

SIGNAL EXPLORATION INC.

Interim Financial Statements

June 30, 2016

(Unaudited)

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 interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor. (The accompanying notes are an integral part of these financial statements).

SIGNAL EXPLORATION INC.
Interim Statements of Financial Position
(Unaudited)

	June 30, 2016 \$	December 31, 2015 \$
Assets		
Current Assets		
Cash	133,074	3,117
Amount receivable	2,441	3,220
Total Current Assets	135,515	6,337
Non-Current Assets		
Exploration and evaluation assets	337,667	337,516
Total Non-Current Assets	337,667	337,516
Total Assets	473,182	343,853
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	38,514	--
Due to related parties	53,425	45,880
Total Current Liabilities	91,939	45,880
Total Liabilities	91,939	45,880
Shareholders' Equity		
Share capital	925,026	775,026
Share-based payment reserve	112,407	112,407
Warrant reserve	35,243	35,424
Deficit	(691,614)	(624,884)
Total Shareholders' Equity	381,243	297,973
Total Liabilities and Shareholders' Equity	473,182	343,853

Nature and operations and continuance of business (Note 1)

See notes to unaudited interim financial statements

/s/ "Barry Hartley"
Barry Hartley, Director

/s/Brent Hahn
Brent Hahn, Director

SIGNAL EXPLORATION INC.
Interim Statements of Comprehensive Loss
(Unaudited)

	Quarter ended June 30, 2016 \$	Quarter ended June 30, 2015 \$	Six months ended June 30, 2016 \$	Six months ended June 30, 2015 \$
Expenses				
General and administrative	60,525	20,087	66,730	38,619
Total expenses	<u>60,525</u>	<u>20,087</u>	<u>66,730</u>	<u>38,619</u>
Net and comprehensive loss	<u>(60,525)</u>	<u>(20,087)</u>	<u>(66,730)</u>	<u>(38,619)</u>
Basic and diluted loss per share	<u>(0.01)</u>	<u>(0.00)</u>	<u>(0.01)</u>	<u>(0.00)</u>
Weighted average shares outstanding	<u>10,424,725</u>	<u>10,350,000</u>	<u>10,387,363</u>	<u>10,350,000</u>

See notes to unaudited interim financial statements

SIGNAL EXPLORATION INC.
Interim Statements of Changes in Equity
(Unaudited)

	Share capital		Share Based payment reserve \$	Warrant Reserves \$	Deficit \$	Total Share- Holders' Equity \$
	Number	Amount \$				
Balance, December 31, 2014	10,350,000	775,026	112,407	35,424	(558,818)	364,039
Net loss for the six-month period ended June 30, 2015	--	--	--	--	(38,619)	(38,619)
Balance, June 30, 2015	10,350,000	775,026	112,407	35,424	(597,437)	325,320
Balance, December 31, 2015	10,350,000	775,026	112,407	35,424	(624,884)	297,973
Private placement	3,200,000	160,000	--	--	--	160,000
Finders fees	200,000	(10,000)				(10,000)
Net loss for the six-month period ended June 30, 2016	--	--	--	--	(66,730)	(66,730)
Balance, June 30, 2016	13,750,000	925,026	112,407	35,424	(691,614)	381,243

See notes to unaudited interim financial statements

SIGNAL EXPLORATION INC.
Interim Statements of Cash Flows
(Unaudited)

	June 30, 2016 \$	June 30, 2015 \$
Cash provided by (used in):		
<i>Operating activities</i>		
Net loss for the period	(66,730)	(38,619)
Changes in non-cash working capital items:		
Amounts receivable	779	2,222
Accounts payable and accrued liabilities	38,514	5,000
Due to related parties	7,545	(7,064)
<i>Net cash provided by (used in) operating activities</i>	(28,461)	(38,461)
<i>Investment activities</i>		
Investment in mineral property	(516)	-
<i>Net cash provided by (used in) investment activities</i>	(516)	--
<i>Financial activities</i>		
Proceeds from private placement, net of finders' fees	150,000	--
<i>Net cash provided by (used in) financial activities</i>	150,000	--
Increase (decrease) in Cash	129,957	(38,461)
Cash, beginning of period	3,117	44,632
Cash, end of period	133,074	6,171

See notes to unaudited interim financial statements

SIGNAL EXPLORATION INC.

