FAR RESOURCES LTD.

FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

MARCH 31, 2016

Crowe MacKay LLP
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Independent Auditor's Report

To the Shareholders of
Far Resources Ltd.

We have audited the accompanying financial statements of Far Resources Ltd., which comprise the statements of financial position as at March 31, 2016 and March 31, 2015, and the statements of loss and comprehensive loss, changes in equity (deficit) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Far Resources Ltd. as at March 31, 2016 and March 31, 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the material uncertainty that may cast significant doubt about the ability of Far Resources Ltd. to continue as a going concern.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, British Columbia
July 28, 2016

FAR RESOURCES LTD.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
AS AT

		March 31, 2016		March 31, 2015
ASSETS				
Current assets				
Cash	$	14,431	$	11,129
GST receivable		1,184		1,416
Total current assets		15,615		12,545
Non-current assets				
Long-term investment (Note 4)		3,500		5,500
Exploration and evaluation assets (Note 5)		289,391		260,391
Total assets	$	308,506	$	278,436
LIABILITIES AND EQUITY (DEFICIT)				
Current liabilities				
Accounts payable and accrued liabilities (Note 6)	$	345,475	$	220,717
Short-term loans payable (Note 7)		31,000		50,500
Total liabilities		376,475		271,217
Equity (deficit)				
Capital stock (Note 8)		1,680,884		1,476,934
Shares to be issued (Note 8)		7,500		125,000
Reserves (Note 8)		29,027		195,560
Deficit		(1,785,380)		(1,790,275)
Total equity (deficit)		(67,969)		7,219
Total liabilities and equity (deficit)	$	308,506	$	278,436

Nature and continuance of operations (Note 1)
Subsequent events (Note 14)

Approved and authorized on behalf of the Board on July 28, 2016:

"Leon F. Anderson"	Director	***"Keith C. Anderson"***	Director
Leon F. Anderson		*Keith C. Anderson*	

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

FAR RESOURCES LTD.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)
FOR THE YEAR ENDED MARCH 31,

		2016		2015
EXPENSES				
Consulting	$	6,000	$	2,000
Investor relations		577		2,631
Management fees (Note 9)		93,500		66,500
Office		7,854		6,876
Professional fees (Note 9)		37,372		47,300
Rent		-		9,000
Share-based payments (Notes 8 and 9)		20,893		8,134
Transfer agent and filing fees		14,335		17,339
Loss before other items		(180,531)		(159,780)
OTHER ITEMS				
Recovery of mining exploration tax credit		-		9,931
Unrealized loss on long-term investment (Note 4)		(2,000)		-
Loss and comprehensive loss for the year	$	(182,531)	$	(149,849)
Basic and diluted loss per common share	$	(0.01)	$	(0.01)
Weighted average number of common shares outstanding		21,922,186		18,866,393

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

FAR RESOURCES LTD.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
FOR THE YEAR ENDED MARCH 31,

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (182,531)	$ (149,849)
Items not involving cash:		
Share-based payments	20,893	8,134
Accrued interest	1,000	-
Unrealized loss on long-term investment	2,000	-
Changes in non-cash working capital items:		
Decrease in GST receivable	232	1,445
Decrease in prepaids	-	2,000
Increase in accounts payable and accrued liabilities	124,758	75,536
Net cash used in operating activities	(33,648)	(62,734)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation acquisition costs	(25,000)	(85,000)
Exploration and evaluation expenditures	(1,000)	(5,000)
Recovery of mining exploration tax credit	-	747
Option payments received	10,000	5,500
Net cash used in investing activities	(16,000)	(83,753)
CASH FLOWS FROM FINANCING ACTIVITIES		
Private placements	30,000	-
Share issuance costs	(1,050)	-
Short-term loans	16,500	13,500
Shares to be issued	7,500	125,000
Net cash provided by financing activities	52,950	138,500
Change in cash for the year	3,302	(7,987)
Cash, beginning of year	11,129	19,116
Cash, end of year	$ 14,431	$ 11,129
Cash paid during the year for interest	$ -	$ -
Cash paid during the year for taxes	$ -	$ -

Supplemental disclosures with respect to cash flow (Note 10)

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

FAR RESOURCES LTD.
STATEMENTS OF CHANGES IN EQUITY (DEFICIT)
(Expressed in Canadian dollars)

