NETWORK EXPLORATION LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SIX MONTHS ENDED MAY 31, 2016

(UNAUDITED)

(Expressed in Canadian Dollars)

Notice of No Auditor Review of Condensed Consolidated Interim Financial Statements

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

The accompanying unaudited condensed consolidated interim financial statements of the Company for the six months ended May 31, 2016 have been prepared by and are the responsibility of the Company's management. The Company's external auditors have not performed a review of these condensed consolidated interim financial statements.

NETWORK EXPLORATION LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)

		May 31, 2016		November 30, 2015
ASSETS				
Current assets				
Cash	**$**	**163,746**	$	14,755
GST recoverable		**7,448**		5,242
Prepaid expenses		**11,301**		-
Total current assets		**182,495**		19,997
Non-current assets				
Deposits (Note 13)		**66,021**		14,095
Exploration and evaluation assets (Note 6)		**1**		1
Total assets	**$**	**248,517**	$	34,093
LIABILITIES				
Current liabilities				
Trade and other payables (Note 8)	**$**	**91,620**	$	231,481
Other accrued liabilities		**7,954**		15,954
Loans payable (Note 7)		**-**		17,500
Total liabilities		**99,574**		264,935
SHAREHOLDERS' DEFICIENCY				
Share capital (Note 9)		**17,073,936**		16,531,236
Share subscriptions received		**-**		25,000
Share-based payments reserve		**762,213**		762,213
Deficit		**(17,687,206)**		(17,549,291)
Total shareholders' deficiency		**148,943**		(230,842)
Total liabilities and shareholders' deficiency	**$**	**248,517**	$	34,093

Approved and authorized for issue on behalf of the Board of Directors on July 30, 2016:

"Alexander Helmel"	"Bob Friesen"
Director	Director

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

NETWORK EXPLORATION LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)

	Three months ended		Six months ended	
	May 31, 2016	May 31, 2015	**May 31, 2016**	May 31, 2015
Expenses				
Consulting and management	$ **39,600**	$ 30,500	$ **54,600**	$ 47,000
Office facilities and services	**(129)**	11,436	**6,748**	24,300
Professional fees	**3,914**	8,880	**5,914**	8,880
Transfer and listing fees	**18,323**	2,586	**30,206**	9,571
Travel and Project Inv.	**37,619**	-	**38,817**	-
Interest	**1,453**	160	**1,630**	160
Net loss and comprehensive loss for the period	$ **(100,780)**	$ (53,562)	$ **(137,915)**	$ (89,911)
Basic and diluted loss per share	$ **(0.01)**	$ (0.01)	$ **(0.01)**	$ (0.02)
Weighted average number of common shares outstanding	**7,874,647**	4,437,547	**6,137,212**	4,437,547

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

NETWORK EXPLORATION LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Unaudited)
(Expressed in Canadian Dollars)

	Class A Common Shares	Class B Common Shares	Class A Common Shares	Class B Common Shares				
	Number	Number	Amount	Amount	Share Subscriptions Received	Share-based Payments Reserve	Deficit	Total Shareholders' Deficiency
Balance, December 1, 2015	**4,437,522**	**8**	**$ 16,496,380**	**$ 34,856**	**$ 25,000**	**$ 762,213**	**$ (17,549,291)**	**$ (230,842)**
Private placement	**5,427,000**	**-**	**542,700**	**-**	**(25,000)**	**-**	**-**	**517,700**
Net loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(137,915)**	**(137,915)**
Share consolidation adjustment	**17**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance, May 31, 2016	**9,864,539**	**8**	**$ 17,039,080**	**$ 34,856**	**$ -**	**$ 762,213**	**$ (17,687,206)**	**$ (148,943)**
Balance, December 1, 2014	4,437,522	8	$16,496,380	$34,856	$ -	$ 762,213	$ (17,350,076)	$ (56,627)
Net loss for the period	-	-	-	-	-	-	(89,911)	(89,911)
Balance, May 31, 2015	4,437,522	8	$16,496,380	$34,856	$ -	$ 762,213	$ (17,439,987)	$ (146,539)

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

NETWORK EXPLORATION LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian Dollars)

