 owed to a vendor. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable to acquire one common share at a price of $0.07 per share for a period of eighteen months. The $21,000 was all allocated to the common shares and no value was allocated to the warrants.

In October 2014, pursuant to the Grumpy Lizard property agreement, the Company issued 3,400,000 common shares at fair value of $272,000 (see Note 5(b)).

6. SHARE CAPITAL (continued)

In November 2014, the Company closed a private placement of 8,030,000 units at a price of $0.10 per unit for gross proceeds of $803,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable to acquire one common share at a price of $0.15 per share for a period of eighteen months. The consideration received was all allocated to the common shares and no value was allocated to the warrants. Of the 8,030,000 units, 2,530,000 units were issued for settlement of $100,000 owed to related parties and $153,000 owed to vendors, totalling $253,000.

The Company incurred cash commission of $43,040 and issued 48,000 warrants at a fair value of $1,730 as finder's fees. These warrants have the same terms and exercise price as the private placement warrants.

Also in November 2014, the Company issued 1,000,000 common shares at a fair value of $130,000 pursuant to the THCD Agreement and 325,000 common shares were issued at a fair value of $32,500 as a finder's fee regarding the THCD transaction (see Note 4 (a)).

In November 2014, the Company also closed a private placement of 1,642,500 units at a price of $0.10 per unit for gross proceeds of $164,250. Each unit consisted of one common share and one-half of common share purchase warrant. Each whole warrant is exercisable to acquire one common share at a price of $0.15 per share for a period of eighteen months. The consideration received was all allocated to the common shares and no value was allocated to the warrants. Of the 1,642,500 units, 230,000 units were issued for settlement of $23,000 owed to vendors. The Company incurred a cash commission of $8,800 and issued 64,000 warrants at a fair value of $4,923 as a finder's fee. These warrants have the same term and exercise price as the private placement warrants.

In December 2014, the Company issued 4,000,000 common shares at fair value of $360,000 pursuant to the Bellerosa Project (see Note 4 (b)).

During the year ended December 31, 2014, 2,397,381 common shares were issued on exercise of warrants for gross proceeds of $182,450.

During the year ended December 31, 2014, 550,000 common shares were issued on exercise of options for gross proceeds of $55,000.

Shares issued for the year ended December 31, 2015:

In January 2015, the Company issued 400,000 common shares to four individuals in settlement of finder fees for the agreement with Bellerosa. The $40,000 fair value relating to these finders' fees was included in accounts payable at December 31, 2014.

In March 2015, the Company issued 9,702,275 units in a first tranche of a brokered private placement offering at a price of $0.08 per unit. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable to purchase one common share at a price of $0.15 for a period of thirty six months. For the units issued, the Company received cash of $402,182, management debt settlement valued at $100,000, and vendor debt settlement in the amount of $274,000, of which $194,000 was for marketing and promotion services provided during the 2015 fiscal year.

The Company paid Jacob Securities Inc. ("JSI"), the agent on the private placement, a commission of $15,315 in connection with the offering and issued 65,000 broker warrants at a fair value of $5,655, equal to 8% of the units issued to subscribers introduced by JSI. These warrants have the same term and exercise price as the private placement warrants.

6. SHARE CAPITAL (continued)

Also in March 2015, the Company issued 3,975,000 units in the second tranche of a brokered private placement offering at a price of $0.08 per unit. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable to purchase one common share at a price of $0.15 for a period of thirty six months. For the units issued, the Company received cash of $142,000 and vendor debt settlement in the amount of $176,000.

The Company paid JSI, the agent on the private placement, a commission of $9,410 in connection with the offering and issued 103,000 broker warrants at a fair value of $5,736, equal to 8% of the units issued to subscribers introduced by JSI. These warrants have the same term and exercise price as the private placement warrants.

In October 2015, the Company issued 6,000,000 shares at a fair value of $240,000 based on a grant date fair market value of $0.04 per share pursuant to the Clayton Valley Project agreement (Note 5 (a)).

