RAINY MOUNTAIN ROYALTY CORP.
(An Exploration Stage Company)

Interim Financial Statements
(Unaudited – Prepared by Management)

For the nine month period ended January 31, 2016
(Expressed in Canadian Dollars)

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RAINY MOUNTAIN ROYALTY CORP.

Dated March 22, 2016

Management's Comments on Unaudited Interim Financial Statements

The accompanying unaudited interim financial statements of Rainy Mountain Royalty Corp. for the nine months ended January 31, 2016 and 2015 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim financial statements for the nine month period ended January 31, 2016.

RAINY MOUNTAIN ROYALTY CORP.
Interim Statements of Financial Position
As at January 31, 2016 and April 30, 2015
(Unaudited – Expressed in Canadian Dollars)

		January 31, 2016		April 30, 2015
ASSETS				
Current				
Cash and cash equivalents	$	14,207	$	5,930
Marketable securities (Note 4)		51,752		106,614
Receivables (Note 7)		42,193		46,782
Prepaid expenses (Note 7)		-		3,900
		108,152		163,226
Equipment (Note 5)		11,721		21,974
Exploration and evaluation assets (Note 6)		3,576,019		3,587,794
	$	3,695,892	$	3,772,994
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities (Note 7)	$	422,725	$	316,379
Loans payable (Note 7)		85,000		50,000
		507,725		366,379
Shareholders' equity				
Capital stock (Note 8)		20,742,910		20,742,910
Share-based payment reserve (Note 9)		2,487,668		2,487,668
Deficit		(20,042,411)		(19,823,963)
		3,188,167		3,406,615
	$	3,695,892	$	3,772,994

Nature of operations and going concern (Note 1)
Commitments (Note 12)

On behalf of the Board:

"Douglas L. Mason" Director   *"Sead Hamzagic"* Director

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

RAINY MOUNTAIN ROYALTY CORP.

Interim Statements of Loss and Comprehensive Loss

(Unaudited – Expressed in Canadian Dollars)

	Three month period ended January 31, 2016	Three month period ended January 31, 2015	Nine month period ended January 31, 2016	Nine month period ended January 31, 2015
EXPENSES				
Consulting fees	$ 17,500	$ 16,150	$ 52,500	$ 48,350
Depreciation	1,134	2,995	4,380	10,305
Investor relations	-	-	1,514	1,804
Office and miscellaneous	10,830	7,818	25,489	45,215
Professional fees	13,190	23,871	43,470	65,816
Rent and utilities	5,707	8,583	18,038	27,228
Share-based payments	-	-	-	50,911
Transfer agent and regulatory fees	1,653	9,638	20,738	27,492
Travel	35	-	1,155	395
Wages and benefits	8,102	7,622	19,379	17,640
Operating loss	(58,151)	(76,677)	(186,663)	(295,156)
Fair value adjustment on marketable securities	45,032	(104,507)	101,603	(124,414)
Gain (Loss) on sales of securities	(52,990)	-	(130,797)	2,281
Loss on disposal/sales of fixed assets	(2,757)	(13,174)	(2,623)	(13,174)
Other income and recoveries	10	15	32	11,954
Loss on sales of exploration and evaluation assets	-	-	-	(1,265,617)
	(10,705)	(117,666)	(31,785)	(1,388,970)
Net loss and comprehensive loss for the period	$ (68,856)	$ (194,343)	$ (218,448)	$ (1,684,126)
Basic and diluted loss per share	$ (0.00)	$ (0.01)	$ (0.02)	$ (0.13)
Weighted average number of common shares outstanding *	14,410,293	14,324,687	14,410,293	12,955,665

* During the year ended April 30, 2015, the Company consolidated its share capital on a 4 old shares for 1 new share basis. All common shares, stock options, warrants and dollar value per share amounts are stated on a post consolidated basis unless otherwise stated.

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

RAINY MOUNTAIN ROYALTY CORP.

Interim Statements of Changes in Shareholders' Equity

(Unaudited – Expressed in Canadian Dollars)

	Number of common shares *	Capital stock	Share-based payment reserve	Deficit	Total
Balance as at April 30, 2014	**12,235,293**	**$ 20,542,124**	**$ 2,487,668**	**$ (17,864,413)**	**$ 5,165,379**
Share-based payments (Note 9)	-	-	50,911	-	50,911
Share options exercised (Notes 9 and 10)	600,000	104,911	(50,911)	-	54,000
Private placement (Note 8)	1,575,000	102,375	-	-	102,375
Share issue costs	-	(6,500)	-	-	(6,500)
Net loss for the period	-	-	-	(1,684,126)	(1,684,126)
Balance as at January 31, 2015	**14,410,293**	**20,742,910**	**2,487,668**	**(19,548,539)**	**3,682,039**
Net loss for the period	-	-	-	(275,424)	(275,424)
Balance as at April 30, 2015	**14,410,293**	**20,742,910**	**2,487,668**	**(19,823,963)**	**3,406,615**
Net loss for the period	-	-	-	(218,448)	(218,448)
Balance as at January 31, 2016	**14,410,293**	**$ 20,742,910**	**$ 2,487,668**	**$ (20,042,411)**	**$ 3,188,167**

* During the year ended April 30, 2015, the Company consolidated its share capital on a 4 old shares for 1 new share basis. All common shares, stock options, warrants and dollar value per share amounts are stated on a post consolidated basis unless otherwise stated.