	Six Months Ended May 31, 2016	May 31, 2015
Operating activities		
Net loss for the period	**$ (137,915)**	$ (89,911)
		-
Changes in working capital items:		
Accrued liabilities	**(8,000)**	-
GST recoverable	**(2,206)**	7,507
Prepaid expenses	**(11,301)**	-
Deposits	**(51,926)**	-
Trade and other payables	**(139,861)**	62,471
Cash used in operating activities	**(351,209)**	(19,933)
Financing activities		
Share subscriptions received	**517,700**	-
Note/Loan proceeds repaid	**(17,500)**	-
Cash provided by financing activities	**500,200**	-
Increase (decrease) in cash	**148,991**	(19,933)
Cash, beginning of period	**14,755**	19,969
Cash, end of period	**$ 163,746**	$ 36

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

1. CORPORATE INFORMATION AND GOING CONCERN

Network Exploration Ltd. (the "Company") was incorporated on September 2, 1983 under the laws of British Columbia. The Company's principal business activity is the exploration and evaluation of minerals in its mineral properties.

The address of the Company's head office and principal place of business is 830 – 1100 Melville Street, Vancouver, British Columbia, Canada, V6E 4A6, and the registered and records office is located at 1500 – 1005 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

These condensed consolidated interim financial statements have been prepared by management on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. During the six months ended May 31, 2016, the Company incurred a net loss of $137,915 (2015 - $89,911) and as at May 31, 2016, has an accumulated deficit of $17,687,206 (2015 - $17,439,987).

The Company's ability to continue as a going concern, to fund property acquisitions and work commitments and to ensure adequate working capital is dependent upon achieving profitable operations or upon obtaining sufficient additional financing. These factors may cast significant doubt on the Company's ability to continue as a going concern. While the Company is expending its best efforts in this regard, the outcome of these matters cannot be predicted at this time.

These unaudited condensed consolidated interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2. STATEMENT OF COMPLIANCE

These unaudited condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS"), Interim Financial Reporting ("IAS 34"). The accounting policies adopted in these interim financial statements are consistent with the accounting policies adopted in the Company's consolidated financial statements for the years ended November 30, 2015 and 2014, and as such, these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the years ended November 30, 2015 and 2014.

The preparation of unaudited condensed consolidated interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates and the exercise of management's judgment in applying the Company's accounting policies. Areas involving a high degree of judgment or complexity and areas where assumptions and estimates are significant to the Company's unaudited condensed consolidated interim financial statements are discussed in Note 3.

The Company's unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. The comparative figures presented in these unaudited condensed consolidated interim financial statements are in accordance with IFRS. Certain comparative figures may have been reclassified to conform to the current period's presentation.

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis using the accrual basis of accounting, except for cash flow information and as otherwise specified, as set out in the accounting policies below.

a) Basis of Consolidation

These audited consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, NETEXP SAC, incorporated in Peru. All material inter-company balances and transactions have been eliminated on consolidation.

b) Foreign Currency Translation

The functional currency of the parent and its subsidiary companies is the Canadian dollar, being the currency of the primary economic environment of the parent entity. The functional currency is also the presentation currency.

Transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. The Company translates monetary assets and liabilities denominated in foreign currencies at period-end rates. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at average rates in effect during the period except for depreciation which is translated at historical rates. The resulting gains or losses are reflected in profit or loss in the period of translation.

At the entity level, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate in effect at the financial position date and non-monetary assets and liabilities are translated at the exchange rates in effect at the date of the transaction. Income and expenses are translated at rates approximating the exchange rates in effect at the time of the transactions. All exchange gains and losses are credited or charged to profit or loss in the period in which they arise.

c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, short-term, highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. As at May 31, 2016 and November 30, 2015, the Company did not have any cash equivalents.

d) Exploration and Evaluation Assets

Pre-exploration costs are expensed as incurred.

Once a license to explore an area has been acquired or an option agreement is signed and binding, exploration and evaluation costs, including the costs of acquiring claims, are capitalized as exploration and evaluation assets on an area of interest basis pending determination of the technical feasibility and the commercial viability of the project. Capitalized costs include costs directly related to exploration and evaluation activities in the area of interest. General and administrative costs are only allocated to the asset to the extent that those costs can be directly related to operational activities in the relevant area of interest. When a claim is relinquished or a project is abandoned, the related costs are recognized in profit or loss at that time.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Exploration and Evaluation Assets (continued)

Exploration and evaluation assets are classified as tangible or intangible, depending on the nature of the expenditure. Capitalized exploration and evaluation costs that are tangible are classified as property and equipment.

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.

e) Financial Instruments

The Company's financial instruments consist of cash, deposits, trade and other payables, and loans payable. Financial assets and financial liabilities are recognized on the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial assets are de-recognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired.