In December 2015, the Company issued 5,750,750 units at a price of $0.04 per unit. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable to purchase one common share at a price of $0.05 for a period of eighteen months. For the units issued, the Company received cash of $158,250 and vendor debt settlement in the amount of $71,780. Of these, 543,750 units representing $21,750 of the proceeds were issued to one officer/director.

For the year ended December 31, 2015, 1,980,000 common shares were issued on exercise of warrants for cash proceeds of $138,600.

For the year ended December 31, 2015, 3,125,000 common shares were issued on exercise of stock options for cash proceeds of $232,000.

For the year ended December 31, 2015, the Company issued 300,000 common shares to four individuals at a fair value of $24,000 as payment of finders' fees relating to the investment in THCD.

For the year ended December 31, 2015, the Company issued 1,130,000 common shares to JSI at a fair value of $45,200 as settlement of debt.

As at December 31, 2015, the Company held 1,000,000 common shares and 1,000,000 warrants issued to the Company's CEO and director for cancellation. These shares and warrants were initially issued as compensation. The Company's CEO and director elected to forgive his salary for the year ended December 31, 2015. Subsequent to December 31, 2015, these shares and warrants were cancelled and returned to treasury. See Note 7.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)

(c) Share purchase warrants

A summary of the changes in the Company's warrants for the years ended December 31, 2015 and 2014 is presented below:

	Number of warrants	Weighted average exercise price
		$
Balance, December 31, 2013	5,819,314	0.08
Issued	14,228,250	0.10
Exercised	(2,397,381)	(0.08)
Expired	(1,595,932)	(0.10)
Balance, December 31, 2014	16,054,250	0.10
Issued	19,596,025	0.12
Exercised	(1,980,000)	(0.07)
Balance, December 31, 2015	33,670,275	0.11

The following table summarizes the share purchase warrants outstanding and exercisable as at December 31, 2015:

Exercise price	Expiry date	Number of warrants
$ 0.07	01/08/2016*	7,270,000
$ 0.07	01/29/2016**	150,000
$ 0.15	05/07/2016**	4,063,000
$ 0.15	05/21/2016**	885,250
$ 0.07	06/10/2016**	1,166,000
$ 0.11	06/10/2016**	540,000
$ 0.15	03/08/2018**	9,767,275
$ 0.15	03/25/2018	4,078,000
$ 0.05	06/04/2017	5,750,750
		33,670,275

*See Note 14(a) – Subsequent warrant expiry extended
**See Note 14(b) – Subsequent warrants expired and cancelled

As at December 31, 2015, 33,670,275 warrants (2014 – 16,054,250 warrants) with a weighted average remaining contractual life of 1.23 years (2014 - 1.18 years) were outstanding and exercisable, entitling the holders thereof the right to purchase one common share for each whole warrant held.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)

The followings assumptions were used for the Black-Scholes option pricing model calculation for calculating the issue date values for the finders fee warrants issued in 2015 and 2014:

Issue date	March 26, 2015	March 9, 2015	November 21, 2014	November 7, 2014
Share price	$0.10	$0.14	$0.14	$0.085
Risk free interest rate	0.51%	0.57%	0.99%	0.98%
Expected life	3 years	3 years	1.5 years	1.5 years
Expected volatility	100%	100%	126%	123%
Expected dividend yield	0%	0%	0%	0%
Expected forfeiture	0%	0%	0%	0%
Fair value	$0.06	$0.09	$0.08	$0.04

(d) Stock options

The Company has an incentive share option plan for granting options to directors, employees and consultants, under which the total outstanding options are limited to 10% of the outstanding common shares of the Company at any one time. Under the plan, the exercise price of an option shall not be less than the market price at the time of granting, or as permitted by the policies of the Exchange. Options granted are non-transferable and may not exceed a term of five years from the grant date. Vesting is as determined by the directors at the time of grant.