	Capital stock					
	Shares	Amount	Shares to be issued	Reserves	Deficit	Total equity (deficit)
Balance, April 1, 2014	18,806,667	$ 1,392,134	$ -	$ 246,226	$ (1,640,426)	$ (2,066)
Acquisition of exploration and evaluation assets	800,000	26,000	-	-	-	26,000
Release of founder shares from escrow	-	58,800	-	(58,800)	-	-
Share-based payments	-	-	-	8,134	-	8,134
Shares to be issued	-	-	125,000	-	-	125,000
Loss for the year	-	-	-	-	(149,849)	(149,849)
Balance, March 31, 2015	19,606,667	$ 1,476,934	$ 125,000	$ 195,560	$ (1,790,275)	$ 7,219
Balance, April 1, 2015	19,606,667	$ 1,476,934	$ 125,000	$ 195,560	$ (1,790,275)	$ 7,219
Private placement – August 14, 2015	3,240,000	162,000	(125,000)	-	-	37,000
Share issuance cost	56,000	-	-	-	-	-
Private placement – March 1, 2016	1,000,000	30,000	-	-	-	30,000
Share issuance cost	-	(1,050)	-	-	-	(1,050)
Acquisition of exploration and evaluation assets	500,000	10,000	-	-	-	10,000
Shares issued for amendment of option agreement	100,000	3,000	-	-	-	3,000
Shares to be issued	-	-	7,500	-	-	7,500
Cancellation of options	-	-	-	(187,426)	187,426	-
Share-based payments	-	-	-	20,893	-	20,893
Loss for the year	-	-	-	-	(182,531)	(182,531)
Balance, March 31, 2016	24,502,667	$ 1,680,884	$ 7,500	$ 29,027	$ (1,785,380)	$ (67,969)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Far Resources Ltd. (the "Company") is incorporated under the laws of the Province of British Columbia. The Company's head office is located at Unit 114B 8988 Fraserton Court, Burnaby, BC, V5J 5H8. The Company's registered and records office is located at Suite 650 – 1188 West Georgia Street, Vancouver, BC, V6E 4A2.

The Company is an exploration company focused on the identification and development of high potential mineral opportunities in stable jurisdictions.

Going concern of operations

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at March 31, 2016 the Company has had significant losses. In addition, the Company has not generated revenues from operations. The Company has financed its operations primarily through the issuance of common shares and short-term loans. The Company continues to seek capital through various means including the issuance of equity and/or debt. These circumstances cast significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

In order to continue as a going concern and to meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

2. BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Basis of measurement

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss and available-for-sale which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates and judgments

The preparation of these financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

Significant accounting judgments

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

i) Determination of categories of financial assets and financial liabilities;

ii) Assessment of any indicators of impairment of the carrying value of the Company's exploration and evaluation assets; and

iii) The ability of the Company to continue as a going concern.

Critical accounting estimates

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

Share-based payments

The fair value of share-based payments is determined using a Black-Scholes Option pricing model. Such option pricing models require the input of subjective assumptions including the expected price volatility, option life, dividend yield, risk-free rate and estimated forfeitures at the time of initial grant.

Income taxes

The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements.

Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax assets and liabilities, and tax planning initiatives.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and cash equivalents. Cash equivalents are short-term, highly liquid holdings that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Mineral properties – exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the year in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of the property are capitalized. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors, and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction." Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Exploration and evaluation assets are classified as intangible assets.

The Company enters into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash or other consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess consideration accounted for as a gain on disposal.

The Company accounts for mining tax credits on a cash basis.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of exploration and evaluation assets and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

Decommissioning obligations:

The Company's activities may give rise to dismantling, decommissioning and site disturbance re-mediation activities. A provision is made for the estimated cost of site restoration and capitalized in the relevant asset category.

Decommissioning obligations are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases due to changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

Financial instruments

Financial assets and liabilities are classified into one of the following categories based on the purpose for which the asset or liability was acquired. The Company's accounting policy for the categories is as follows:

<u>Financial assets</u>

Fair value through profit or loss ("FVTPL") – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Loans and receivables ("LAR") - Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd…)

Financial assets (cont'd…)

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

Available-for-sale ("AFS") - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

Regular way purchases and sales of financial assets are accounted for at settlement date.

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the final asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities

Fair value through profit or loss ("FVTPL") – This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

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

The Company derecognizes financial liabilities when, an only when, the Company's obligations are discharged, cancelled, or they expire.

The Company's financial assets and liabilities are classified as follows:

Financial Instruments	Classification
Cash	LAR
Long-term investment	FVTPL
Accounts payable and accrued liabilities	OFL
Short-term loans payable	OFL

Transaction costs that are directly attributable to the acquisition or issue of financial instruments, excluding financial instruments that are classified as at FVTPL, which are expensed as incurred, are included in the initial carrying value of such instruments.

