Rheingold Exploration Corp.
(An Exploration Stage Company)

Financial Statements
(Expressed in Canadian Dollars)
31 January 2016

JAMES STAFFORD

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Rheingold Exploration Corp.

We have audited the accompanying financial statements of Rheingold Exploration Corp. which comprise the statements of financial position as at 31 January 2016 and 2015 and the statements of loss and comprehensive loss, statements of cash flows and statements of changes in shareholders' equity (deficiency) 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 audit 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 Rheingold Exploration Corp. as at 31 January 2016 and 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 qualifying our opinion, we draw attention to Note 1.1 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Rheingold Exploration Corp. to continue as a going concern.

Chartered Accountants

Vancouver, Canada
31 May 2016

Rheingold Exploration Corp.
(An Exploration Stage Company)
Statements of Financial Position
(Expressed in Canadian Dollars)

	As at 31 January 2016 $	As at 31 January 2015 $
Assets		
Current		
Cash and cash equivalents	2,725	31,268
Amounts receivable (Notes 5 and 11)	5,531	54,384
Prepaid expenses (Note 6)	1,107	2,604
	9,363	88,256
Exploration and evaluation properties (Note 7)	-	-
Property, plant and equipment (Note 8)	486	1,081
	9,849	89,337
Liabilities		
Current		
Trade payables and accrued liabilities (Note 9)	38,856	67,705
Shareholders' Equity (Deficiency)		
Share capital (Note 10)	827,157	772,103
Reserves (Note 10)	153,617	106,171
Contributed surplus (Note 10)	3,160	3,160
Deficit	(1,012,941)	(859,802)
	(29,007)	21,632
	9,849	89,337

Nature and Continuance of Operations (Note 1), **Going Concern** (Note 1.1), **Commitment** (Note 15) and **Subsequent Events** (Note 16)

Approved and Authorized by the Board on 31 May 2016:

"Paul Pedersen" Director *"Richard Robins"* Director

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

Rheingold Exploration Corp.
(An Exploration Stage Company)
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	For the year ended 31 January 2016 $	For the year ended 31 January 2015 $
Expenses		
Amortization (Note 8)	595	410
Bank charges and interest	323	90
Consulting fees	9,900	-
Exploration costs	-	164
Filing fees	27,117	16,084
Investor relations	3,996	389
Management fees and salaries and benefits (Note 11)	37,654	67,890
Meals and entertainment	2,050	614
Office and miscellaneous	19,181	17,199
Professional fees	42,759	40,481
Share-based payments (Notes 7 and 10)	-	15,881
Travel	7,064	1,105
Net loss before other item	(150,639)	(160,307)
Other item		
Impairment write-down of exploration and evaluation properties (Note 7)	(2,500)	(213,614)
Net loss and comprehensive loss for the year	(153,139)	(373,921)
Loss and comprehensive loss per share, basic and diluted	(0.01)	(0.03)
Weighted average number of common shares outstanding	12,773,520	11,296,260

Rheingold Exploration Corp.
(An Exploration Stage Company)
Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the year ended 31 January 2016 $	For the year ended 31 January 2015 $
Cash flows used in operating activities		
Net loss for the year	(153,139)	(373,921)
Amortization	595	410
Share-based payments	-	15,881
Impairment write-down of exploration and evaluation properties	2,500	213,614
Changes in operating assets and liabilities		
Decrease (increase) in amounts receivable	20,930	(25,383)
Decrease (increase) in prepaid expenses and advances	1,497	(2,604)
Increase (decrease) in trade payables and accrued liabilities	(926)	43,715
	(128,543)	(128,288)
Cash flows used in investing activities		
Property, plant and equipment	-	(1,491)
Exploration and evaluation properties	-	(26,600)
	-	(28,091)
Cash flows from financing activities		
Proceeds from issuance of common shares	100,000	-
	100,000	-
Decrease in cash and cash equivalents	(28,543)	(156,379)
Cash and cash equivalents, beginning of year	31,268	187,647
Cash and cash equivalents, end of year	2,725	31,268

Supplemental Disclosures with Respect to Cash Flows (Note 13)

