MATICA ENTERPRISES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

(Unaudited)

(Expressed in Canadian Dollars)

NOTICE TO READER

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

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of management.

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

MATICA ENTERPRISES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)

	Notes	March 31, 2016	December 31, 2015
			(Audited)
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents		**28,067**	94,975
GST recoverable		**37,777**	31,740
Prepaid expenses		**25,142**	19,839
Total current assets		**90,986**	146,554
EXPLORATION AND EVALUATION ASSETS	5	**314,977**	36,733
TOTAL ASSETS		**405,963**	183,287
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		**281,857**	243,126
Due to related parties	7	**7,771**	9,724
Flow-through renounciation obligations	11	**140,152**	140,152
Total current liabilities		**429,780**	393,002
SHAREHOLDERS' EQUITY			
Share capital	6	**6,981,528**	6,664,368
Share subscriptions received	6	**-**	-
Treasury units to be cancelled		**(80,000)**	(80,000)
Contributed surplus		**378,103**	293,163
Deficit		**(7,303,448)**	(7,087,246)
Total shareholders' equity		**(23,817)**	(209,715)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**405,963**	183,287

NATURE OF BUSINESS AND GOING CONCERN (Note 1)
COMMITMENTS AND CONTINGENCIES (Notes 4, 5, 10 and 11)
SUBSEQUENT EVENTS (Note 13)

APPROVED ON BEHALF OF THE BOARD ON OCTOBER 24, 2016:

/s/ "George A. Brown"
George A. Brown, Director

/s/ "Boris Ziger"
Boris Ziger, Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

MATICA ENTERPRISES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(Unaudited)
(Expressed in Canadian Dollars)

	Notes	2016	2015
		$	$
GENERAL AND ADMINISTRATIVE EXPENSES			
Consulting	6(d)	-	74,098
Management and directors' fees	7	28,500	57,500
Marketing	6(d)	27,001	348,034
Office and miscellaneous		7,233	12,940
Professional fees		23,523	99,836
Rent		13,502	9,773
Share-based compensation	6(d)	91,600	75,389
Transfer agent and filing fees		3,843	17,872
Travel and promotion		1,000	8,522
Total general and administrative expenses		196,202	703,964
OTHER INCOME (EXPENSES)			
Loss on settlement of debt		(20,000)	-
Equity in loss of associate	4(a)	-	(40,724)
Total other income (expenses)		(20,000)	(40,724)
NET LOSS AND COMPREHENSIVE LOSS		(216,202)	(744,688)
LOSS PER SHARE - BASIC AND DILUTED		(0.00)	(0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES		102,139,529	69,862,944

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

MATICA ENTERPRISES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (DEFICIENCY)
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(Unaudited)
(Expressed in Canadian Dollars)

	Notes	Common shares Shares	Common shares Amount	Treasury Units	Share Subscriptions Received	Contributed Surplus	Deficit	Shareholders' Equity (Deficiency)
			$	$	$	$	$	$
Balance, December 31, 2014		65,981,999	4,611,662	-	17,400	406,848	(4,253,932)	781,978
Subscriptions received		-	-	-	2,000	-	-	2,000
Warrants exercised	6(b)	960,000	67,200	-	-	-	-	67,200
Options exercised	6(b)	825,000	145,073	-	-	(62,573)	-	82,500
Shares issued for long term investment	6(b)	400,000	(40,000)	-	-	-	-	(40,000)
Units issued for cash, net	6(b)	7,802,275	550,221	-	-	-	-	550,221
Units and shares issued for services and settlement of debts	6(b)	5,875,000	470,000	-	-	-	-	470,000
Share-based compensation	6(d)	-	-	-	-	260,396	-	260,396
Net loss		-	-	-	-	-	(744,688)	(744,688)
Balance, March 31, 2015		81,844,274	5,804,156	-	19,400	604,671	(4,998,620)	1,429,607
Balance, December 31, 2015		98,345,024	6,664,368	(80,000)	-	293,163	(7,087,246)	(209,715)
Options exercised	6(b)	400,000	14,660	-	-	(6,660)	-	8,000
Shares issued for properties	6(b)	8,500,000	255,000	-	-	-	-	255,000
Units and shares issued for services and settlement of debts	6(b)	2,250,000	47,500	-	-	-	-	47,500
Share-based compensation	6(d)	-	-	-	-	91,600	-	91,600
Net loss		-	-	-	-	-	(216,202)	(216,202)
Balance, March 31, 2016		109,495,024	6,981,528	(80,000)	-	378,103	(7,303,448)	(23,817)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