Impairment

All financial assets except for those at FVTPL, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affects neither accounting nor taxable loss, or differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the current and prior fiscal year this calculation proved to be anti-dilutive.

Loss per share is calculated using the weighted average number of common shares outstanding during the year.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock. When vested options are cancelled, forfeited, or are not exercised by the expiry date, the amount previously recognized in share-based payment reserve is transferred to accumulated losses (deficit). The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Where the terms and conditions of options are modified, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Share issue costs

Share issue costs are deferred and charged directly to capital stock on completion of the related financing. If the financing is not completed, share issue costs are charged to operations. Costs directly identifiable with the raising of capital will be charged against the related capital stock.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

New accounting standards and recent pronouncements

The following new and amended standards adopted by the Company during the March 31, 2016 reporting period did not result in a significant impact on the Company's financial statements:

- Amendments to IFRS 2, *Share-based Payment* clarifies vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition.

- Amendments to IAS 24, *Related Party Disclosures* clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, 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. This replaces the more detailed disclosure by category required for other key management personnel compensation.

The Company has not applied the following new or revised standards and amendments that have been issued but are not yet effective for the Company's March 31, 2016 reporting period:

- New standard IFRS 9, *Financial Instruments*, Classification and Measurement is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, "Financial Instruments: Recognition and Measurement." IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. The standard is effective for annual periods beginning on or after January 1, 2018.

- New standard IFRS 15, *Revenue from Contracts with Customers* provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

New accounting standards and recent pronouncements (cont'd...)

- New standard, IFRS 16, *Leases* was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019.

The Company is currently evaluating the impact the new accounting standards are expected to have on its financial statements.

4. LONG-TERM INVESTMENT

	March 31, 2016			March 31, 2015		
	Number of shares	Cost	Fair value	Number of shares	Cost	Fair value
Alchemist Mining Inc.	100,000	$ 5,500	$ 3,500	100,000	$ 5,500	$ 5,500

On August 20, 2014, the Company received 100,000 common shares of Alchemist Mining Inc. ("Alchemist"), a corporation of which the CEO is a family member of the Company's CEO, at a fair value of $5,500 related to the Tchentlo Lake property (note 5). Alchemist shares were initially valued at the trading price of $0.055 per share. The Company classified the Alchemist shares as an investment at fair value through profit or loss.

During the year ended March 31, 2016, the Company recorded an unrealized loss on long-term investment of $2,000 (2015 - $Nil) based on the market price of Alchemist shares at March 31, 2016 of $0.035 (2015 - $0.055) per share.

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

During the year ended March 31, 2016, the following exploration expenditures were incurred on the exploration and evaluation assets:

	Winston Property	Tchentlo Lake	Total
Acquisition costs			
Balance, March 31, 2015	$ 161,000	$ 28,260	$ 189,260
Additions – cash	25,000	-	25,000
Additions – shares	13,000	-	13,000
Balance, March 31, 2016	199,000	28,260	227,260
Exploration costs			
Balance, March 31, 2015	-	71,131	71,131
Geological and consulting	-	1,000	1,000
	-	72,131	72,131
Option payments received in cash	-	(10,000)	(10,000)
Balance, March 31, 2016	-	62,131	62,131
Total balance, March 31, 2016	$ 199,000	$ 90,391	$ 289,391

During the year ended March 31, 2015, the following exploration expenditures were incurred on the exploration and evaluation assets:

	Winston Property	Tchentlo Lake	Total
Acquisition costs			
Balance, March 31, 2014	$ 50,000	$ 28,260	$ 78,260
Additions – cash	85,000	-	85,000
Additions – shares	26,000	-	26,000
Balance, March 31, 2015	161,000	28,260	189,260
Exploration costs			
Balance, March 31, 2014	-	77,878	77,878
Geological and consulting	-	2,500	2,500
Maintenance	-	2,500	2,500
	-	82,878	82,878
Recovery of mining exploration tax credit	-	(747)	(747)
Option payments received in cash	-	(5,500)	(5,500)
Option payments received in shares	-	(5,500)	(5,500)
Balance, March 31, 2015	-	71,131	71,131
Total balance, March 31, 2015	$ 161,000	$ 99,391	$ 260,391

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Winston Property

During the year ended March 31, 2015, the Company entered into an option agreement with Redline Minerals Inc. ("Redline"), Redline Mining Corporation ("RMC"), and Southwest Land & Exploration Inc. ("SWLE") (collectively, the "Optionors") to acquire up to an 80% interest the Winston Property located in Sierra County, New Mexico, U.S.A.