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

RAINY MOUNTAIN ROYALTY CORP.
Interim Statements of Cash Flows
(Unaudited – Expressed in Canadian Dollars)

	Three month period ended January 31, 2016	Three month period ended January 31, 2015	Nine month period ended January 31, 2016	Nine month period ended January 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	$ (68,856)	$ (194,343)	$ (218,448)	$ (1,684,126)
Items not affecting cash				
Depreciation	1,134	2,995	4,380	10,305
Share-based payments	-	-	-	50,911
Loss (gain) on sales of securities	52,990	-	130,797	(2,281)
Fair value adjustment on marketable securities	(45,032)	104,507	(101,603)	124,414
Other income and recoveries (Note 10)	-	-	-	(11,900)
Loss on disposal/sales of fixed assets	2,757	13,174	2,623	13,174
Loss on sales of exploration and evaluation assets	-	-	-	1,265,617
Change in non-cash working capital items				
Decrease (Increase) in receivables	1,809	(851)	4,589	(5,842)
Decrease in prepaid expenses	1,300	1,300	3,900	3,900
Increase in accounts payable and accrued liabilities	36,418	9,988	106,346	99,322
Net cash used in operating activities	(17,480)	(63,230)	(67,416)	(136,506)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net investment in exploration and evaluation assets	(1,575)	(1,575)	(10,725)	(32,113)
Proceeds on sales of securities	14,061	-	48,168	13,517
Proceeds on sales of fixed assets	2,500	1,500	3,250	1,500
Deposits	-	-	-	1,500
Net cash provided by (used in) investing activities	14,986	(75)	40,693	(15,596)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds on issuance of shares	-	102,375	-	156,375
Share issue costs	-	(6,500)	-	(6,500)
Loan proceeds	-	-	35,000	60,000
Repayment of loans	-	(22,500)	-	(55,000)
Net cash provided by financing activities	-	73,375	35,000	154,875
Change in cash during the period	(2,494)	10,070	8,277	2,773
Cash and cash equivalents, beginning of period	16,701	6,754	5,930	14,051
Cash and cash equivalents, end of period	$ 14,207	$ 16,824	$ 14,207	$ 16,824

Supplemental disclosure with respect to cash flows (Note 10)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

Rainy Mountain Royalty Corp. (the "Company") was incorporated under the laws of British Columbia and was continued under the laws of Ontario on December 11, 2005. On February 5, 2010, the Company continued into British Columbia from Ontario and concurrently changed its name from "East West Resource Corporation" to "Rainy Mountain Royalty Corp.". The Company is engaged in the acquisition and exploration of mineral resource properties.

Going concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

Management believes the Company will be successful at securing additional funding so that its capital resources will be sufficient to carry its operations through the next twelve months and intends to continue the programs on its exploration and evaluation assets. However, there are several conditions that may cast significant doubt on the Company's ability to continue as a going concern; the Company has incurred significant operating losses over the past several fiscal years (2015 - $1,959,550; 2014 - $987,206), is unable to self-finance operations, has working capital deficit of $399,573 (April 30, 2015 - $203,153), and a deficit of $20,042,411 (April 30, 2015 - $19,823,963), limited resources, no source of operating cash flows and no assurances that sufficient funding will be available to conduct further exploration and development of its mineral property projects. The recoverability of amounts shown for exploration and evaluation assets is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties and future profitable production or proceeds from disposition of exploration and evaluation assets.

The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Management is actively engaged in the review and due diligence on new projects, is seeking to raise the necessary capital to meet its funding requirements and has undertaken available cost-cutting measures. There can be no assurance that management's plan will be successful. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead and maintain its mineral interests. The recoverability of amounts shown for exploration and evaluation assets is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these exploration and evaluation assets, and future profitable production or proceeds from disposition of exploration and evaluation assets.

2. BASIS OF PREPARATION

Statement of compliance

These interim financial statements are unaudited and have been prepared in accordance with IAS 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The policies applied in these financial statements are based on IFRS issued and effective as of January 31, 2016. The Board of Directors approved the financial statements for issue on March 22, 2016.

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value or amortized cost, as explained in the accounting policies set out in Note 3.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated.

Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the use of judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these judgments and estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those judgments and estimates.

The most significant accounts that require judgments and estimates as the basis for determining the stated amounts include the, recoverability of exploration and evaluation assets, determination of site reclamation obligations, the assumptions used in share-based payments, and recognition of deferred income tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

<u>Economic recoverability and probability of future economic benefits of exploration and evaluation costs</u>
Management has determined that exploration, evaluation and related costs incurred, which were capitalized, have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

2. BASIS OF PREPARATION (Continued)

Use of estimates and judgements (Continued)

Valuation of share-based payments
The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes
In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

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

Restoration liabilities include an estimate of the future cost associated with the reclamation of property and equipment, discounted to its present value, and capitalized as part of the cost of that asset. The estimated costs are based on the present value of the expenditure expected to be incurred. Changes in the discount rate, estimated timing of reclamation costs, or cost estimates are dealt with prospectively by recording a change in estimate, and a corresponding adjustment to equipment. The accretion on the reclamation provision is included in the statement of comprehensive loss. Actual expenditures incurred are charged against the reclamation liability.

3. SIGNIFICANT ACCOUNTING POLICIES

The following is a list of significant accounting policies used by the Company.

(a) Cash and cash equivalents

Cash and cash equivalents includes highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For the periods presented, the Company only held cash

(b) Financial instruments

Financial assets and financial liabilities are recognized on the statements of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial instruments (Continued)

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statements of loss and comprehensive loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity dates. They are initially recognized at fair value and subsequently carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - 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 initially recognized at fair value and subsequently are measured at amortized cost using the effective interest rate method. If there is objective evidence that the investment 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 the statements of comprehensive loss.

Available-for-sale - 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 the statements of comprehensive loss.

Transactions costs associated with fair value through profit or loss financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial assets, except for those at fair value through profit or loss, 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 a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - 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 statements of financial position at fair value with changes in fair value recognized in the statements of loss and comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial instruments (Continued)

Financial liabilities (Continued)

Other financial liabilities: This category includes liabilities which are initially recognized at fair value, net of transaction costs, and are subsequently stated at amortized cost.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(c) Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of 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.

Equipment is depreciated at the following annual rates using the declining balance method:

Computer equipment	30%
Field equipment	30%
Furniture and fixtures	30%
Vehicles	30%
Trailer	30%

Equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the statements of comprehensive loss.

Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Exploration and evaluation assets

Exploration and evaluation
Once a license to explore an area has been secured, the Company follows the practice of capitalizing all costs relating to the acquisition of, exploration for and evaluation of mineral claims and crediting all proceeds received, during the exploration and evaluation stage, against the cost of the related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling.

The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. All capitalized exploration and evaluation expenditures are reviewed annually for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditures are not expected to be recovered, it is charged to profit or loss. An impairment charge relating to exploration and evaluation assets is subsequently reversed when new exploration results or actual or potential proceeds on sales or farmout of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition. The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

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. At such time as commercial production commences, capitalized costs will be charged to operations on a unit-of-production method based on proven and probable reserves.