MATICA ENTERPRISES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(Unaudited)
(Expressed in Canadian Dollars)

	Note	2016	2015
		$	$
OPERATING ACTIVITIES			
Net loss		**(216,202)**	(744,688)
Items not involving cash			
Share-based compensation	6(d)	**91,600**	260,396
Units and shares issued for debt and services		**47,500**	-
		(77,102)	(484,292)
Changes in non-cash working capital items:			
GST recoverable		**(6,037)**	(31,979)
Prepaid expenses and deposits		**(5,303)**	(393,039)
Accounts payable and accrued liabilities		**38,731**	208,374
Cash Used in Operating Activities		**(49,711)**	(700,936)
INVESTING ACTIVITIES			
Investment in exploration and evaluation assets		**(23,244)**	(8,806)
Investment in associate		**-**	(159,276)
Cash Used in Investing Activities		**(23,244)**	(168,082)
FINANCING ACTIVITIES			
Units issued		**-**	668,820
Share subscriptions received		**-**	19,400
Exercise of options		**8,000**	82,500
Exercise of warrants		**-**	67,200
Due to related parties		**(1,953)**	30,000
Cash Provided by Financing Activities		**6,047**	867,920
(DECREASE) INCREASE IN CASH		**(66,908)**	(1,098)
CASH AND CASH EQUIVALENTS, BEGINNING		**94,975**	119,594
CASH AND CASH EQUIVALENTS, ENDING		**28,067**	118,496
NON-CASH TRANSACTIONS:			
Shares issued for exploration and evaluation assets	5(a)	**255,000**	-
Shares issued for related parties debt settlement	6	**-**	100,000
Shares issued for debt settlement	6	**47,500**	606,980
Shares issued for finders fees on investments	4	**-**	64,000
Agent warrants issued	6	**-**	11,391
SUPPLEMENTAL INFORMATION:			
Interest paid		**-**	-
Income taxes paid		**-**	-

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

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 management cease trade order ("MCTO") for not filing its December 31, 2013 financial dislosure statements. These were subsequently filed and the MCTO was revoked (See Note 13 (l)).

In 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 pending a review by the CSE in August 2014 and resumed under a new symbol, MMJ, in November 2014.

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

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 with then associate, THC Dispensaries Canada Inc. ("THCD") (See 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 elected to terminate 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 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 minerals, 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 and social uncertainty.

The Company had a net loss of $216,202 for the three months ended March 31, 2016 (2015 - $744,688), an accumulated deficit of $7,303,448 (December 31, 2015 - $7,087,246) and a working capital deficiency of $338,794 (December 31, 2015 - $246,448). The Company is 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 resources 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 unaudited condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

These condensed consolidated interim financial statements were approved and authorized for issuance by the Company's Board of Directors on October 24, 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 condensed consolidated interim financial statements for the three months ended March 31, 2016 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 title to mineral claims lin Nevada 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 remain inactive and incurred no transactions for the three months ended March 31, 2016 and 2015.

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

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). They do not include all of the information required for full IFRS annual financial statements.

Please refer to the December 31, 2015 audited financial statements and accompanying notes for a description of the significant accounting policies used by the Company. The policies set out in the Company's December 31, 2015 financial statements were consistently applied to all periods presented unless otherwise noted below. These condensed consolidated interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2015.

The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and effective as of March 31, 2016. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ended December 31, 2016 could result in restatement of these interim consolidated financial statements.

(a) 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:

Exploration and Evaluation Expenditures
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.

Impairment
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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Title to Mineral Properties
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.

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 the 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) 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.

(c) 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. 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) THC Dispensaries Canada, Inc. ("THCD")

In October 2014, the Company entered into an investment agreement (the "THCD Agreement") with THCD and the sole shareholder of THCD (collectively the "Vendors") to acquire a 50% ownership interest in THCD. THCD was a private company incorporated under the laws of Nova Scotia. THCD was in the process of applying to become a licensed producer under the marijuana for medical purposes regulation program ("MMPR").

To obtain an initial 50% ownership interest, the Company had agreed to fund THCD by $325,000 (paid) and to issue 1,000,000 common shares of the Company to nominees of THCD (624,000 common shares issued to one company and 376,000 shares issued to one individual, collectively nominees, at a combined value of $130,000). To maintain the 50% ownership interest, the Company would also have been required to fund THCD an additional $1,175,000 ($240,000 of which was advanced) and to 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.