During and subsequent to the year ended March 31, 2016, the Company has amended the option agreement with the Optionors and has the option to acquire an initial 50% interest upon completion of the following:

a) Cash payment of non-refundable deposits of $35,000 (paid);
b) Cash payments of $81,250 (paid);
c) Cash payment of $13,750 on or before November 15, 2014 (paid);
d) Share issuance of 300,000 common shares of the Company on January 15, 2015 (issued);
e) Cash payments of $120,000 ($85,000 paid) as follows;
    i. Cash payment of $40,000 on or before February 28, 2016;
    ii. Cash payment of $40,000 on or before June 1, 2016;
    iii. Cash payment of $40,000 on or before June 1, 2017;
f) Issuance of 2,500,000 common shares (1,000,000 shares issued) of the Company as follows;
    i. Issue 500,000 common shares on or before October 17, 2014;
    ii. Issue 500,000 common shares on or before October 17, 2015;
    iii. Issue 500,000 common shares on or before October 17, 2016;
    iv. Issue 500,000 common shares on or before October 17, 2017;
    v. Issue 500,000 common shares on or before October 17, 2018; and
g) Incurring exploration expenditures totaling $300,000 due on or before October 17, 2017.

In exchange for the amendment of the option agreement, the Company issued 100,000 common shares at a fair value of $3,000 on February 26, 2016.

Upon acquiring the initial 50% interest, the Company will have a further option to acquire up to an additional 30% (80% in total) interest, in increments of 10%, by completing the following:

a) Cash payments of $180,000 as follows;
    i. Cash payment of $60,000 on or before June 1, 2018;
    ii. Cash payment of $60,000 on or before June 1, 2019;
    iii. Cash payment of $60,000 on or before June 1, 2020;
b) Issuance of 1,500,000 common shares of the Company as follows;
    i. Issue 500,000 common shares on or before the first anniversary of election notice date;
    ii. Issue 500,000 common shares on or before the second anniversary of election notice date;
    iii. Issue 500,000 common shares on or before the third anniversary of election notice date;
c) Incurring exploration expenditures totaling $900,000 as follows;
    i. Incurring exploration expenditures in the amount of $300,000 on or before the first anniversary of election notice date;
    ii. Incurring exploration expenditures in the amount of $300,000 on or before the second anniversary of election notice date; and
    iii. Incurring exploration expenditures in the amount of $300,000 on or before the third anniversary of election notice date.

Upon exercise of the Initial Option, the Company and the Optionors will enter into a joint venture agreement for further exploration and development of the Property with the Company as the initial operator.

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Tchentlo Lake

The Company staked various claims in the Tchentlo Lake Property located in British Columbia. The Company holds a 100% interest in the Tchentlo Lake Property.

In June 2014, the Company entered into an option agreement with Alchemist Mining Inc. ("Alchemist"), a corporation whose CEO is a family member of the Company's CEO, whereby Alchemist may acquire up to an 80% undivided interest in the Company's Tchentlo Lake Property (the "Property").

During the year ended March 31, 2016, the option agreement with Alchemist was amended. As a result, the amount of expenditures in exploration activities on the Property which shall be incurred by Alchemist on or before August 20, 2015 was reduced from $25,000 to $nil and the number of Alchemist shares which shall be issued to the Company on or before August 20, 2015 was reduced from 150,000 common shares of Alchemist to nil.

Under the terms of the agreement, Alchemist can earn 51% interest in the Property by:

a) Paying $60,500 to the Company ($15,500 paid) as follows;
    i. Cash payment of $5,500 within 5 days of the date which Alchemist completes a private placement financing;
    ii. Cash payment of $10,000 on or before September 8, 2015;
    iii. Cash payment of $20,000 on or before August 20, 2016;
    iv. Cash payment of $25,000 on or before August 20, 2017;
b) Issuing 350,000 common shares of Alchemist to the Company (100,000 shares issued on August 20, 2014 valued at $5,500) as follows;
    i. Issue 100,000 common shares within 5 days of the date which Alchemist completes a private placement financing;
    ii. Issue 250,000 common shares on or before August 20, 2016;
c) Incurring $255,000 of expenditures in exploration activities on the Property as follows;
    i. Incurring exploration expenditures in the amount of $80,000 on or before August 20, 2016; and
    ii. Incurring exploration expenditures in the amount of $175,000 on or before August 20, 2017.