Although the Company has taken steps to verify the title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Exploration and evaluation assets (Continued)

Joint Ventures
A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in a joint venture is initially recognized in the statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the joint venture. When the Company's share of losses in the joint venture exceeds the Company's interest in that joint venture, the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the joint venture.

When the Company transacts with a joint venture, profits or losses resulting from the transactions with the joint venture are recognized in the Company's financial statements only to the extent of interests in the joint venture that are not related to the Company.

The requirements of IAS 39 Financial instruments: recognition and measurement are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in a joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 Impairment of assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

(e) Impairment of non-current assets

At each financial position reporting date, the Company’s non-current assets are reviewed to determine whether there is any indication that the carrying value of those assets are impaired and may not be recoverable. If any such indication exists, the recoverable amount of the asset is evaluated at the level of a cash-generating unit (“CGU”), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the year.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Capital stock

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Equity units
The Company uses the residual value method with respect to the measurement of common shares and share purchase warrants issued as units. The proceeds from the issue of units is allocated between common shares and share purchase warrants where the fair value of the common shares is based on the market value on the date of the announcement of the placement and the balance, if any, is allocated to the attached warrants. Share issue costs are netted against common share component.

Flow-through units
The Company will from time to time issue flow-through units to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through unit agreements, these units transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company allocates the flow-through unit into i) capital stock, ii) a flow-through share premium, equal to the estimated premium if any, which is recognized as a liability, and iii) warrants using the residual value method. Upon exploration expenditure being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as a deferred income tax recovery and the resulting deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received, but not yet expended at the end of the Company's reporting period, is disclosed separately as flow-through share commitment.

(g) Share-based payment transactions

The Company's stock option plan allows employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the year during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. The fair value of the options is accrued and charged either to operations or exploration and evaluation assets, with the offset credit to share-based payment reserve, over the vesting period. If and when the stock options are exercised, the applicable amounts from share-based payment reserve are transferred to capital stock.

The Black-Scholes option valuation model used by the Company to determine fair values of options and similar financial instruments requires the input of highly subjective assumptions including future stock volatility and expected time until exercise. Changes in the subjective input assumptions can materially affect the fair value estimate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the year. The Company calculated diluted earnings per share, whereby the dilutive effect on earnings per share is calculated presuming the exercise of outstanding 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. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

(i) Income taxes

Income tax on the profit or loss for the year presented 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, in which case it is recognized as equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax is recorded, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable profit; nor 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 amounts of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position 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. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the deferred tax asset.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(j) Provision for site reclamation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage, which is created on an ongoing basis during production, are provided for at their net present values and charged against profits as extraction progresses. As at January 31, 2016, the Company has no provisions for site reclamation.

(Unaudited – Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as accretion expense.

(l) New accounting standards and interpretations not yet adopted

The Company has not yet adopted the following revised or new IFRS that have been issued, but are not yet effective:

IFRS 9 *Financial Instruments*

A revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing de-recognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement*.

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 IASB has a tentative adoption date of periods beginning on or after January 1, 2018 for this standard.

4. MARKETABLE SECURITIES

Marketable securities comprise common shares in publicly and non-publicly traded companies as follows:

	January 31, 2016	April 30, 2015
Fairmont Resources Inc. - nil common shares, cost - $nil (April 30, 2015 - 50,000 common shares, cost - $9,542)	$ -	$ 4,500
Minfocus Exploration Corp. - 150,235 common shares, cost - $6,176; (April 30, 2015 - 674,235 common shares, cost - $27,717)	751	10,113
Treslow Plc. - 1,533 common shares, cost - $3,258 (April 30, 2015 - 1,533 common shares, cost - $3,258)	1	1
Copper Lake Resources Ltd. (formerly White Tiger Mining Corp.) - 1,500,000 common shares, cost - $111,618 (April 30, 2015 - 1,200,000 common shares, cost - $104,000)	45,000	42,000
Canoe Mining Ventures Corp. - 300,000 common shares, cost - $57,000 (April 30, 2015 - 1,000,000 common shares, cost - $190,000)	6,000	50,000
At fair market value	$ 51,752	$ 106,614

(Unaudited – Expressed in Canadian Dollars)

5. EQUIPMENT

	Computer equipment	Field equipment	Furniture and fixtures	Vehicles	Trailer	Total
Cost						
Balance, April 30, 2014	$ 18,467	$ 72,992	$ 5,410	$ 92,925	$ 5,356	$ 195,150
Dispositions	(18,467)	(45,123)	(5,410)	-	-	(69,000)
Balance, April 30, 2015	-	27,869	-	92,925	5,356	126,150
Dispositions	-	-	-	(76,801)	(5,356)	(82,157)
Balance, January 31, 2016	$ -	$ 27,869	$ -	$ 16,124	$ -	$ 43,993
Accumulated depreciation						
Balance, April 30, 2014	$ 14,766	$ 46,484	$ 3,894	$ 76,844	$ 4,427	$ 146,415
Dispositions	(15,599)	(34,833)	(3,894)	-	-	(54,326)
Depreciation for the year	833	6,438	-	4,553	263	12,087
Balance, April 30, 2015	-	18,089	-	81,397	4,690	104,176
Dispositions	-	-	-	(71,544)	(4,740)	(76,284)
Depreciation for the period	-	2,200	-	2,130	50	4,380
Balance, January 31, 2016	$ -	$ 20,289	$ -	$ 11,983	$ -	$ 32,272
Carrying amounts						
As at April 30, 2015	$ -	$ 9,780	$ -	$ 11,528	$ 666	$ 21,974
As at January 31, 2016	$ -	$ 7,580	$ -	$ 4,141	$ -	$ 11,721

6. EXPLORATION AND EVALUATION ASSETS

Realization of assets

The investment in and expenditures on mineral properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the confirmation of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities or ore.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company. Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of the exploration and the development of a mineral property, the potential for production on the property may be diminished or negated.

Title to mineral properties

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing. However, such properties may be subject to prior agreements or transfer and title may be affected by undetected defects.