4. INVESTMENT IN ASSOCIATES (continued)

	Amount	Share Issuance
		#
Due on closing of the THCD Agreement (cash provided and shares issued)	$325,000	1,000,000
Due subject to a producer licence being received from Health Canada by October 31, 2015	$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 Vendors. 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 consists of the following:

	$
Fair value of 1,000,000 common shares issued	130,000
Cash advanced to fund THCD	565,000
Shares issued to MPF for finder's fees	56,500
Professional fees (see Note 11)	34,504
Initial investment at cost	786,004
Matica 50% share of reported losses in THCD	(98,327)
Impairment of investments	(687,677)
	-

The Company also issued 625,000 common shares at a value of $56,500 for finder's fees to nominees of Marketplace Financial Inc. ("MPF")(See Note 11).

The investment in THCD has been recorded as 100% impaired since the six month period ended June 30, 2015 as the result of a license not being expected to be received by October 31, 2015. In November 2015, the Company filed a notice of civil claim against THCD and related entities in British Columbia court 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 proposed 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. In December 2014, the Company issued 2,500,000 common shares to two companies valued at $255,000 and 1,500,000 common shares to an individual who is a brother of Mr. Tong, the former Chief Financial Officer ("CFO") of the Company, valued at $135,000, collectively nominees of Bellerosa, for access to Bellerosa's research and investigation of the viability of the tablets and for the acquisition of the 60% interest in the project. Two of the directors of Bellerosa are brothers of Mr. Tong, the Company's former CFO. The Company and Bellerosa are not considered related parties as they have no directors in common.

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.

4. INVESTMENT IN ASSOCIATES (continued)

In December 2014, the Company accrued $40,000 in finder's fees for the Bellerosa Project representing 10% of the deemed value of the 4,000,000 common shares issued. In January 2015, the Company issued 400,000 common shares to four individual as debt settlement for the accrued finder's fee. These included 160,000 common shares to a brother of Mr. Tong, the former CFO, and 80,000 common shares to a daughter of Mr. Deol, a former Director.

A legal entity for the Bellerosa project was never incorporated and the operations never commenced therefore the entire $400,000 was expensed as product research and investigation costs in 2014.

5. EXPLORATION AND EVALUATION ASSETS

	Clayton Valley, Nevada	Grumpy Lizard, Nevada	Buckingham North, Quebec	Total
	$		$	$
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
Acquisition costs	278,244	-	-	278,244
Exploration costs				
Geological & engineering	-	-	-	-
Impairment	-	-	-	-
Balance, March 31, 2016	278,244	36,733	-	314,977

(a) Clayton Valley, Nevada

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

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 6,500,000 common shares issued to two companies and 2,000,000 common shares issued jointly to two spouses, collectively issued at a fair value of $255,000. The property is subject to a 3.75% net smelter return ("NSR") (See Note 13(k)).

(b) Grumpy Lizard, Nevada

In September 2014, the Company entered into a property option and royalty agreement to acquire a 100% interest in the Grumpy Lizard property in Nevada. As consideration, the Company paid $57,291 and issued 3,400,000 common shares with a fair value of $272,000. The property was subject to a 2.5% NSR based on any and all materials sold from the property. These claims were not renewed and $352,694 was written off as an impairment expense in 2015.

5. EXPLORATION AND EVALUATION ASSETS (continued)

During 2015, the Company filed additional claims as an extension to the Grumpy Lizard project. The Company incurred staking costs of $10,057 (US$8,298) and exploration and evaluation expenses of $26,676. These claims were renewed subsequent to March 31, 2016.

(c) Buckingham North, Quebec

In September 2013, the Company entered into an option agreement with a company and an individual to acquire a 100% interest in the Buckingham North property, a graphite project located east of Ottawa/Gatineau. To exercise the option and earn a 100% interest in the property, the Company agreed to issue 3,000,000 common shares (issued at a fair value of $135,000) and pay $5,000 on or before November 15, 2013 (not paid).

In November 2013, the Company entered into another option agreement with the same company as the Buckingham North property above, to acquire a 100% interest in a property, adjacent to the Buckingham North property, located in the Ottawa valley, Quebec. To exercise the option and earn the 100% interest in the property, the Company agreed to issue 1,000,000 common shares (issued with a fair value of $50,000) and pay $5,000 (not paid).