Rheingold Exploration Corp.
(An Exploration Stage Company)
Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)

	Common Shares	Share Capital $	Stock Option Reserve $	Warrant Reserve $	Contributed Surplus $	Deficit $	Total Equity (Deficiency) $
Balance at 31 January 2014	11,296,260	772,103	73,524	16,766	3,160	(485,881)	379,672
Share-based payments (Note 10)	-	-	15,881	-	-	-	15,881
Net loss for the year	-	-	-	-	-	(373,921)	(373,921)
Balance at 31 January 2015	**11,296,260**	**772,103**	**89,405**	**16,766**	**3,160**	**(859,802)**	**21,632**
Shares issued for							
Cash (Note 10)	2,000,000	52,554	-	47,446	-	-	100,000
Mineral property (Notes 7 and 10)	50,000	2,500	-	-	-	-	2,500
Net loss for the year	-	-	-	-	-	(153,139)	(153,139)
Balance at 31 January 2016	**13,346,260**	**827,157**	**89,405**	**64,212**	**3,160**	**(1,012,941)**	**(29,007)**

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

1. Nature and Continuance of Operations

Rheingold Exploration Corp. (the “Company”) was incorporated under the laws of the province of British Columbia on 29 July 2010.

The Company is a mining exploration company that is exploring for gold and other precious metals in the northwestern Ontario and Nova Scotia.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that the Company will obtain the necessary financing to complete the exploration and development of mineral property interests, or that the current or future exploration and development programs of the Company will result in profitable mining operations. In addition to ongoing working capital requirements, the Company must secure sufficient funding to meet its existing commitments, including conducting minimum exploration and evaluation programs and paying for general and administrative expenses.

The Company’s registered and records office is 128 Dunsmuir Street, Vancouver, BC V6B 1X7.

1.1 Going Concern

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Several conditions cast significant doubt on the validity of this assumption and ultimately the appropriateness of the use of accounting principles related to a going concern. From inception to date, the Company has incurred losses from operations, earned no revenues and has experienced negative cash flows from operating activities. As at 31 January 2016, the Company had cash and cash equivalents of $2,725. Existing funds on hand at 31 January 2016 will not be sufficient to support the Company’s needs for cash to conduct exploration and to continue operations during the coming year. The Company will require additional funding to be able to meet ongoing requirements for general operations and to advance and retain mineral exploration and evaluation property interests. The ability of the Company to continue as a going concern is dependent on raising additional financing, retaining or attracting joint venture partners, developing its properties and/or generating profits from operations or the disposition of properties in the future.

Management has been successful in obtaining sufficient funding for operating, exploration and capital requirements from the inception of the Company to date. There is, however, no assurance that additional future funding will be available to the Company, or that it will be available on terms which are acceptable to the management of the Company.

If the Company is unable to raise additional capital in the immediate future, management expects that the Company will need to further curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures including ceasing operations.

These financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported amounts of expenses and balance sheet classifications that would be necessary if the going concern assumption was not appropriate and such adjustments could be material.

2. Basis of preparation

The financial statements of the Company were approved and authorized for issue by the Audit Committee of the Board of Directors on 31 May 2016.

The Company's financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in Note 4, and are presented in Canadian dollars except where otherwise indicated.

Statement of compliance

The financial statements of the Company, including comparative, have been prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Changes in accounting policies

A number of standards and amendments were issued effective for accounting periods beginning on or after 1 January 2016. Many of these updates are not applicable to the Company. As of 1 February 2016, the Company adopted the following IFRS standards and amendments:

IAS 1 *'Presentation of Financial Statements'* is an amendment to clarify certain aspects focused on the areas of clarification of concept of materiality and aggregation of items in the financial statements, the use and presentation of subtotals in the statement of loss and comprehensive loss, and the providing of additional flexibility in the structure and disclosures of the financial statements to enhance understandability. The amendment is applicable to annual periods beginning on or after 1 January 2016.

IFRS 11 *'Joint Arrangements'* is an amendment to clarify accounting for acquisition of interest in a joint operation. The amendment is applicable to annual periods beginning on or after 1 January 2016.