The Company has entered into agreements to acquire and explore certain mineral properties located in various regions of Canada. Numerous aboriginal groups are claiming inextinguishable aboriginal title to the lands and resources in these regions, which may include one or more of the mineral claims beneficially owned by the Company. The extent to which any successful aboriginal claim would materially affect the ability of the Company to exploit its mineral properties is not determinable at this time.

(Unaudited – Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (Continued)

The Company's expenditures on exploration and evaluation assets are as follows:

	Marshall Lake	Norton Lake	Seagull	Other Properties	Total
Balance, April 30, 2015	$ 2,137,603	$ 730,162	$ 720,016	$ 13	$ 3,587,794
Deferred costs:					
Additions during the period:					
Acquisitions and staking	6,000	-	-	-	6,000
Storage	4,725	-	-	-	4,725
Option payments and expense recovery	(22,500)	-	-	-	(22,500)
Net change for the period	(11,775)	-	-	-	(11,775)
Balance, January 31, 2016	$ 2,125,828	$ 730,162	$ 720,016	$ 13	$ 3,576,019

Other Properties consists of properties impaired and written down to $1 each:

Feeder	Trump	Clay/Powell
Fishhook	GP2	Eva Kitto
Nighthawk	Pickle Lake	Max
North Trap	Rossmere	
Ox Lake	Scrip	

(Unaudited – Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (Continued)

The Company's expenditures on exploration and evaluation assets are as follows:

	Eva Kitto	Hamlin/ Deaty	Marshall Lake	Max	Norton Lake	Seagull	Other Properties	Total
Balance, April 30, 2014	$ 70,042	$ 1,455,617	$ 2,139,730	$ 94,093	$ 730,162	$ 724,516	$ 11	$ 5,214,171
Deferred costs:								
Additions during the year:								
Acquisitions and staking	-	-	27,953	-	-	-	-	27,953
Storage	-	-	6,300	-	-	-	-	6,300
Travel	-	-	80	-	-	-	-	80
Field office expenses	-	-	40	-	-	-	-	40
Option payments and expense recovery	-	(190,000)	(36,500)	-	-	(4,500)	-	(231,000)
Loss on sale of exploration and evaluation assets	-	(1,265,617)	-	-	-	-	-	(1,265,617)
Net additions (recoveries) for the year	-	(1,455,617)	(2,127)	-	-	(4,500)	-	(1,462,244)
Impairment of exploration and evaluation assets	(70,041)	-	-	(94,092)	-	-	-	(164,133)
Net change for the year	(70,041)	(1,455,617)	(2,127)	(94,092)	-	(4,500)	-	(1,626,377)
Balance, April 30, 2015	$ 1	$ -	$ 2,137,603	$ 1	$ 730,162	$ 720,016	$ 11	$ 3,587,794

Other Properties consists of properties impaired and written down to $1 each:

Feeder	Trump	Clay/Powell
Fishhook	GP2	
Nighthawk	Pickle Lake	
North Trap	Rossmere	
Ox Lake	Scrip	

6. EXPLORATION AND EVALUATION ASSETS (Continued)

Clay and Powell Properties

During 2003, the Company and Mega Uranium Ltd. ("Mega") acquired a 100% interest (50% each) in 11 claims located in the Thunder Bay Mining Division, Ontario, by paying a total of $88,000 ($44,000 each) ($44,000 paid by the Company) and the issuance of 100,000 common shares of the Company (issued).

The Company and Mega granted an option to Fairmont Resources Inc. ("Fairmont") entitling Fairmont to acquire a 70% interest in the Clay and Powell Properties. Under the option agreement, dated September 14, 2010 (the "Option Agreement"), Fairmont has agreed to issue 100,000 (post-consolidation) common shares and incur an aggregate $1,000,000 in exploration expenditures on the Properties over three years. The Clay Property is 100% owned by the Company and the Powell Property is 50% owned by the Company and 50% owned by Mega. Based on the ownership interest in the properties, the Company will receive 70% (i.e., 70,000 post-consolidation shares) of the 100,000 (post-consolidation) shares of Fairmont to be issued under the Option Agreement. During the year ended April 30, 2011, 17,500 (post-consolidation) shares of Fairmont were received by the Company and were valued at $24,500 at the date of receipt. During the year ended April 30, 2012, 17,500 (post-consolidation) shares of Fairmont were received by the Company and were valued at $8,400 at the date of receipt. During the year ended April 30, 2013, 17,500 (post-consolidation) shares of Fairmont were received by the Company and were valued at $4,900 at the date of receipt. On February 24, 2013, Fairmont consolidated its shares on a 4 for 1 basis. During the year ended April 30, 2015, 17,500 (post-consolidation) shares of Fairmont were received by the Company and were valued at $3,238 at the date of receipt. By Amendment Agreement, dated March 31, 2014, the Company and Mega agreed to give an extension to December 31, 2014 for Fairmont to complete the remaining portion of its 2013 exploration expenditures, and in return, Fairmont agreed to issue (issued June 9, 2014) 100,000 post consolidated shares (70,000 shares to the Company and 30,000 to Mega), which shares were received by the Company and were valued at $11,900 at the date of receipt.

On April 30, 2014, Fairmont had written down their investment in the Clay and Powell Properties, and in connection therewith, the Company has written down the Properties during the year ended April 30, 2014 by $471,480. On November 28, 2014, Fairmont gave 30 days' notice that it had elected to terminate the Option Agreement (which termination became effective as of December 28, 2014).

Eva Kitto Property

On November 14, 2008, the Company announced that it had increased its interest in the Eva Kitto project to 100% by purchasing from Mega its 50% interest. In return, Mega was issued 200,000 shares of the Company and granted a 0.5% net smelter return ("NSR"), which can be repurchased for $500,000.