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

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, 2015:

In January 2015, the Company issued 400,000 common shares to four individuals, which included 160,000 common shares to a brother of Mr. Tong, the former CFO, and 80,000 common shares to a daughter of Mr. Deol, a former director, as debt settlement of $40,000 of finder's fees related to Bellerosa as reported in the 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. The broker warrants have the same term and exercise price as the private placement warrants.

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.

6. SHARE CAPITAL (continued)

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. The broker warrants have the same term and exercise price as the private placement warrants.

In October 2015, the Company issued 6,000,000 common shares to two companies at a fair value of $240,000 pursuant to the Clayton Valley Project agreement. (See 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 director and/or officer.

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 three individuals and one company, collectively nominees of MPF, 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.

Shares issued for three months ended March 31, 2016:

In February 2016, the Company issued 6,500,000 common shares to four companies and 2,000,000 common shares jointly to two spouses, collectively at a fair value of $255,000 as part of the acquisition costs of the lithium property in Clayton Valley, Nevada. (See Note 5(a)).

For the three months ended March 31, 2016, 400,000 common shares were issued on exercise of stock options for cash proceeds of $8,000.

For the three months ended March 31, 2016, the Company issued 2,250,000 common shares to two individuals and two companies at a fair value of $47,500 as settlement of debts.

As at March 31, 2016, the Company held 1,000,000 common shares and 1,000,000 warrants issued in 2015 to the Company's Director and CEO for cancellation. These shares and warrants were initially issued as 2015 debt settlement for 2015 compensation. The Company's Director and CEO elected to forgo his salary for the year ended December 31, 2015. These are recorded as treasury units at December 31, 2015 and at March 31, 2016. Subsequent to March 31, 2016, these shares and warrants were cancelled and returned to treasury. (See Note 7).

6. SHARE CAPITAL (continued)

(c) Share purchase warrants

A summary of the changes in the Company's warrants for the three months ended March 31, 2016 is presented below:

	Number of warrants	Weighted average exercise price
		$
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
Expired	(150,000)	(0.07)
Balance, March 31, 2016	33,520,275	0.13

In January 2016, the Company extended the expiry date of the 7,270,000 warrants exercisable at $0.07 from January 8, 2016 to January 8, 2017. Also in January 2016, 150,000 warrants expired unexercised.

The following table summarizes the share purchase warrants outstanding and exercisable as at March 31, 2016:

Exercise price	Expiry date	Number of warrants
$ 0.07	01/08/2017	7,270,000
$ 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
		33,520,275

*See Note 13(a) – Subsequent warrants expired or cancelled

As at March 31, 2016, 33,520,275 warrants with a weighted average remaining contractual life of 1.17 years were outstanding and exercisable, entitling the holders thereof the right to purchase one common share for each whole warrant held.

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 and outstanding:

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

6. SHARE CAPITAL (continued)

(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 CSE. 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 three months ended March 31, 2016 is presented below:

	Number of options	Weighted average exercise price
		$
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
Options granted	5,500,000	0.02
Options exercised	(400,000)	(0.02)
Balance, March 31, 2016	8,150,000*	0.05

*See Notes 13(d),(e),(f),(g),(i),and (j) – Subsequent options granted, expired, or cancelled

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 500,000 stock options to a director and/or officer and 200,000 stock options to a consultant. 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 expenses.

Also in June 2015, the Company granted 1,000,000 stock options to one consulting firm. 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.

6. SHARE CAPITAL (continued)

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

In February 2016, the Company granted 3,400,000 stock options to four directors and/or officers and 2,100,000 stock options to three consultants and one consulting firm resulting in a share-based compensation expense of $91,600. 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. (See Note 13(e)).

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

Issue date	February 12, 2016	August 17, 2015	July 13, 2015	June 15, 2015
Share price	$0.02	$0.05	$0.05	$0.055
Risk free interest rate	0.65%	0.71%	0.77%	0.94%
Expected dividend yield	0%	0%	0%	0%
Expected volatility	123%	100%	100%	100%
Expected life	5 years	5 years	5 years	5 years

Issue date	June 12, 2015	May 5, 2015	February 27, 2015	February 18, 2015
Share price	$0.07	$0.07	$0.125	$0.105
Risk free interest rate	0.98%	0.98%	0.78%	0.77%
Expected dividend yield	0%	0%	0%	0%
Expected volatility	100%	100%	100%	100%
Expected life	5 years	5 years	5 years	5 years

The weighted average grant date fair value of stock options granted during the three months ended March 31, 2016 was $0.017 (2015 - $0.086).