Upon acquisition of the undivided 51% interest in the Property, Alchemist can choose to exercise the following options:

a) form a joint venture with the Company, wherein Alchemist holding a 51% Participating Interest and the Company holding a 49% Participating Interest; and
b) acquire an additional 29% interest in the Property, increasing its interest to 80% (the "Bump-Up Right") by:
    i. Paying $75,000 to the Company (cash payment of $25,000 on or before August 20, 2018 and cash payment of $50,000 on or before August 20, 2019);
    ii. Issuing 500,000 common shares of Alchemist to the Company (issuing 250,000 common shares on or before August 20, 2018 and issuing 250,000 common shares on or before August 20, 2019); and
    iii. Incurring an additional $575,000 in expenditures on the Property (incurring exploration expenditures in the amount of $225,000 on or before August 20, 2018 and incurring exploration expenditures in the amount of $350,000 on or before August 20, 2019).

In the event Alchemist exercises the Bump-Up Right, a joint venture will be formed with Alchemist holding an 80% Participating Interest and the Company holding a 20% Participating Interest in the Property.

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

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Tchentlo Lake (cont'd...)

The Company will retain a 2% net smelter royalty on the Property, of which Alchemist may purchase 1% on or before August 20, 2021 for $500,000.

All share issuances pursuant to the agreement will be subject to a four-month and one day statutory hold period.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Payables and accrued liabilities for the Company are broken down as follows:

	March 31, 2016	March 31, 2015
Trade payables	$ 75,541	$ 70,490
Accrued liabilities	24,500	7,000
Due to related parties (Note 9)	245,434	143,227
Total	$ 345,475	$ 220,717

7. SHORT-TERM LOANS PAYABLE

	March 31, 2016	March 31, 2015
Loan payable on demand, with no interest and no fixed term (Note 8)	$ - i)	$ 37,000
Loans payable on demand, with no interest and no fixed term	20,000	13,500
Loans payable on demand, with 10% interest per annum and no fixed term	11,000	-
	$ 31,000	$ 50,500

i) During the year ended March 31, 2016, $37,000 in loan payable was transferred to shares issued as part of private placement.

8. CAPITAL STOCK AND RESERVES

a) Authorized capital stock:

As at March 31, 2016, the authorized capital stock of the Company was:

i) Unlimited number of common shares without par value.
ii) All issued shares are fully paid.

b) Issued capital stock:

During the year ended March 31, 2016, the Company:

- Completed a private placement financing of 3,240,000 units at a price of $0.05 per unit for gross proceeds of $162,000. At March 31, 2015, $125,000 of the proceeds were recognized as shares to be issued and $37,000 recognized as a short-term loan payable. Accordingly, these amounts were reclassified to capital stock. Each unit in the private placement consists of one common share and one-half of one common share purchase warrant. In connection with the private placement, the Company recorded share issuance costs of $2,800 where 56,000 common shares with a fair value of $0.05 per share were issued;
- Completed the first tranche of a private placement financing of 1,000,000 units at a price of $0.03 per share for gross proceeds of $30,000. Each unit in the private placement consists of one common share and one-half of one common share purchase warrant. In connection with the private placement, the Company recorded share issuance costs of $1,050 for cash paid and 50,000 common share purchase warrants issued. The Company also received $7,500 in advance for the second tranche of the private placement closed after year end;
- Issued 500,000 common shares with a fair value of $10,000 as part of acquisition costs of the Winston Property (Note 5); and
- Issued 100,000 common shares with a fair value of $3,000 in exchange for amendment of the Winston Property's option agreement with Redline Minerals Inc. (Note 5).

During the year ended March 31, 2015, the Company:

- Had 1,950,000 common shares released from escrow. Accordingly, the Company has reclassified $58,800 from reserves to capital stock; and
- Issued 800,000 shares with a fair value of $26,000 as part of the acquisition costs of the Winston property.

c) Stock options:

The Company follows the policies of the Canadian Securities Exchange under which it is authorized to grant options to executive officers and directors, employees, and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the policies, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the day before the date of grant. The options can be granted for a maximum term of ten years.

The options shall be subject to such vesting requirements, if any, as may be determined by the Board from time to time provided that options granted to consultants performing "investor relation activities" must vest in stages over 12 months with no more than ¼ of the options granted vesting in any three month period.