The Company entered into an option agreement dated November 3, 2008, as amended ("the Option Agreement") with International Bethlehem Mining Corp. ("International Bethlehem"), whereby International Bethlehem was granted an option to earn an initial 30% interest in the Eva Kitto property by paying the Company $20,000 (received) and spending an aggregate $500,000 in exploration expenditures ($100,000 by December 31, 2008) (completed); $90,000 by June 30, 2010 (completed); and $310,000 by June 30, 2011 (not completed). Under the Option Agreement, International Bethlehem could increase its interest in the property up to 51%, 60% and 75% by incurring exploration expenditures of an additional $1,000,000 by November 3, 2011, $1,000,000 by November 3, 2012 and by bringing the property into commercial production, respectively. The property is subject to an aggregate NSR royalty of 3.5%, of which 2% can be purchased at any time for $2,000,000. By an amending agreement dated November 15, 2010, the Company and International Bethlehem acknowledged and agreed that as a result of exploration expenditures completed, International Bethlehem had earned a 15% interest in the Eva Kitto property.

6. EXPLORATION AND EVALUATION ASSETS (Continued)

Eva Kitto Property (Continued)

By amending agreement dated April 2, 2012, the Company and International Bethlehem further revised the Option Agreement to allow International Bethlehem to resume its earlier option and to increase its interest in the Eva Kitto property. As a result, International Bethlehem contributed the sum of $75,000 towards the exploration program completed on the property by the Company, and in so doing, International Bethlehem has earned a 50% interest in the property and a 50/50 joint venture has been formed between the parties. The Company and International Bethlehem are related parties by virtue of having certain common directors.

During the year ended April 30, 2015, the Company recorded an impairment charge of $70,041 related to the Eva Kitto Property due to inactivity.

Hamlin/Deaty Properties

With respect to the Deaty Property, during 2003 the Company was granted an option to acquire a 100% interest in 7 claim units in the Thunder Bay Mining Division, Ontario, by making cash payments totalling $42,000 in stages to 2008 (paid) and by issuing 100,000 common shares of the Company (issued). The Company entered into a joint venture with Mega Uranium Ltd. ("Mega") under which Mega earned 50% of the Company's interest by fulfilling 50% of the obligations under the Deaty Property option.

As of October 15, 2007, the Company and its joint venture partner, Mega, entered into an option agreement with Xstrata Copper Canada ("Xstrata"), whereby Xstrata may earn a 51% interest in the Hamlin and Deaty Properties by spending $3,000,000 over four years (completed as of October 1, 2011), with a further option to earn an additional 24% interest by incurring not less than $20,000,000 in feasibility study expenditures or completing a feasibility study in the Deaty and Hamlin properties. Xstrata was acquired by Glencore Canada Corporation ("Glencore") in May 2013.

With respect to the Hamlin Property, during 2004 the Company was granted an option to acquire a 50% interest in 77 claim units in the Thunder Bay Mining Division, Ontario, by making cash payments totaling $44,000 in stages to 2009 (paid) and issuing 100,000 common shares of the Company (issued).

On September 22, 2014, the Company announced that it had entered into an agreement (the "Agreement") with Canoe Mining Ventures Corp. ("Canoe Mining"), Glencore Canada Corporation ("Glencore") and Mega Uranium Ltd. ("Mega Uranium"), pursuant to which Canoe Mining purchased a 100% interest in the Hamlin-Deaty property (the "Property"). Pursuant to the terms of the Agreement, Canoe Mining agreed to make a cash payment of $50,000 to Glencore and grant Glencore a 1% net smelter royalty ("NSR"), together with a right of first refusal for an off-take agreement. Additionally, Canoe Mining agreed to issue each of the Company and Mega Uranium one million common shares. On October 23, 2014, the Company received one million common shares of Canoe Mining valued at $190,000 (based on the date of issue of the shares, namely, October 2, 2014) and wrote off $1,265,617 in remaining net expenditures.

6. EXPLORATION AND EVALUATION ASSETS (Continued)

Marshall Lake Property

The Marshall Lake property is located in the Thunder Bay Mining Division, Ontario, and the Company has a 50% joint venture interest in certain claim units as follows:

(i) The Company acquired a 100% interest in 3 mineral leases from Teck Cominco Ltd. ("Teck") and the underlying titleholder by issuing 250,000 units (issued during fiscal 2007), each unit consisting of one common share and one two-year warrant to purchase an additional common share for $0.13 (exercised), and spending $100,000 on exploration on these claims prior to December 31, 2009 (incurred). Teck retained a 2% NSR royalty and had a back-in right to earn a 51% interest in the claims by spending two times what the Company incurred in exploration work on these claims. The back-in right existed for a five year period following completion of the Company's initial $100,000 exploration commitment, and therefore expired in March 2013.

(ii) The Company acquired an option from Carey Lance (the "Vendor") of Ontario to purchase a 100% interest in certain surface and mineral rights comprising 421 claim units in consideration for the issuance of 200,000 shares (100,000 issued during fiscal 2007 and 100,000 issued during fiscal 2008) and the payment of $150,000 in stages over seven years (fully paid as of June 13, 2012). The Vendor retained a 2% NSR royalty of which the Company can purchase one-half thereof (1% NSR) at any time for $1,000,000 and the Company has a right of first refusal on the remaining 1% NSR.

(iii) The Company acquired a 100% interest in 86 leases and 9 claim units from NWT Copper Mines ("NWT") by making aggregate cash payments of $75,000 (paid) and incurring $1,000,000 in exploration over three years (completed). NWT retained a 3% NSR royalty on precious metals and a 2% NSR on base metals, with 1% of either royalty purchasable by the Company for $2 million and the Company having a right of first refusal on the remaining portions of these royalties. In connection with the NSRs, the Company is required to pay an annual advance royalty of $25,000, which payments are credited against royalties otherwise payable to NWT. All annual advance royalty payments have been paid to date and such payments are shared on a 50/50 basis with Copper Lake Resources pursuant to an option agreement dated July 6, 2010, as amended, as referred to herein.

The Marshall Lake property is subject to a joint venture agreement with Marshall Lake Mining Limited, ("Marshall Lake Mining").