The adoption of the above standards did not have a significant impact on the Company's financial statements.

Accounting standards issued but not yet effective

At the date of authorization of these financial statements, the IASB and IFRIC have issued the following new and revised standards, amendments and interpretations which are not yet effective during the year ended 31 January 2016:

IFRS 9 *'Financial Instruments'*: The IASB has undertaken a three-phase project to replace IAS 39 *'Financial Instruments: Recognition and Measurement'* with IFRS 9 *'Financial Instruments'*. In November 2009, the IASB issued the first phase of IFRS 9, which details the classification and measurement requirements for financial assets. Requirements for financial liabilities were added to the standard in October 2010. In July 2014, the IASB issued the final elements of IFRS 9. IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Financial assets meeting both a "business model" test and a "cash flow characteristics" test are measured at amortized cost (the use of fair value is optional in some limited circumstances).
- Investments in equity instruments can be designated as "fair value through other comprehensive income" with only dividends being recognized in profit or loss.
- All other instruments (including all derivatives) are measured at fair value with changes recognized in profit or loss.
- The concept of "embedded derivatives" does not apply to financial assets within the scope of the standard and the entire instrument must be classified and measured in accordance with the "business model" test and "cash flow characteristics" test.
- The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2018.

IAS 7 '*Statement of Cash Flows'* is an amendment to clarify and improve information provided to users of financial statements about an entity's financing activities. The amendment is applicable to annual periods beginning on or after 1 January 2017.

IAS 12 '*Income* Taxes' is an amendment to clarify criteria used to assess whether future taxable profits can be utilized against deductible temporary differences. The amendment is applicable to annual periods beginning on or after 1 January 2017.

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

3. Summary of Significant Accounting Policies

Significant accounting judgments, estimates and assumptions

The preparation of the Company's 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 financial statements and reported amounts of income 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 these estimates.

Areas requiring a significant degree of estimation and judgment relate to the fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for decommissioning liabilities, the carrying value of exploration and evaluation properties, the valuation of all liability and equity instruments including stock options, the recoverability and measurement of deferred tax assets and liabilities and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

Determining if there are any facts and circumstances indicating impairment loss is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of mineral exploration properties and deferred exploration assets requires management's judgment regarding the following factors, among others: the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amounts of the exploration assets are unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires management judgment. In testing an individual asset or cash-generating unit for impairment, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during the next period.

The Company allocates values to share capital and to warrants according to their fair value using the proportional method when the two are issued together as a unit. The Company uses the Black-Scholes valuation model to determine the fair value of warrants issued.

These financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions (Note 1.1).

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and short term money market instruments with an original maturity of three months or less, which are readily convertible into a known amount of cash.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is provided at rates calculated to write off the cost of property, plant and equipment, less their estimated residual value, using the declining rate method. The Company's computer equipment is depreciated at a rate of 55%.

Exploration and evaluation properties

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the exploration for and evaluation of mineral resources, before the Company has obtained the legal rights to explore an area, are recognized in profit or loss.

Option payments received are treated as a reduction of the carrying value of the related exploration and evaluation properties and deferred costs until the receipts are in excess of costs incurred, at which time they are credited to income. Option payments are at the discretion of the optionee, and accordingly, are recorded on a cash basis.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use at that time.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Decommissioning, restoration and similar liabilities

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties and retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future cost estimates arising from the decommissioning of plant, site restoration work and other similar retirement activities is added to the carrying amount of the related asset, and depreciated on the same basis as the related asset, along with a corresponding increase in the provision in the period incurred. Discount rates using a pre-tax rate that reflect the current market assessments of 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 asset with a corresponding entry to the provision.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period. The net present value of reclamation costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of reclamation projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation properties.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the reporting period.

Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that (i) net earnings (loss) attributable to common shareholders are adjusted for fair value gains or losses of warrants (if dilutive) and (ii) the weighted average number of common shares outstanding is adjusted for the number of shares that are potentially issuable in connection with stock options and warrants (if dilutive) using the treasury stock method. Under this method, the Company assumes that outstanding dilutive stock options and warrants were exercised and that the proceeds from such exercises (after adjustment of any unvested portion of stock options) were used to acquire common stock at the average market price during the reporting periods.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock option reserve or share capital. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

Taxation

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the reporting date.

Financial Assets

Financial assets are classified as financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognized initially at fair value. The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at FVTPL

Financial assets are classified as held for trading and are included in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives, other than those designated as effective hedging instruments, are also categorized as held for trading. These assets are carried at fair value with gains or losses recognized in profit or loss. Transaction costs associated with financial assets at FVTPL are expensed as incurred. Cash and cash equivalents are included in this category of financial assets.

Held-to-maturity and loans and receivables

Held-to-maturity and loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit or loss when the financial asset classified in this category are derecognized or impaired, as well as through the amortization process. Transaction costs are included in the initial carrying amount of the asset.

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are not classified as loans and receivables. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognized within other comprehensive income. Accumulated changes in fair value are recorded as a separate component of equity until the investment is derecognized or impaired. Transaction costs are included in the initial carrying amount of the asset.

The fair value is determined by reference to bid prices at the close of business on the reporting date. Where there is no active market, fair value is determined using valuation techniques. Where fair value cannot be reliably measured, assets are carried at cost.

Derivatives designated as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

Financial Liabilities

Financial liabilities are classified as financial liabilities at FVTPL, derivatives designated as hedging instruments in an effective hedge, or as financial liabilities measured at amortized cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification, as follows:

Financial liabilities at FVTPL

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated by management on initial recognition. Transaction costs on financial liabilities at FVTPL are expensed as incurred. These liabilities are carried at fair value with gains or losses recognized in profit or loss.

Financial liabilities measured at amortized cost

All other financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs. Trade payables are included in this category of financial liabilities.

Derivatives designated as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

Impairment of financial assets

Financial assets, other than financial assets at FVTPL, are assessed for indicators of impairment at each period end.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost have been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

Available-for-sale

If an available-for-sale financial asset is impaired, the cumulative loss previously recognized in equity is transferred to profit or loss. Any subsequent recovery in the fair value of the asset is recognized within other comprehensive income.

Derecognition of financial assets and liabilities

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Impairment of non-financial assets

The carrying amount of the Company's assets is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

4. Financial Instruments and Risk Management

Categories of financial instruments

	As at 31 January 2016	As at 31 January 2015
FINANCIAL ASSETS	**$**	$
FVTPL, at fair value		
Cash and cash equivalents	2,725	31,268
Total financial assets	2,725	31,268
FINANCIAL LIABILITIES		
Other liabilities, at amortized cost		
Trade payables	8,295	2,828
Total financial liabilities	8,295	2,828

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short term maturity of these instruments.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

	Fair value hierarchy	**FVTPL, at fair value**	**Other liabilities, at amortized cost**
As at 31 January 2016			
Cash and cash equivalents	Level 1	2,725	-
Trade payables	N/A	-	8,295
As at 31 January 2015			
Cash and cash equivalents	Level 1	31,268	-
Trade payables	N/A	-	2,828

There were no transfers between Level 1, 2 and 3 during the year ended 31 January 2016.

Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and amounts receivable. The Company manages its credit risk relating to cash and cash equivalents by dealing only with high-rated financial institutions as determined by rating agencies. As at 31 January 2016, amounts receivable of $5,531 (2015 - $54,384) are comprised of Goods and Services Tax/Harmonized Sales Tax ("GST/HST") receivable of $5,531 (2015 - $28,981) and advances to related parties of $Nil (2015 - $25,403) (Note 5). As a result, credit risk is considered insignificant. The Company does not consider any of its financial assets to be impaired.

Liquidity risk

The Company manages liquidity risk by maintaining an adequate level of cash and cash equivalents to meet its ongoing obligations. The Company has been successful in raising equity financing in the past; however, there is no assurance that it will be able to do so in the future (Note 1.1). As at 31 January 2016, the Company had working capital deficiency of $29,493 (2015 - $20,551).