As at March 31, 2016, 8,150,000 options with a weighted average remaining contractual life of 4.44 years (2015 – 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/or officers, and companies controlled by them:

Due to related parties at March 31, 2016 is $7,771 (December 31, 2015 - $9,724). These amounts are unsecured, due on demand, and non-interest bearing.

7. RELATED PARTY TRANSACTIONS (continued)

In March 2015, the Company issued 1,250,000 units at $0.08 per unit to two officers for $100,000 of debt settlement. The CEO subsequently elected to forgo $80,000 of 2015 salary compensation and the 1,000,000 units issued as debt settlement were returned to be cancelled subsequent to March 31, 2016. These units are recorded at December 31, 2015 and at March 31, 2016 as treasury units to be cancelled.

Compensation for the three months ended March 31, 2016 and 2015 is as follows:

Three months ended March 31,	2016	2015
	$	$
Director fees, charged on behalf of a former director	4,500	4,500
Management fees, charged for directors and/or officers	24,000	34,500
Share-based compensation for directors and/or officers	56,625	86,715
Total related party compensation	85,125	125,715

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.

9. FINANCIAL INSTRUMENTS AND RISK (continued)

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

	March 31, 2016	December 31, 2015
	$	$
FVTPL (i)	28,067	94,975
Other financial liabilities (ii)	289,628	252,850

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

Fair value

As at March 31, 2016, 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.

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

At March 31, 2016:	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash and cash equivalents	28,067	-	-	28,067

At December 31, 2015:	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash and cash equivalents	94,975	-	-	94,975

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.

9. FINANCIAL INSTRUMENTS AND RISK (continued)

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. CONTINGENCIES

In December 2012, the Company closed a 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 balance of $43,200 of qualifying Canadian Exploration Expenses ("CEE") as described in the Income Tax Act of Canada. As at March 31, 2016, the Company had unfulfilled CEE obligations of $42,770 (2015 - $42,770). As the Company did not fulfill the expenditure obligation, the Company has accrued $21,947 as at March 31, 2016 (2015 - $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 June 30, 2016, an estimated amount accrued relating to the indemnification on the unfulfilled commitments totalled $85,277 (2015 - $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.

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.

11. COMMITMENTS

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

   i) Issuance of Company common shares to MPF nominees 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 to 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 provision iii) above. The Company has calculated that under provision ii) above, only $28,250 of the retainer has been earned under the cash payment basis representing 5% of the $565,000 funding provided to THCD.

11. COMMITMENTS (continued)

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.

b. The Company entered into a rental agreement for its office space in Toronto until January 31, 2020. The rental commitment is $45,264 for the remaining nine months of 2016, $61,558 for each of 2017, 2018, and 2019, and $5,130 for January 2020.

c. In November 2014, the Company entered into a financing and advisory agreement with JSI to arrange an equity financing of up to $10 million and to provide other related financing services. The agreement was 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% commission to JSI on gross proceeds raised (reduced 3% commission if raised from parties 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 March 2015 agreement.

12. SEGMENT DISCLOSURE

Geographic Information

The Company's Exploration and evaluation assets at March 31, 2016 and December 31, 2015 were based in one geographic area as follows:

	United States	Total
	$	$
As at March 31, 2016	314,977	314,977
As at December 31, 2015	36,733	36,733

Operating Segments

As at March 31, 2016, the Company operates primarily in one reporting segment, being the junior resource mineral exploration industry.

13. SUBSEQUENT EVENTS

a) Subsequent to March 31, 2016, 1,166,000 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.

b) Subsequent to March 31, 2016, 6,000,000 options were exercised for gross proceeds of $75,000.

c) Subsequent to March 31, 2016, the Company issued 5,000,000 common shares net as settlement of $65,000 of debt.

d) Subsequent to March 31, 2016, 300,000 options exercisable at $0.10 expired.

e) Subsequent to March 31, 2016, 3,000,000 options exercisable at $0.02 were cancelled.

f) In April 2016, the Company granted 3,700,000 stock options to five consultants and one consulting firm. 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.

g) 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.

h) In May 2016, the OSC issued a temporary and then a permanent MCTO for failure to file the December 31, 2015 fiscal year filings. The MCTO was revoked in August 2016.

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) 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 (issued in July 2016). 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.

l) In August 2016, the shares of the Company were trade halted pursuant to a CTO for failing to complete required financial filings including these condensed consolidated interim financial statements and related management discussion and analysis.

m) 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.