By agreement dated July 6, 2010, and as amended, the Company and Marshall Lake Mining granted an option to Copper Lake Resources Ltd. formerly White Tiger Mining Corp. ("Copper Lake"), whereby Copper Lake has the right to acquire up to a 50% joint venture interest in the Marshall Lake property and project. Under the option agreement, Copper Lake is required to incur $4,000,000 in expenditures on the property over five years and to issue 2,000,000 shares to the Company over four years. Copper Lake earns a 12.5% joint venture interest in the Marshall Lake project for every $1,000,000 in expenditures incurred and for every 400,000 shares issued (except for the initial 12.5% interest, whereby Copper Lake was required to issue 800,000 shares to the Company). To date, the Company has received 2,000,000 shares of Copper Lake valued at $296,000 at the time of issue. Additionally, once Copper Lake has completed its share issuance and spending requirements, it has the additional option to increase its joint venture interest to 75% by incurring such additional property expenditures as are necessary to take the Marshall Lake project to bankable feasibility stage. Prior to July 22, 2014, the Company and Copper Lake had certain directors in common. By amending agreement, dated July 8, 2015, the Company and Marshall Lake Mining agreed to extend Copper Lake's initial earn-in option on the Marshall Lake property to July 15, 2017 in return for Copper Lake issuing 500,000 shares (valued at $22,500 at the time of issue) to each of the Company and Marshall Lake Mining, which shares were issued as of July 30, 2015. To date, Copper Lake has earned a 37.5% joint venture interest in the Marshall Lake project.

6. EXPLORATION AND EVALUATION ASSETS (Continued)

Max Property

As of February 2008, the Company had staked certain claim units known as the Max Property.

By option and joint venture agreement dated June 20, 2008 (as amended by agreement dated August 14, 2009), the Company granted Northern Shield Resources Inc. ("Northern") an option to earn a 50% interest in the Max Property in consideration for an initial payment of $75,000 (received), the issuance of 300,000 shares (received at a value of $168,000), an expenditure commitment of $250,000 in 2008 (completed) and $1,000,000 within the next two years. By August 30, 2009, Northern was required to pay an additional option payment of $15,000 (received) and issue 100,000 shares to the Company (received at a value of $11,000).

By virtue of the payments made, expenditures incurred and shares issued, Northern acquired a 50% interest in the Max Property and a 50/50 joint venture was formed between the Company and Northern. In October 2010, the Company elected not to participate in Northern's $450,000 drill program on the Max Property, and accordingly, the Company's joint venture interest in the Max Property was reduced to 40.9% interest. As of June 18, 2014, Northern assigned and sold its ownership interest in the Max Property and its interest under the joint venture agreement to Great Lakes Resources LLC, a Virginia corporation.

During the year ended April 30, 2015, the Company recorded an impairment charge of $94,092 related to the Max Property due to inactivity.

Norton Lake Property

The Company had a 24.5% interest in certain claim units in the Norton Lake area (the "Norton Lake Project") with White Metal Resources Corp., formerly Trillium North Resources Ltd. ("White Metal") owning 24.5% and Cascadia International Resources ("Cascadia") owning 51%. Some of the claim units are subject to a 2% NSR (the Company may purchase 1% of the NSR for $1,000,000 and has a right of first refusal on the remaining 1% NSR).

During the 2009 fiscal year, Cascadia assigned its 51% joint venture interest to Copper Lake Resources Ltd formerly White Tiger Mining Corp. ("Copper Lake"). By agreement dated February 21, 2012, the Company, Copper Lake and White Metal combined and consolidated their respective interests in the Norton West and Norton East Properties, and as a result, the Company has a 32.6% interest in the combined Properties (with Copper Lake having a 57.6% interest and White Metal having a 9.8% interest). Further, by agreement dated July 3, 2014, the joint venture interests were again adjusted amongst the parties to reflect their respective contributions towards the June 2012 to May 2013 exploration program on the Properties, and as a result, the Company now has a 30.21% interest in the combined Properties (with Copper Lake having a 60.70% interest and White Metal having a 9.09% interest). Prior to July 22, 2014, the Company and Copper Lake had certain directors in common.

On June 29, 2015, Copper Lake announced that it had acquired White Metal's 9.09% interest in the Norton Lake Property, and as a result, the Company continues to hold a 30.21% interest and Copper Lake now holds a 69.79% interest.

6. EXPLORATION AND EVALUATION ASSETS (Continued)

Seagull Property

The Company and White Metal Resources Corp., formerly Trillium North Resources Ltd. ("White Metal") jointly owned a 100% interest in two mineral claim groups in the Anders Lake and Leckie Lake areas located approximately 85 kilometres north-northeast of Thunder Bay, Ontario (the "Seagull property").

The Company subsequently entered into an option agreement dated October 2, 2008 with White Metal and Black Panther Mining Corp., now known as Canadian International Pharma Corp. ("CIPC"), whereby CIPC was granted an option to earn an initial 30% interest (earned) in the Seagull property. In order to acquire its initial 30%, CIPC was required to spend $500,000 in exploration expenditures by February 28, 2009 (completed).

By amending agreement dated October 15, 2010, CIPC increased its ownership interest in the Seagull property from 30% to 40% interest (based on its exploration expenditures incurred), with the Company and White Metal each owning a 30% interest.

By option agreement dated February 22, 2011, as amended, the Company, CIPC and White Metal (collectively the "Optionors") granted an option to Minfocus International Inc. of Toronto, Ontario, (the "Optionee"), entitling the Optionee to earn an interest in the Seagull property. Under the option agreement, the Optionee has the initial option to earn a 55% interest in the property from the Optionors upon paying the sum of $55,000 (paid) and issuing 50,000 shares (issued). The Company's proportionate share received was $15,000 and 15,000 shares at a value of $6,000. Additionally, the Optionee is required to pay the Optionors $25,000 (in cash and/or shares), on a pro rata basis, on each of the 12 month anniversary (48,387 shares received at a value of $7,500 in February, 2012), the 24 month anniversary ($3,750 received in cash and 125,000 shares received at a value of $3,750 in February, 2013) and the 36 month anniversary (150,000 shares received at a value of $7,500 in February 2014) of the option agreement. Also, the Optionee is required to incur exploration expenditures on the Seagull property in the amount of $250,000 in each year of the 4 year initial option term. As well, the Optionee can earn a 70% interest in the Seagull property by incurring an additional $2,000,000 in expenditures against the property during the initial 4 year option term. Further, the Optionee has the right to increase its interest to 85% by completing a feasibility study on the property within a 5 year period following the initial option term. By further amending agreement, dated February 11, 2015, the Optionors agreed to allow the Optionee to extend the 4 year exploration period to September 30, 2015 and to extend the additional 70% earn in option period to September 30, 2016 in return for the Optionee collectively issuing 1,000,000 Minfocus shares to the Optionors (300,000 shares received by the Company on February 27, 2015 representing the Company's 30% pro rata share of such issuance).