Other risks

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant currency risk, interest rate risk and commodity price risk arising from financial instruments.

5. Amounts Receivable

The Company's amounts receivable are as follows:

	As at 31 January 2016 $	As at 31 January 2015 $
GST/HST Receivable	5,531	28,981
Advances to related parties (Note 11)	-	25,403
	5,531	54,384

The amounts are non-interest bearing, unsecured and have settlement dates within one year.

6. Prepaid Expenses

The Company's prepaid expenses relate to prepaid administrative expenses.

7. Exploration and Evaluation Properties

The Company's exploration and evaluation properties expenditures for the year ended 31 January 2016 were as follows:

	Pattullo Property	Millen Mountain Property	Total
	$	$	$
ACQUISITION COSTS			
Balance, 31 January 2015	-	-	-
Additions	2,500	-	-
Impairment write-down	(2,500)	-	-
Balance, 31 January 2016	**-**	**-**	**-**
EXPLORATION AND EVALUATION COSTS			
Balance, 31 January 2015	-	-	-
Impairment write-down	-	-	-
Balance, 31 January 2016	**-**	**-**	**-**
Total	**-**	**-**	**-**

The Company's exploration and evaluation properties expenditures for the year ended 31 January 2015 were as follows:

	Pattullo Property	Millen Mountain Property	Total
	$	$	$
ACQUISITION COSTS			
Balance, 31 January 2014	65,000	-	65,000
Additions	25,000	1,600	26,600
Impairment write-down	(90,000)	(1,600)	(91,600)
Balance, 31 January 2015	-	-	-
EXPLORATION AND EVALUATION COSTS			
Balance, 31 January 2014	122,014	-	122,014
Impairment write-down	(122,014)	-	(122,014)
Balance, 31 January 2015	-	-	-
Total	-	-	-

Pattullo Property

On 17 June 2011, the Company entered into an option agreement to acquire a one hundred percent (100%) undivided interest in 4 unpatented mining claims located in the Pattullo and Tait townships of the Province of Ontario, Canada (the "Pattullo Property"). The Company acquired its option in the Pattullo Property through an Option Agreement with Perry Vern English, acting on behalf of Rubicon Minerals Corporation, ("Rubicon"), dated 13 June 2011 with an effective date of 17 June 2011 (the "Pattullo Agreement"). In connection with the Pattullo Agreement, the Company issued 50,000 common shares valued at $2,500 ($0.05 per common share) to an unrelated third party as a finder's fee during the year ended 31 January 2012. The Company signed an amended agreement dated 15 June 2015 to agree to this arrangement. Pursuant to the Pattullo Agreement, the Company agreed to, (a) make cash payments to Perry Vern English over a four year period for his subsequent delivery to Rubicon in the aggregate amount of $105,000; and (b) over a two year period, issue Rubicon 150,000 common shares of the Company, as follows:

a) Pay $15,000 in cash upon signing the Pattullo Agreement (paid);
b) Issue 50,000 common shares of the Company by 23 June 2011 (issued and valued at $2,500);
c) Pay $15,000 in cash on 17 June 2012 (paid);
d) Issue 50,000 common shares of the Company on 23 June 2012 (issued and valued at $4,000);
e) Pay $20,000 in cash on 12 June 2013 (paid);
f) Issue 50,000 common shares of the Company on 12 July 2013 (issued and valued at $6,000);
g) Pay $25,000 in cash on 13 June 2014 (paid); and
h) Pay $30,000 in cash on 17 June 2016 (Note 15).

The Company has granted a 2% net smelter royalty to Rubicon, 1% of which can be purchased back by the Company for $1,000,000.

On 15 June 2015, the Company and Rubicon entered into an amended Option Agreement (the "Amended Agreement") whereby the Company issued 50,000 common shares valued at $2,500 ($0.05 per common share) to Rubicon in exchange for an extension on the final payment of $30,000.00 from 17 June 2015 to 17 June 2016 (Notes 10 and 13).