A summary of the changes in the Company's stock options for the years ended December 31, 2015 and 2014 is presented below:

	Number of options	Weighted average exercise price
		$
Balance, December 31, 2013	1,050,000	0.10
Options granted	3,950,000	0.10
Options exercised	(550,000)	(0.10)
Balance, December 31, 2014	4,450,000	0.10
Options granted	6,900,000	0.08
Options exercised	(3,125,000)	(0.07)
Options cancelled	(5,175,000)	(0.10)
Balance, December 31, 2015	3,050,000*	0.09

*See Note 14(d) – Subsequent options expired

In June 2014, the Company granted 825,000 stock options to directors and officers and 1,525,000 stock options to consultants. The options vested upon grant and are exercisable at $0.10 for five years expiring in June 2019. The fair value of these options was $178,944, of which $83,761 was charged as marketing expenses, $32,362 as consulting expenses, $22,844 as director's fees and $39,977 as share-based compensation.

In July 2014, the Company granted 200,000 options to directors and officers and 750,000 stock options to consultants. The options vested on the date of grant and are exercisable at $0.10 for five years expiring in July 2019. The fair value of these options was $68,105, of which $39,429 was charged as marketing expenses, $14,338 as consulting expenses, $7,169 as accounting fees and $7,169 as share-based compensation.

In October 2014, the Company granted 650,000 options to consultants. The options vested on the date of grant and are exercisable at $0.10 for five years expiring in October 2019. The fair value of these options was $50,230 which was charged as marketing expenses.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)

In February 2015, the Company granted 2,200,000 stock options to directors, officers and consultants. These vested upon grant and are exercisable at $0.105 for five years expiring in February 2020. Of these, 1,200,000 were issued to marketing consultants and $90,466 has been charged as a marketing and promotion expense. The remaining 1,000,000 were issued to company directors and officers with $75,389 charged as a share-based compensation expense.

Also in February 2015, the Company granted 325,000 stock options to two directors and 375,000 to a consultant. These vested upon grant and are exercisable at a price of $0.125 per share for a period of five years expiring in February 2020 and $33,979 has been charged as a marketing and promotion expense and $11,326 has been charged as a share-based compensation expense. In April 2015, one of the directors resigned resulting in 200,000 of these stock options being cancelled.

In May 2015, the Company granted 1,500,000 stock options to consultants. The options vested upon grant and are exercisable at a price of $0.07 per share for a period of five years expiring in May 2020 and $78,001 has been charged as a marketing and promotion expense.

In June 2015, the Company granted 700,000 stock options to consultants and directors. The options vested upon grant and are exercisable at a price of $0.07 per share for a period of five years expiring in June 2020 resulting in a $26,000 charge to share-based compensation and a $10,400 charge to marketing and promotion expenses.

Also in June 2015, the Company granted 1,000,000 stock options to consultants. The options vested upon grant and are exercisable at a price of $0.055 per share for a period of five years expiring in June 2020 resulting in a $40,800 charge to marketing and promotion expenses.

In July 2015, the Company granted 500,000 stock options vesting upon grant to a consultant exercisable at $0.05 per share for a period of five years expiring in July 2020.

In August 2015, the Company granted 300,000 stock options vesting upon grant to a consultant exercisable at $0.05 per share for a period of five years expiring in August 2020.

For purposes of the calculation, the following weighted average assumptions were used under the Black-Scholes model:

Issue date	August 17, 2015	July 13, 2015	June 15, 2015	June 12, 2015	May 5, 2015
Share price	$0.05	$0.05	$0.055	$0.07	$0.07
Risk free interest rate	0.71%	0.77%	0.94%	0.98%	0.98%
Expected dividend yield	0%	0%	0%	0%	0%
Expected volatility	100%	100%	100%	100%	100%
Expected life	5 years	5 years	5 years	5 years	5 years

Issue date	February 27, 2015	February 18, 2015	October 31, 2014	July 14, 2014	June 17, 2014
Share price	$0.125	$0.105	$0.10	$0.09	$0.10
Risk free interest rate	0.78%	0.77%	1.54%	1.57%	1.63%
Expected dividend yield	0%	0%	0%	0%	0%
Expected volatility	100%	100%	115%	115%	115%
Expected life	5 years	5 years	5 years	5 years	5 years

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)

The weighted average grant date fair value of stock options granted in 2015 was $0.06 (2014 - $0.08).

As at December 31, 2015, 3,050,000 options with a weighted average remaining contractual life of 3.97 years (2014 – 4.23 years) were outstanding and exercisable, entitling the holders thereof the right to purchase one common share for each option held.