(Expressed in Canadian dollars)

8. CAPITAL STOCK AND RESERVES (cont'd...)

Stock option transactions for the year ended March 31, 2016 are summarized as follows:

Expiry Date	Exercise Price	March 31, 2015	Granted	Cancelled	March 31, 2016	Exercisable
November 30, 2016	$0.15	1,100,000	-	1,100,000	-	-
April 8, 2018	$0.15	200,000	-	200,000	-	-
October 1, 2018	$0.15	250,000	-	250,000	-	-
May 22, 2019	$0.05	188,000	-	-	188,000	188,000
November 13, 2020	$0.05	-	1,100,000	-	1,100,000	1,100,000
Total		1,738,000	1,100,000	1,550,000	1,288,000	1,288,000
Weighted average exercise price		$ 0.14	$ 0.05	$ 0.15	$ 0.05	$ 0.05
Weighted average remaining contractual life					4.41 years	

Stock option transactions for the year ended March 31, 2015 are summarized as follows:

Expiry Date	Exercise Price	March 31, 2014	Granted	Expired / Cancelled	March 31, 2015	Exercisable
November 30, 2016	$0.15	1,100,000	-	-	1,100,000	1,100,000
April 8, 2018	$0.15	200,000	-	-	200,000	200,000
October 1, 2018	$0.15	250,000	-	-	250,000	250,000
May 22, 2019	$0.05	-	188,000	-	188,000	188,000
Total		1,550,000	188,000	-	1,738,000	1,738,000
Weighted average exercise price		$ 0.15	$ 0.05	$ -	$ 0.14	$ 0.14
Weighted average remaining contractual life					2.36 years	

(Expressed in Canadian dollars)

8. CAPITAL STOCK AND RESERVES (cont'd...)

d) Share-based payments:

During the year ended March 31, 2016, the Company granted 1,100,000 (2015 - 188,000) stock options with a total fair value calculated using the Black-Scholes option pricing model of $20,893 (2015 - $8,134). During the year ended March 31, 2016, the weighted average fair value of stock options granted was $0.02 (2015 - $0.04).

Option pricing models require the use of estimates and assumptions including the expected volatility. Changes in underlying assumptions can materially affect the fair value estimates. The following weighted average assumptions were used for the Black-Scholes valuation of options granted during the year:

	March 31, 2016	March 31, 2015
Share price on date of grant	$0.02	$0.05
Exercise price	$0.05	$0.05
Risk-free interest rate	0.94%	1.53%
Expected life of options	5 years	5 years
Annualized volatility	190.58%	187.95%
Dividends	0.00%	0.00%
Forfeiture rate	0.00%	0.00%

Annualized volatility is estimated using the historical stock price of the Company.

e) Unit warrants:

During the year ended March 31, 2016, the Company granted 2,120,000 (2015 - Nil) unit warrants in connection with private placement financings. Based on the residual method, no value was allocated to the unit warrants issued. A continuity of the unit warrants granted is as follows:

Expiry Date	Exercise Price	March 31, 2015	Granted	Expired / Cancelled	March 31, 2016
August 14, 2017	$0.10	-	1,620,000	-	1,620,000
March 1, 2017	$0.10	-	500,000	-	500,000
Total		-	2,120,000	-	2,120,000
Weighted average exercise price		$ -	$ 0.10	$ -	$ 0.10
Weighted average remaining contractual life					1.27 years

The Company did not have any unit warrant transactions during the year ended March 31, 2015.

f) Agent warrants:

During the year ended March 31, 2016, the Company granted 50,000 (2015 - Nil) agent warrants in connection with finders' fees paid. Based on the Black-Scholes valuation model, no value was allocated to the agent warrants issued. A continuity of the agent warrants granted is as follows:

(Expressed in Canadian dollars)

8. CAPITAL STOCK AND RESERVES (cont'd...)

f) Agent warrants (cont'd…):

Expiry Date	Exercise Price	March 31, 2015	Granted	Expired / Cancelled	March 31, 2016
March 1, 2017	$0.10	-	50,000	-	50,000
Weighted average exercise price		$ -	$ 0.10	$ -	$ 0.10
Weighted average remaining contractual life					0.92 years

The Company did not have any agent warrant transactions during the year ended March 31, 2015.

g) Reserves:

Reserves comprise of share-based payment reserves.

9. RELATED PARTY TRANSACTIONS

Related party transactions are as follows:

Paid or accrued to:	Nature of transaction	For the year ended March 31, 2016	For the year ended March 31, 2015
Key management personnel:			
Directors	Management fees	$ 16,000	$ 24,000
CEO	Management fees	77,500	42,500
		$ 93,500	$ 66,500
Related party:			
A firm of which the CFO is a partner	Professional fees	$ 20,150	$ 33,100

During the year ended March 31, 2016, the Company incurred $20,893 (2015 - $Nil) in share-based payments with key management personnel.