Expenditures related to Pattullo Property can be summarized as follows:

	For the year ended 31 January 2016 $	For the year ended 31 January 2015 $	Cumulative amounts from the date of incorporation on 29 July 2010 to 31 January 2016 $
Exploration and evaluation expenditures			
Consulting fees	-	-	15,662
Geological	-	-	27,252
Geophysical	-	-	79,100
	-	-	122,014
Acquisition costs	2,500	25,000	92,500
	2,500	25,000	214,514

During the year ended 31 January 2016, due to prevailing junior resource market conditions, the uncertainty associated with the Company's ability to exploit any future economic benefits from the Pattulo property and the Company not having sufficient funds to spend on its exploration program, the Company recorded an impairment write-down of $2,500 (2015 - $212,014) with respect to the mineral exploration property costs associated with the Pattulo Property.

Millen Mountain Property

The Company currently holds a 100% interest in exploration rights to approximately 3,222 hectares of land located approximately 20 km east of Stewiacke, Nova Scotia (the "Millen Mountain Property"). The Company staked these claims through the Nova Scotia Department of Natural Resources during June of 2011 at a cost of $1,342. In connection with the staking of the Millen Mountain Property, the Company issued 100,000 common shares valued at $5,000 ($0.05 per common share) to a director of the Company as a finder's fee.

Expenditures related to Millen Mountain Property can be summarized as follows:

	For the year ended 31 January 2016 $	For the year ended 31 January 2015 $	Cumulative amounts from the date of incorporation on 29 July 2010 to 31 January 2016 $
Exploration expenditures			
Consulting fees	-	-	15,123
Acquisition costs	-	1,600	9,769
	-	1,600	24,892

During the previous year ended 31 January 2015, due to prevailing junior resource market conditions, the uncertainty associated with the Company's ability to exploit any future economic benefits from the Millen Mountain Property, and the Company not having sufficient funds to spend on its exploration program, the Company recorded an impairment write-down of $1,600 with respect to the mineral exploration property costs associated with the Millen Mountain Property.

8. Property, Plant and Equipment

A summary of changes in the Company's property, plant and equipment for the years ended 31 January 2016 and 2015 are as follows:

	Computer equipment
COST	$
As at 31 January 2015	1,491
Additions	-
As at 31 January 2016	**1,491**
DEPRECIATION	
As at 31 January 2015	410
Depreciation	595
As at 31 January 2016	**1,005**
NET BOOK VALUE	
As at 31 January 2016	**486**

	Computer equipment
COST	$
As at 31 January 2014	-
Additions	1,491
As at 31 January 2015	**1,491**
DEPRECIATION	
As at 31 January 2014	-
Depreciation	410
As at 31 January 2015	**410**
NET BOOK VALUE	
As at 31 January 2015	**1,081**

9. Trade Payables and Accrued Liabilities

Trade payables and accrued liabilities are non-interest bearing, unsecured and have settlement dates within one year.

The Company's trade payables and accrued liabilities are as follows:

	As at 31 January 2016	**As at 31 January 2015**
	$	**$**
Trade payables	17,507	46,164
Accrued liabilities	8,000	21,541
Due to related parties (Note 11)	13,349	-
	38,856	67,705

10. Share Capital

Authorized

The total authorized capital are an unlimited number of common shares with no par value.

Issued and Outstanding

As of 31 January 2016, the total issued and outstanding share capital consists of 13,346,260 (2015 - 11,296,260) common shares with no par value.

As of 31 January 2016, Nil (2015 – 1,451,013) shares were held in escrow. The shares held in escrow from the prior year were released during the year.

On 11 May 2015, the Company issued 2,000,000 units at a price of $0.05 per unit, consisting of one common share and one share purchase warrant for gross proceeds of $100,000. Each share purchase warrant entitles the holder to purchase one additional common share of the Company at $0.10 per share for a period of 2 years from the date of closing on 11 May 2015. The securities issued under the financing were subject to a four month hold period which expired on 12 September 2015.

Shares for Mineral Property

On 15 June 2015, the Company entered into an amended Option Agreement (the "Amended Agreement") with Rubicon, whereby the Company issued 50,000 common shares of the Company to Rubicon in extension for an extension on the due date of the final option payment as per the original option agreement dated 13 June 2011. These shares were issued for $0.05 per share and recorded at fair value of $2,500 on 15 June 2015.