7. RELATED PARTY TRANSACTIONS

The following is a summary of transactions with directors and officers, and companies controlled by directors of the Company:

Due to related parties comprised amounts owed to directors and officers as at December 31, 2015 of $9,724 (2014 - $29,720). These amounts are unsecured, due on demand and non-interest bearing.

During the year ended December 31, 2014, the Company issued 2,210,000 units at $0.05 per unit and 1,000,000 units at $0.10 per unit to various officers for settlement of $210,500 owed to them (see Note 6(b)).

During the year ended December 31, 2015, the Company issued 1,250,000 units at $0.08 per unit to two officers for debt settlement of $100,000 owed to them. The CEO reversed his 2015 salary compensation and 1,000,000 of these units issued to him for debt settlement were cancelled in 2016. These units are recorded at December 31, 2015 as treasury units to be cancelled.

As part of the December 2015 financing, one officer/director participated for 543,750 units representing $21,750 of proceeds.

Key Management Compensation

The Company has identified its directors and senior officers as its key management personnel. No post-employment benefits, other long-terms benefits and termination benefits were made during the years ended December 31, 2015 and 2014. Short-term key management compensation for the years ended December 31, 2015 and 2014 are as follow:

	2015	2014
	$	$
Director fees, paid to a Company on behalf of a former director	18,000	25,000
Management fees, paid to officers and directors	31,500	138,000
Share-based compensation to officers and directors	144,715	69,990
Total key management compensation	194,215	232,990

8. MANAGEMENT OF CAPITAL

The Company's objective for capital management is to safeguard its ability to support the Company's normal operating requirement on an ongoing basis and continue the development and exploration of its mineral properties.

The Company seeks to manage capital to provide adequate funding for its projects while minimizing dilution for its existing shareholders. As the Company has no practical ability presently to raise money by long term or other debt, for practical purposes all of its capital management is directed towards management of its equity, warrant and option issuances. There is thus very limited flexibility in its capital management. The Company is not subject to any externally imposed capital requirements.

9. FINANCIAL INSTRUMENTS AND RISK

Classification

Financial instruments are classified into one of five categories: fair value through profit or loss (“FVTPL”), held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and accounting for changes in the values of these investments will depend on their initial classification as follows: FVTPL financial assets are measured at fair value with changes in fair value recognized in operations. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the change in value is realized or the instrument is derecognized or permanently impaired.

The Company has classified its cash and cash equivalents as FVTPL. Accounts payable and due to related parties are classified as other financial liabilities.

The following table summarizes the carrying values of the Company’s financial instruments:

	2015	2014
	$	$
FVTPL (i)	94,975	119,594
Other financial liabilities (ii)	252,850	302,347

(i) Cash and cash equivalents
(ii) Accounts payable and due to related parties

Fair value

As at December 31, 2015, the Company’s financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities and due to related parties. The fair values of these financial instruments approximate their carrying values because of their current nature.

IFRS 7 “Financial Instruments – Disclosures”, requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. IFRS 7 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument’s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 7 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

9. FINANCIAL INSTRUMENTS AND RISK (continued)

The Company's financial instruments measured at fair value on a recurring basis at are as follows:

At December 31, 2015:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash and cash equivalents	94,975	-	-	94,975

At December 31, 2014:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash and cash equivalents	119,594	-	-	119,594

Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk on cash the Company places the instrument with a financial institution.

Liquidity risk

The Company ensures its holding of cash is sufficient to meet its short-term general and administrative expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or less or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed commercial paper or similar instruments.

Foreign exchange risk

The Company has minimal foreign exchange risk as most of its transactions are in Canadian dollars. Foreign currency transactions are recorded in Canadian dollars based on exchange rates as at the time of the transaction.

Interest rate risk

The Company manages its interest rate risk by obtaining the best commercial deposit interest rates available in the market by the major Canadian financial institutions.

10. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2015	2014
Combined statutory tax rate	26%	26%
	$	$
Income tax recovery at combined statutory rate	847,000	476,995
Non-deductible items	43,000	(178,832)
Change in tax rates and others	44,000	1,970
Amounts not recognized	(934,000)	(300,133)
Income tax expense	–	–

(Expressed in Canadian Dollars)

10. INCOME TAXES (continued)

At December 31, 2015 and 2014, the amount of deductible temporary differences for which no deferred tax asset is recognized in the statements of financial position is as follows:

	2015 Temporary Difference	2014 Temporary Difference
	$	$
Non-capital losses	5,495,000	2,880,000
Loans receivables	37,000	37,000
Mineral properties	1,430,000	680,000
Share issue costs	167,000	53,000
	7,129,000	3,650,000

As at December 31, 2015, the Company had non-capital losses carried forward of approximately $5,495,000 (2014 - $3,310,000) which may be applied to reduce future years' taxable income, expiring as follows:

	$
2027	2,000
2028	100,000
2029	181,000
2030	222,000
2031	365,000
2032	492,000
2033	480,000
2034	1,695,000
2035	1,958,000
	5,495,000

In assessing the realizability of deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

11. CONTINGENCIES

On December 22, 2012, the Company closed a non-brokered private placement of 2,003,333 flow-through units at a price of $0.06 per unit for gross proceeds of $120,200. The Company was committed to incur on or before December 31, 2013 a total of $43,200 of qualifying Canadian Exploration Expenses ("CEE") as described in the Income Tax Act of Canada. As at December 31, 2015, the Company had unfulfilled CEE obligations of $42,770 (2014 - $42,770). As the Company did not fulfill the expenditure obligation, the Company has accrued $21,947 as at December 31, 2015 (2014 - $20,902) related to Part XII.6 tax and related penalties and interests on the unfulfilled commitments. Furthermore, the Company may also have to indemnify shareholders for taxes and penalties related to the unspent portion of the commitment. As at December 31, 2015, an estimated amount accrued relating to the indemnification on the unfulfilled commitments totalled $85,277 (2014 - $81,216). The outcome of the amount of actual claims and penalties, if any, is contingent on assessments by the Canada Revenue Agency and any subsequent claims by subscribers against the Company.

11. CONTINGENCIES (continued)

Environmental 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 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.

12. COMMITMENTS

a. In September 2014, the Company signed an agreement with Marketplace Financial Inc. ("MPF") for services related to the acquisition of early stage medical marijuana projects and opportunities in Canada. The Company agreed to remunerate MPF for these services as follows:

   i) Issuance of Company common shares to MPF upon successful completion of an acquisition transaction equivalent to 10% of each transaction;

   ii) A cash payment equal to 5% of cash invested in each successfully completed acquisition transaction; and

   iii) A monthly retainer of $10,000 (plus HST) per month for 5 months until February 2015, to be applied to ii) above

   The Company has only paid $30,000 (plus HST) of the $50,000 (plus HST) required under the agreement. The Company has calculated that under provision ii) above, only $28,250 has been earned under the cash payment basis representing 5% of the $565,000 funded to THCD.

   The Company considers that the terms of the agreement with MPF remain in effect should MPF introduce additional ventures to the Company or if the THCD opportunity is revived and that the outstanding $20,000 (plus HST) retainer may still be earned by MPF in the future.

   In October 2014, the Company signed the THCD Investment Agreement (Note 4(a)). According to the agreement, the Company recorded $29,830 of professional fees charged to investment in THCD. The Company also issued 625,000 common shares at a fair value of $56,500 to MPF in relation to the THCD Investment Agreement which was also charged to investment in THCD. The full amount of the investment in THCD was expensed as an impairment during the year ended December 31, 2015.

b. The Company entered into a rental agreement for its office space in Toronto for the period from November 1, 2014 to January 31, 2020. The annual rental commitment is $60,266 for 2016, $61,558 for each of 2017, 2018, and 2019, and $5,130 for 2020.