The amounts due to related parties included in accounts payable and accrued liabilities are as follows:

	As at March 31 2016	As at March 31, 2015
Due to a firm of which the CFO of the Company is a partner	$ 126,284	$ 105,077
Due to directors of the Company	119,150	38,150
	$ 245,434	$ 143,227

(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS (cont'd...)

As at March 31, 2016, the Company has no (2015 - $37,000) non-interest bearing demand loan with no fixed term of repayment from the CEO of the Company.

On August 20, 2014, the Company received 100,000 common shares of Alchemist Mining Inc. ("Alchemist"), a corporation of which the CEO is a family member of the Company's CEO, at a fair value of $5,500 related to the Tchentlo Lake property (see Notes 4 and 5).

Transactions with related parties were in the normal course of business and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

10. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOW

During the year ended March 31, 2016, significant non-cash investing and financing transactions included:

a) Issued 500,000 common shares with a fair value of $10,000 for acquisition of the Winston Property;
b) Issued 100,000 common shares with a fair value of $3,000 for amendment of the Winston Property option agreement;
c) Included in accounts payable and accrued liabilities is $24,272 related to exploration and evaluation assets;
d) Reclassified a short-term loan payable in the amount of $37,000 applied towards the purchase of private placement units to capital stock;
e) Reclassified $125,000 in shares to be issued upon closing of a private placement financing to capital stock; and
f) Reclassified fair value of $187,426 from reserves to deficit as 1,550,000 stock options were cancelled.

During the year ended March 31, 2015, significant non-cash investing and financing transactions included:

a) Reclassified $58,800 from reserves to capital stock as 1,950,000 founder shares were released from escrow;
b) Received 100,000 common shares of Alchemist Mining Inc. with a fair value of $5,500;
c) Included in accounts payable and accrued liabilities is $21,772 related to exploration and evaluation assets; and
d) Issued 800,000 common shares with a fair value of $26,000 for acquisition of the Winston Property.

11. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition and exploration of exploration and evaluation assets. Geographic information is as follows:

	March 31, 2016	March 31, 2015
Exploration and evaluation assets		
Canada	$ 90,391	$ 99,391
United States	199,000	161,000
	$ 289,391	$ 260,391

12. FINANCIAL RISK MANAGEMENT

Capital management

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. capital stock, reserves and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. The Company's overall strategy remains unchanged from fiscal year 2015.

Fair value

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's long-term investment constitutes a Level 1 fair value measurement.

The carrying value of cash, accounts payable and accrued liabilities, and short-term loans payable approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

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

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major Canadian financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2016, the Company had a cash balance of $14,431 (2015 – $11,129) to settle current liabilities of $376,475 (2015 - $271,217). All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company plans to raise money from the equity market to settle its liabilities.

(Expressed in Canadian dollars)

12. FINANCIAL RISK MANAGEMENT (cont'd…)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's cash does not have significant exposure to interest rate risk.

(b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in a foreign currency. As at March 31, 2016 and 2015, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

(c) Price risk

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

13. INCOME TAXES

The actual income tax provisions differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

		2016		2015
Loss before taxes for the year	$	(182,531)	$	(149,849)
Canadian federal and provincial income tax rates		26.00%		26.00%
Expected income tax recovery based on the above rates	$	(47,458)	$	(38,961)
Non-deductible items		5,692		2,128
Tax benefit not realized		41,766		36,833
Deferred income tax recovery	$	-	$	-

(Expressed in Canadian dollars)

13. INCOME TAXES (cont'd…)

The significant components of the Company's deferred income tax assets and liabilities, using a Canadian basic statutory rate of 26% are as follows:

	March 31, 2016	March 31, 2015
Non-capital losses	$ 389,000	$ 339,000
Cumulative exploration and development expenses	13,000	13,000
Share issuance costs	1,000	9,000
	403,000	361,000
Unrecognized deferred tax assets	(403,000)	(361,000)
Net deferred tax assets	$ -	$ -

At March 31, 2016, the Company has accumulated non-capital losses of approximately $1,498,000 (2015 - $1,305,000) which may be available to offset future income for income tax purposes which expire over the next twenty years. These losses, if not utilized, will expire through to 2036. In addition, there are resource-related expenditures of approximately $340,000 (2015 - $310,000) which may be used to offset future taxable income indefinitely, subject to annual rates prescribed by the Canadian Income Tax Act. Deferred tax benefits, which may arise as a result of these losses, have not been recognized in these financial statements as it is not probable that the Company will generate future taxable income against which to utilize the temporary differences.