Notes to the Unaudited Interim Financial Statements
June 30, 2016

1. Nature and continuance of operations

Signal Exploration Inc. (the "Company") was incorporated in the province of British Columbia on March 9, 2010. The Company is a resource exploration company that is acquiring and exploring mineral properties. The Company's shares are listed on the NEX board of the TSX-Venture Exchange.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at June 30, 2016, the Company has not generated any revenue and has incurred losses since inception. The Company's continuation as a going concern is dependent on its ability to generate future cash flows and/or obtain additional financing. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors and/or private placements of common stock. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant accounting policies

(a) Basis of preparation

These Interim Financial Statements have been prepared in accordance with International Accounting Standard ("IAS 34"), Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company's financial statements as at and for the year ended December 31, 2015. Accounting policies applied in the preparation of these unaudited interim financial statements are the same as those applied in the preparation of Company's annual financial statements for the year ended December 31, 2015. The unaudited interim financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities, which are stated at fair value. New or amended accounting standards that have been issued by the IASB but are not yet effective, and have not been applied by the Company, are as outlined in Note 2 of the 2015 annual financial statements. These unaudited interim financial statements were authorized for issue by the Board of Directors on August 25, 2016.

(b) Use of estimates and judgments

The preparation of the Company's financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant areas requiring the use of estimates include the recoverability of exploration and evaluation assets, fair value of stock-based compensation, and deferred income tax asset valuation allowances.

SIGNAL EXPLORATION INC.

Notes to the Unaudited Interim Financial Statements
June 30, 2016

3. Exploration and evaluation asset

Scotch Creek Property

	December 31, 2015 \$	Expenditures \$	June 30, 2016 \$
Acquisition costs	12,000	--	12,000
Exploration costs	325,516	151	325,667
Total Costs	337,516	151	337,667

The Company has a 100% interest in the Scotch Creek Property located in British Columbia.

4. Related party transactions

During the six months ended June 30, 2016 the Company incurred management fees of \$Nil (2015: \$12,000) to companies controlled by directors of the Company. At June 30, 2016 \$53,425 (December 31, 2015 \$45,880) was due to companies controlled by directors of the Company.

5. Share capital

Common shares

Authorized: Unlimited common shares without par value.

Issued: 13,750,000 shares. On June 28, 2016, the Company issued 3,400,000 units at \$0.05 per unit. Each unit consisted on one share and one share purchase warrant entitling the holder to acquire one additional share for \$0.07 until June 27, 2017 (the "Warrants"). Pursuant to this private placement, the Company paid finders' fees consisting of a \$10,000 cash payment and the payment of 200,000 shares and 200,000 Warrants.

Stock options

Pursuant to the Company's stock option plan dated June 30, 2011, the Company may grant stock options to directors, senior officers, employees and consultants. The maximum aggregate number of common shares which may be reserved for issuance as optioned shares at any time is 10% of the issued common shares. The exercise price of any stock options granted under the plan shall be determined by the Board, but may not be less than the market price of the common shares on the TSX-V on the date of grant (less any discount permissible under TSX-V rules), subject to a minimum exercise price of \$0.10 per share. The term of any stock options granted under the plan shall be determined by the Board at the time of grant but may not exceed five years. The plan contains no vesting requirements, but permits the Board to specify a vesting schedule at its discretion.

The following table summarizes the continuity of the Company's stock options

	:	Weighted average
	Number of	exercise price
	options	\$
Outstanding, June 30, 2016 and December 31, 2015	900,000	0.15

SIGNAL EXPLORATION INC.

Notes to the Unaudited Interim Financial Statements
June 30, 2016

5. Share capital (continued)

Warrants: The Company has 3,400,000 share purchase warrants entitling the holder to acquire one additional share for \$0.07 until June 27, 2017.

6. Subsequent events

On July 8, 2016, the Company entered into a Letter of Intent (the "LOI") to acquire a 100% undivided interest in the 2,100-acre East Fault Property, located in Esmeralda County, Nevada (the "Property") from Ty & Sons Exploration (Nevada) Inc. Under the terms of the LOI, the Company will pay US\$175,000 and 3,300,000 shares of the Company's stock as follows: The Company has paid US\$50,000 (CAD\$66,010); within 5 days of receipt of TSX Venture Exchange approval of the acquisition, the Company must pay an additional US\$75,000 plus 1,300,000 shares; after 12 months of approval the Company must pay an additional US\$50,000 plus 1,000,000 shares; and after 24 months of approval the Company must pay an additional 1,000,000 shares.

On July 12, 2016, the Company issued 900,000 shares of common stock, pursuant to the receipt of \$90,000 received through the exercise of stock options.

On July 26, 2016, the Company has commenced a \$50,500 geological study of the Company's Scotch Creek property in British Columbia.