The Optionee completed a 2 for 1 share split and a qualifying transaction with Pembroke Capital Corp. (a capital pool company), and accordingly, the 15,000 shares of the Optionee received by the Company, were, as of January 23, 2012, represented by 63,559 shares of Minfocus Exploration Corp. ("Minfocus") (formerly Minfocus International Inc.).

The Seagull property is subject to two separate royalties (2.4% NSR in total), of which 1.4% can be purchased for $2 million. The Company and CIPC have certain common directors.

Trump Property

The Company now holds a 20% interest in the Trump property located in Ontario near the Norton Lake property.

(Unaudited – Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS

The following is a list of related party transactions, which have not yet been otherwise disclosed:

(a) As at January 31, 2016, receivables included $37,500 (April 30, 2015 - $37,500) expense reimbursement from Copper Lake Resources Ltd., a company with certain former directors in common and $nil (April 30, 2015 - $2,165) rent credit from Waterfront Communications Inc., a company with certain directors in common.

(b) As at January 31, 2016, accounts payable and accrued liabilities include $330,873 (April 30, 2015 - $210,314) owing to companies with certain directors in common.

(c) The Company paid or accrued the following amounts to companies controlled by directors and former directors or companies having certain directors and former directors in common during the nine month period ended January 31, 2016:

		January 31, 2016		January 31, 2015
Consulting and Director fees	$	47,000	$	44,100
Interest and facility fee	$	7,092	$	8,256
Professional fees	$	22,500	$	20,500
Rent and utilities	$	18,038	$	29,274

Key management compensation includes the following:

		January 31, 2016		January 31, 2015
Consulting and Director fees	$	47,000	$	44,100
Professional fees	$	22,500	$	20,500

(d) The Company reimbursed Waterfront Communications Inc. (a company with certain directors in common) on a cost basis, to cover shared administrative and geological payroll costs in the amount of $19,379 (2015 - $17,640) and shared expenses in the amount of $10,191 (2015 - $20,236). The Company also received or accrued $nil (2015 - $2,062) as other income and expenses credits.

(e) The Company entered into a loan agreement, dated July 23, 2014, pursuant to which the lender agreed to loan the Company up to $100,000 for working capital purposes. The loan was provided by a company controlled by a director and each loan advance is for a term of one year with interest at a rate of 1% per month (12% per annum) and a loan facility fee of $2,500. As at January 31, 2016, $85,000 has been advanced to the Company by the lender. No loan bonus shares were issued in connection with this loan.

The Company is a party to certain exploration property transactions with companies with certain directors in common and certain former directors in common (Note 6). Except as noted above with respect to the loan agreements, amounts due to (from) related parties are unsecured and have no stated terms of repayment and/or interest.

(Unaudited – Expressed in Canadian Dollars)

8. CAPITAL STOCK

Authorized share capital:
Unlimited number of common shares, without par value

During the nine month period ended January 31, 2016, there were no share transactions completed by the Company.

During the year ended April 30, 2015, the Company consolidated its share capital on a 4 old shares for 1 new share basis. All common shares, stock options, warrants and dollar value per share amounts are stated on a post consolidated basis unless otherwise stated.

During the year ended April 30, 2015, the Company completed the following share transactions:

- On November 6, 2014, the Company closed a non-brokered private placement (the "Private Placement") and raised $102,375 by the issuance of 1,575,000 units (the "Units") at $0.065 per Unit. Each Unit consisted of one common share and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share for a period of two years at an exercise price of $0.10. In connection with this Private Placement, finders' fees were paid in the amount of $6,500.

- On October 21, 2014, 600,000 stock options were exercised at a price of $0.09 per share.

9. STOCK OPTIONS AND WARRANTS

Stock options

The Company has a rolling stock option plan, whereby it is allowed to issue options of up to 10% of the Company's issued and outstanding common shares at any given time. Under the plan, options can be granted for a maximum term of five years and vesting of stock options is at the discretion of the Board of Directors at the time options are granted.

On October 21, 2014, the Company granted 600,000 incentive stock options to certain directors, officers, employees and consultants at an exercise price of $0.09 per share for a term of 5 years in accordance with the terms of the Company's stock option plan.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable at April 30, 2014	**801,250**	**$ 0.57**
Granted	600,000	$ 0.09
Exercised	(600,000)	$ 0.09
Expired/Cancelled	(278,500)	$ 0.55
Outstanding and exercisable at April 30, 2015 and January 31, 2016	**522,750**	**$ 0.57**

(Unaudited – Expressed in Canadian Dollars)

9. STOCK OPTIONS AND WARRANTS (Continued)

Outstanding stock options:

			Number of Options	
	Expiry Date	Exercise Price	January 31, 2016	April 30, 2015
	May 6, 2016	$ 0.58	504,000	504,000
	July 24, 2017	$ 0.40	18,750	18,750
Outstanding and exercisable			522,750	522,750

The weighted average grant-date fair value of options granted during the nine month period ended January 31, 2016 was $nil (April 30, 2015 - $0.085) per share.

The fair value of stock options was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	April 30, 2015
Expected life (years)	5
Interest rate	1.43%
Volatility	168.70%
Dividend yield	0.00%

Stock based compensation for the period was $nil (April 30, 2015 - $50,911)

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at April 30, 2014	**3,653,750**	**0.37**
Issued	1,575,000	0.10
Expired	(173,750)	0.40
Outstanding at April 30, 2015 and January 31, 2016	**5,055,000**	**$ 0.29**

Outstanding share purchase warrants:

			Number of Warrants	
	Expiry Date	Exercise Price	January 31, 2016	April 30, 2015
	November 6, 2016	$ 0.10	1,575,000	1,575,000
	February 22, 2018	$ 0.40	962,500	962,500
	May 6, 2018	$ 0.40	2,017,500	2,017,500
	November 5, 2018	$ 0.20	500,000	500,000
Outstanding			**5,055,000**	**5,055,000**

(Unaudited – Expressed in Canadian Dollars)

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

		January 31, 2016		January 31, 2015
Cash paid for interest	$	7,429	$	8,814
Cash paid for income tax	$	-	$	-

The significant non-cash financing or investing transactions during the nine month period ended January 31, 2016 included:

- Received 500,000 shares (marketable securities valued at $22,500) on exploration and evaluation assets optioned (Notes 4 and 6 – Marshall Lake).