14. SUBSEQUENT EVENTS

- On April 28, 2016, the Company closed the second and final tranche of the private placement. In connection with the second and final tranche, the Company issued an aggregate of 1,000,000 units at a price of $0.03 per unit. Each unit consists of one common share and one half of one common share purchase warrant. Each whole warrant will be exercisable into one common share of the Company at a price of $0.10 per share for a period of one year from the date of closing.

- On April 28, 2016, the Company entered into an agreement (the "Agreement") to option the Zoro I claim from Top Notch Marketing Ltd., R. Ross Blusson and Double-U-Em Investments Ltd. (the "Optionors"), located in Manitoba. Under the terms of the Agreement, the Company can acquire a 100% interest in and to the Zoro I Claim upon meeting the following requirements:
  1. Upon execution of the Agreement, the Company must pay each of the Optionors $16,667 in cash (paid) and issue to each of the Optionors 333,333 common shares (issued);
  2. On the first anniversary of the date of the Agreement, the Company must provide the Optionors with aggregate consideration of $300,000 which, at the election of the Optionors, can be satisfied by either (i) paying each Optionor $50,000 in cash and issuing each of the Optionors that number of common shares worth $50,000 at the time of issuance, based on the average of the Company's common shares' closing prices for the ten consecutive trading days immediately before the date of issuance (the "Average Price"); or (ii) issuing each of the Optionors that number of common shares worth $100,000 at the time of the issuance, based on the Average Price; and

14. SUBSEQUENT EVENTS (cont'd…)

3. On the second anniversary of the date of the Agreement, providing the Optionors with aggregate consideration of $600,000 which, at the election of the Optionors, can be satisfied by either (i) paying each of the Optionors $100,000 in cash and issuing each of the Optionors that number of shares worth $100,000 based on the Average Price; or (ii) issuing each of the Optionors that number of common shares worth $200,000 at the time of issuance, based on the Average Price.

1,000,000 finders' shares were issued to a finder for introducing the Company to the Optionors.

- On May 5, 2016, 250,000 stock options were exercised.

- On May 18, 2016, the Company closed an oversubscribed private placement financing announced on April 28, 2016. The Company issued a total of 18,000,000 units at a price of $0.05 per unit, for proceeds of $900,000. Each unit consists of one common share in the equity of the Company and one half of one common share purchase warrant. Each whole warrant will entitle the holder to acquire one additional common share at an exercise price of $0.10 for a period of 24 months from closing of the financing, provided that, in the event the closing price of the Company's outstanding common shares on the Canadian Securities Exchange is greater than $0.15 per share for a period of 20 consecutive trading days at any time following the closing of the financing, the Company may, at its option, accelerate the expiry date of the warrants by giving written notice to the holders of the warrants.
    - Finders fees are payable on the financing, consisting of $47,110 cash and 1,346,000 broker warrants. Each broker warrant is exercisable into one common share in the equity of the Company at an exercise price of $0.10 for a period of two years, expiring May 18, 2018.

- On May 18, 2016, the Company granted 250,000 stock options. Each stock option is exercisable at $0.13 per common share and expires on May 18, 2021.

- On June 28, 2016, the Company granted 500,000 stock options. Each stock option is exercisable at $0.10 per common share and expires on June 28, 2021.

- On June 30, 2016, 250,000 stock options were exercised.

- On July 5, 2016, the Company announced that it entered into a letter of understanding (the "LOU") with Strider Resources Limited ("Strider") to acquire a 100% interest in and to all lithium-bearing pegmatite dykes on three contiguous claims in Manitoba (the "Property"). Under the terms of the LOU, the Company will earn a 100% interest in the pegmatite minerals on the Property by making staged cash payments and issuing common shares of the Company, subject to a 2% NSR of which 1% can be purchased by the Company for $1,000,000, as follows:
    - Upon signing the definitive agreement the Company will pay to Strider $50,000 in cash and issue 50,000 common shares of the Company;
    - On or before first anniversary date of the definitive agreement, the Company will pay to Strider $50,000 cash and $50,000 in common shares of the Company based on the average trading price of the Company's common shares for the last 30 trading days before the date of issuance (the "Average Price");
    - On or before second anniversary date of the definitive agreement, the Company will pay to Strider $75,000 cash and $75,000 in common shares of the Company based on the Average Price; and
    - On or before third anniversary date of the definitive agreement, the Company will pay to Strider $75,000 cash and $75,000 in common shares of the Company based on the Average Price.