Stock options

The Company has adopted a stock option plan (the "Plan") which provides eligible directors, officers, employees and consultants of the Company with the opportunity to acquire an ownership interest in the Company and is the basis for the Company's long term incentive scheme. The Plan is administered by the Board, or if appointed, by a special committee of directors appointed from time to time by the Board. The maximum number of common shares issuable under the Plan shall not exceed 10% of the number of common shares of the Company issued and outstanding as of each award date, inclusive of all common shares reserved for issuance pursuant to previously granted stock options. The exercise price of options granted under the Plan will not be less than the closing market price of the Company's common shares on the exchange. The options have a maximum term of ten years from date of issue.

The following is a summary of the changes in the Company's stock option plan for the years ended 31 January 2016 and 2015:

	Year ended 31 January 2016		Year ended 31 January 2015	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Outstanding, beginning of year	1,121,200	0.14	781,200	0.15
Granted	-	-	340,000	0.10
Outstanding, end of year	1,121,200	0.14	1,121,200	0.14
Exercisable, end of year	1,121,200	0.14	1,121,200	0.14

The weighted average fair value of the options granted during the year ended 31 January 2015 was estimated at $0.047 per option which was determined using the Black-Scholes Option Pricing Model and the following weighted average assumptions: no expected dividends to be paid; volatility of 176.42% based on historical volatility; risk-free interest rate of 1.40 %; and expected life of 5 years.

The following table summarizes information regarding stock options outstanding and exercisable as at 31 January 2016:

Exercise price	Expiry date	Number of options outstanding and exercisable	Weighted-average remaining contractual life (years)	Weighted average exercise price $
$0.15	18 January 2017	781,200	0.97	0.15
$0.10	20 October 2019	340,000	3.72	0.10
Total		**1,121,200**	**1.80**	**0.14**

Share Purchase Warrants

The following is a summary of the changes in the Company's share purchase warrants for the years ended 31 January 2016 and 2015:

	Year ended 31 January 2016		Year ended 31 January 2015	
	Number of share purchase warrants	Weighted average exercise price $	Number of share purchase warrants	Weighted average exercise price $
Outstanding, beginning of year	-	-	268,000	0.15
Expired	-	-	(268,000)	0.15
Issued	2,000,000	0.10	-	-
Outstanding, end of year	2,000,000	0.10	-	-

On 11 May 2015, the Company issued 2,000,000 units at a price of $0.05 per unit for proceeds of $100,000 that comprised of one common share of the Company and one common share purchase warrant exercisable for two years for an additional share at a price of $0.10. The warrants were valuated using the Black Scholes Pricing Model. The fair value of the shares was allocated proportionately to the fair value of the warrants using the proportional method. The securities issued under the financing were subject to a four month holding period which expired on 12 September 2015.

Share-based Payments

Share-based payments for the following options granted by the Company will be amortized over the vesting period, of which $2,500 was recognized in the year ended 31 January 2016 (2015 - $15,881):

Grant date	Fair value $	For the year ended 31 January 2016 $	For the year ended 31 January 2015 $
20 October 2014	15,881	-	15,881
15 June 2015	2,500	2,500	-

In connection with the Pattullo Agreement, the Company issued 50,000 common shares valued at $2,500 ($0.05 per common share) to an unrelated third party in exchange for an extension on the final option payment. This amount was recorded as an addition to exploration and evaluation properties (Notes 7 and 13).

Income (loss) per share

The basic income (loss) per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted income (loss) per share reflects the potential dilution of common share equivalents, such as outstanding stock options, in the weighted average number of common shares outstanding during the period, if dilutive. All of the stock options were anti-dilutive for the year ended 31 January 2016 and 2015.