(Expressed in Canadian Dollars)

12. COMMITMENTS (continued)

c. In November 2014, the Company entered into a financing and advisory agreement with Jacob Securities Inc. ("JSI") to arrange an equity financing of up to $10 million and to provide other related financing services. The agreement terminated in November 2015. In accordance with the agreement, the Company was committed to the following payments:

	Amount	Share Issuance
	$	
1) Monthly advisory fee of $5,000 (plus HST) payable on the 1st of each month for a period of 9 months beginning on November 20, 2014. *($10,000 paid)*	$45,000	-
2) One time advisory fee consisting of 2,500,000 common shares of the Company following the successful closing of the financing *(not issued)*		2,500,000
Total	$45,000	2,500,000

The Company was also committed to paying a 7% cash commission to JSI on gross proceeds raised from sources of capital not found on the presidents list and 3% cash commissions to JSI on gross proceeds raised by sources of capital found on the presidents list. No financings were closed by JSI as at December 31, 2014. The financing portion of the agreement was superseded by a later agreement in March 2015.

13. SEGMENT DISCLOSURE

Geographic Information

The Company's E&E assets at December 31, 2015 and 2014 were based on two geographic areas as follows:

	Canada	United States	Total
	$	$	$
As at December 31, 2015	-	36,733	36,733
As at December 31, 2014	187,621	352,694	540,315

Operating Segments

As at December 31, 2015, the Company operates primarily in one reporting segment, being the junior resource mineral exploration industry.

14. SUBSEQUENT EVENTS

a) In January 2016, the Company extended the expiry date of 7,270,000 warrants exercisable at $0.07 from January 8, 2016 to January 8, 2017.

b) Subsequent to December 31, 2015, 1,316,000 warrants exercisable at $0.07 expired, 540,000 warrants exercisable at $0.11 expired, 4,948,250 warrants exercisable at $0.15 expired, and 1,000,000 warrants exercisable at $0.15 were cancelled.

14. SUBSEQUENT EVENTS (continued)

c) Subsequent to December 31, 2015, the Company issued 7,250,000 common shares as settlement of $117,500 of debt.

d) Subsequent to December 31, 2015, 300,000 options exercisable at $0.10 expired.

e) In February 2016, the Company granted 5,500,000 stock options to directors, officers and consultants. The options are exercisable at a price of $0.02 per share for a period of five years expiring in February 2021. The options vested immediately on the date of grant. Of these options, 3,400,000 were issued to four officers and/or directors. The 3,000,000 options issued to two of the four officers and/or directors were cancelled subsequent to grant.

f) In February 2016, the Company acquired a second lithium property in the Clayton Valley, Nevada. The McGee claims were acquired for $23,244 (US$17,500) due on signing (paid), US$30,000 due within 12 months (outstanding), and 8,500,000 common shares of the Company (issued). The property is subject to a 3.75% NSR.

g) In April 2016, the Company granted 3,700,000 stock options to consultants. The options are exercisable at a price of $0.02 per share for a period of five years expiring in April 2021. The options vested immediately on the date of grant.

h) In May 2016, the Company granted 1,000,000 stock options to a consulting firm. The options are exercisable at a price of $0.015 per share for a period of five years expiring in May 2021. The options vested immediately on the date of grant.

i) In June 2016, the Company granted 3,000,000 stock options to a consulting firm. The options are exercisable at a price of $0.01 per share for a period of one year expiring in June 2017. The options vested immediately on the date of grant.

j) In July 2016, the Company granted 3,000,000 stock options to two consulting firms. The options are exercisable at a price of $0.01 per share for a period of one year expiring on July 2017. The options vested immediately on the date of grant.

k) The Company has issued 6,400,000 common shares for options granted and exercised subsequent to December 31, 2015 for gross proceeds of $83,000.

l) In July 2016, the Company agreed to sell the two Clayton Valley properties to Spearmint Resources Inc. (“Spearmint”) for 4,700,000 common shares of Spearmint (received). The Company continues to hold a 2% NSR on one of the two properties. Spearmint may purchase half of the 2% NSR for US$500,000.

m) In August 2016, the shares of the Company were halted pursuant to a cease trade order for failing to complete required financial filings including these consolidated audited financial statements.

n) In October 2016, the Company received a loan of $30,000 bearing interest at 2% per month (or any part month) with a maturity date of January 31, 2017. The loan is secured by the 4,700,000 common shares of Spearmint Resources Ltd. received from the sale of the two lithium properties in July 2016.