The significant non-cash financing or investing transactions during the year ended April 30, 2015 included:

- Received 300,000 shares (marketable securities valued at $4,500) on exploration and evaluation assets optioned (Notes 4 and 6 – Seagull Property).
- Received 400,000 shares (marketable securities valued at $24,000) on exploration and evaluation assets optioned (Notes 4 and 6 – Marshall Lake).
- Received 1,000,000 shares (marketable securities valued at $190,000) on exploration and evaluation assets optioned (Notes 4 and 6 – Hamlin and Deaty).
- Received 70,000 shares (marketable securities valued at $11,900) on exploration and evaluation assets optioned (Notes 4 and 6 – Clay and Powell) and recorded as other income and recoveries.
- Receivables of $12,500 on recovery of exploration and evaluation assets (Notes 4 and 6 – Marshall Lake).

11. INCOME TAXES

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	April 30, 2015
Net loss for the year	$ (1,772,917)
Expected income tax (recovery)	(509,000)
Change in statutory, foreign tax, foreign exchange rates and other	75,000
Permanent difference	33,000
Expiration of non-capital losses	60,000
Share issue cost	(2,000)
Change in unrecognized deductible temporary differences	343,000
Total income tax expense (recovery)	$ -

Effective April 1, 2013, the British Columbia corporate tax rate increased from 10% to 11% resulting in an increase in the Company's statutory tax rate from 25% to 26%.

(Unaudited – Expressed in Canadian Dollars)

11. INCOME TAXES (Continued)

The significant components of the Company's unrecognized temporary differences and unused tax are as follows:

	April 30, 2015
Temporary Differences	
Exploration and evaluation assets	$ 2,643,000
Investment tax credit	23,000
Property and equipment	167,000
Share issue costs	27,000
Marketable securities	228,000
Non-capital losses available for future period	4,262,000

Tax attributes are subject to review, and potential adjustment, by tax authorities.

12. COMMITMENTS

The Company entered into three 5 year term renewable agreements, as amended, with companies controlled by three directors of the Company for the provision of consulting and/or legal services at a cost of $2,500 per month ($30,000 per annum) for each of the three agreements. Previously, if any of such agreements were terminated without cause, or if there is a change in control of the Company, the Company was required to pay an amount equal to five times the annual fee payable under the agreements. However, effective May 1, 2015, the compensation payable on termination was changed, and accordingly, if any of such agreements are terminated without cause, or if there is a change in control of the Company, the Company is required to pay $150,000 to such contracted party so affected.

The Company has also entered into three agreements with certain directors/officers for services rendered in such capacities. Effective May 1, 2015, the compensation payable on termination was reduced, and accordingly, if such agreements are terminated without consent of the director/officer, or the director/officer resigns within 120 days following a change in control, the Company must pay $50,000 (previously $100,000) to such director/officer and allow any unvested stock options to vest.

13. CAPITAL MANAGEMENT

The Company's shareholders equity comprises its capital under management. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets.

(Unaudited – Expressed in Canadian Dollars)

13. CAPITAL MANAGEMENT (Continued)

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In order to maximize ongoing development efforts, the Company does not pay dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

To fund future operations and exploration activities, the Company will need to raise funds through future share issuances, issue new debt or dispose of assets.

There have been no changes to the Company's approach to capital management during the nine month period ended January 31, 2016. The Company is not subject to externally imposed capital requirements.

14. FINANCIAL INSTRUMENTS

Fair value

The Company classified its cash and cash equivalents and marketable securities as fair value through profit and loss; receivables and deposits, as loans and receivables; and accounts payable and accrued liabilities, and loans payable, as other financial liabilities.

The carrying values of receivables, deposits, accounts payable and accrued liabilities, and loans payable approximate their fair values due to the short-term maturity of these financial instruments.

The Company's measurement of fair value of financial instruments in accordance with the fair value hierarchy is as follows:

	Total	Level 1	Level 2	Level 3
January 31, 2016				
Cash and cash equivalents	$ 14,207	$ 14,207	$ -	$ -
Marketable securities	$ 51,752	$ 51,752	$ -	$ -
April 30, 2015				
Cash and cash equivalents	$ 5,930	$ 5,930	$ -	$ -
Marketable securities	$ 106,614	$ 106,614	$ -	$ -

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

14. FINANCIAL INSTRUMENTS (Continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash and cash equivalents and receivables.

The Company's credit risk is primarily attributable to cash and cash equivalents. Management believes that the credit risk concentration with respect to cash and cash equivalents is remote, as it maintains accounts with highly-rated financial institutions. Receivables are due primarily from unrelated parties.

The Company is exposed to credit risk on its receivables. Credit risk with respect to receivables has been assessed as low by management, as the Company has strong working relationships with the parties involved.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At January 31, 2016, the Company had accounts payable and accrued liabilities of $422,725 (April 30, 2015 - $316,379) and a loan in the amount of $85,000 (April 30, 2015 - $50,000).

Based on the current funds held, the Company will need to rely upon financing from shareholders and/or debt holders to obtain sufficient working capital. There is no assurance that such financing will be available on terms and conditions acceptable to the Company.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk, and other price risk.

(i) Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company’s monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company’s monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk.

(ii) Foreign currency risk

The Company is not exposed to significant foreign currency risk.

14. FINANCIAL INSTRUMENTS (Continued)

Market risk (Continued)

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk with respect to its marketable securities, as they are carried at fair values based on quoted market prices.

Given the balance of the marketable securities, the Company is not exposed to significant other price risk.

15. SEGMENTED INFORMATION

The Company currently operates in one business segment, being the acquisition and exploration of mineral properties with all its assets located in Canada.