11. Related Party Transactions

Key management personnel compensation

The remuneration of directors and other members of key management are as follows:

	For the year ended 31 January 2016 $	For the year ended 31 January 2015 $
Short-term benefits - Management fees and salaries and benefits	37,654	67,890
Share-based payments (Note 10)	-	15,881
	37,654	83,771

Due from/to related parties

The assets of the Company include the following amounts due from (to) related parties (Note 5):

	As at 31 January 2016 $	As at 31 January 2015 $
An officer of the Company	(13,349)	29,457
A director of the Company	-	(4,054)
Total amount due (to) from related parties	(13,349)	25,403

The balance due from an officer of the Company as at 31 January 2015 relates to the employee portion of statutory withholding amounts associated with changing the method of remuneration of such officer from a contractor status to an employee status. This amount was repaid to the Company by the officer subsequent to the year ended 31 January 2015.

12. Income Taxes

Provision for income taxes

The provision (recovery) for income taxes differs from the amount that would have resulted by applying the combined Canadian federal and provincial statutory tax rates of 26.00% (2015 – 26.00%).

	For the year ended 31 January 2016 $	For the year ended 31 January 2015 $
Loss before income taxes	153,139	373,921
Expected income tax recovery	39,816	97,219
Permanent differences	(761)	(5,614)
Change in enacted tax rates	-	928
Change in tax provision	(34)	-
Change in valuation allowance	(39,021)	(92,533)
Income tax recovery	-	-

Deferred tax balances

The tax effects of temporary differences that give rise to deferred income tax assets and liabilities are as follows:

	As at 31 January 2016 $	As at 31 January 2015 $
Non-capital loss carryforward	205,403	159,566
Exploration and evaluation properties	62,246	61,596
Property, plant and equipment	155	-
Share issue costs	7,620	15,241
	275,424	236,403
Less: valuation allowance	(275,424)	(236,403)
Deferred tax assets (liabilities)	-	-

The Company's recognized and unrecognized deferred tax assets related to unused tax losses have the following expiry dates:

	31 January 2016 $
Non-capital losses	
2031	149
2032	59,846
2033	214,395
2034	171,305
2035	167,890
2036	176,426
Total non-capital losses	**790,011**
Total resource-related deduction, no expiry	**239,406**

13. Supplemental Disclosures with Respect to Cash Flows

	For the year ended 31 January 2016 $	For the year ended 31 January 2015 $
Cash paid during the year for interest	-	-
Shares issued for mineral property	2,500	-
Cash paid during the year for income taxes	-	-

On 15 June 2015, the Company issued 50,000 common shares of the Company at $0.05 per common share for a total value of $2,500 related to the Pattullo Property (Notes 7 and 10).

14. Capital Risk Management

The Company manages its capital structure and makes adjustments to it to effectively support the acquisition, exploration and development of mineral properties. In the definition of capital, the Company includes, as disclosed on its statement of financial position: share capital, deficit, equity reserves and cash and cash equivalents. As at 31 January 2016, the Company's shareholders' equity (deficiency) was $(29,007) (2015 - $21,632) and it had no long-term debt.

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended 31 January 2016. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products.

15. Commitment

The Company has certain obligations related to its exploration and evaluation properties (Note 7).

16. Contingencies

As at 31 January 2016, the Company had the following contingent liabilities:

a) During the year ended 31 January 2016, the Company did not obtain a director's and officer's insurance policy. The Company currently self-insures and has established no reserves for insurance-related contingencies. Rather, the Company assesses each contingency, if any, as it arises to determine estimates of the degree of probability and range of possible settlement. Those contingencies which are deemed to be probable and where the amount of such settlement is reasonably estimable, are then accrued in the Company's financial statements. If only a range of loss can be determined, the best estimate within that range is accrued.

   The assessment of contingencies is a highly subjective process that requires judgments regarding future events. Insurance contingencies are reviewed at least annually to determine the adequacy of the accruals and whether related financial statement disclosure is required. The ultimate settlement of insurance contingencies may differ materially from amounts accrued in the financial statements.

b) The Company's exploration and evaluation activities are subject to various Canadian federal and provincial laws and regulations governing the protection of the government. These laws and regualtions are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and 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.

17. Subsequent Events

There are no reportable events subsequent to the year ended 31 January 2016.