Financial instruments are measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on whether the financial instrument has been classified as "fair value through profit or loss", "loans and receivable", "available-for-sale", "held-to-maturity", or "other financial liabilities measured at amortized cost" as defined by *IAS 39, Financial Instruments - Recognition and Measurement.*

Cash and deposits are designated as fair value through profit or loss and are carried at fair value with gains or losses recognized in profit or loss.

Trade and other payables, and loans payable are designated as other financial liabilities.

The Company has no derivative financial instruments.

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

i) Level 1 - Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

ii) Level 2 - Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly, such as quoted prices for similar assets or liabilities in active markets, or indirectly, such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

iii) Level 3 - Applies to assets or liabilities for which there are unobservable market data.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Impairment

Financial Assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. A financial asset or group of financial assets is considered impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Non-financial Assets

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount and upon reclassification of these costs to assets under development. Facts and circumstances giving rise to an impairment of exploration and evaluation assets include:

- The right to explore has, or will in the near future, expired and renewal is not expected;
- Further exploration and evaluation expenditure is not budgeted or planned;
- Activities have been discontinued due to lack of discovery; and
- Development is likely, but the recorded amount of exploration and evaluation asset is unlikely to be recovered in full.

For purposes of impairment testing, exploration and evaluation costs are allocated to cash-generating units ("CGU") based on their ability to generate largely independent cash flows. If indicators of impairment exist, the recorded cost of an asset or CGU is written down to the recoverable amount. The recoverable amount of an asset or CGU is the greater of its fair value less costs to sell and its 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 of an asset 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 profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Provision for Decommissioning Liabilities

A provision for decommissioning liabilities including a legal or constructive obligation to incur restoration, rehabilitation and environmental costs is recognized based on statutory, contractual or constructive obligations resulting from the acquisition, exploration and development of mineral properties. The net present value of the future decommissioning liabilities is capitalized to the related asset with a corresponding increase in the provision for decommissioning liabilities. The net present value is calculated using a pre-tax rate that reflects the time-value of money and the risks specific to the liability. The unwinding of the discount is classified as a finance cost in profit or loss.

As at May 31, 2016, the Company had no provisions for decommissioning liabilities.

h) Share Capital

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

i) Share-based Payments

The Company has a stock option plan under which it grants stock options to directors, employees and consultants.

Share-based payments are recorded as expenses for all options granted to employees, or to those providing similar services, at the fair value of the equity instruments over the vesting period, with a corresponding increase in share-based payments reserve. Each transfer in an award is considered separately with its own vesting date and grant date fair value. The Company uses the Black-Scholes option pricing model to estimate the fair value of each stock option at the date of grant. For awards with vesting conditions, a forfeiture rate is recognized at the grant date and is adjusted to reflect the number of awards expected to vest. As the options are exercised, the consideration paid, together with the amount previously recognized in share-based payments reserve, is recorded as an increase in share capital.

For equity-settled stock-based payments to non-employees, the Company measures the value of the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably.

The Company has no cash-settled share-based payment transactions.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss).

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 income will be available against which those deductible temporary differences, and the carry forward of non-capital losses, can be utilized.

Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future profit will allow the deferred tax asset to be recovered and/or the carrying value of temporary differences exceed their tax basis.

k) Loss per Share

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings/loss per share reflect the potential dilution of outstanding stock options and warrants that could share in the earnings of the Company. In a loss period, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive.

4. RECENT ACCOUNTING PRONOUNCEMENTS

The International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee continuously issue certain new standards and interpretations. The following standards have been issued but not effective until the annual period beginning on or after December 1, 2015. The Company has not adopted the following standards and is in the process of evaluating the impact that these standards will have on the financial statements:

a) IFRS 9 Financial Instruments

IFRS 9 Financial Instrument is part of the IASB's wider project of replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristic of the financial assets. This standard is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the impact that these standards will have on the financial statements.

b) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model for an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. This standard is effective for annual periods beginning on or after January 1, 2017. The Company is in the process of evaluating the impact that these standards will have on the financial statements.

c) Amendments to IAS 1 Presentation of Financial Statement

The amendments are designed to encourage companies to apply professional judgement to determine what information to disclose in the financial statements. In addition, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. The amendment is effective for annual periods beginning on or after January 1, 2016. The Company is in the process of evaluating the impact that these standards will have on the financial statements and disclosures.

5. CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES

When preparing the consolidated financial statements in conformity with IFRS, management undertakes a number of judgments, estimates and assumptions about the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

Significant areas of estimation uncertainty considered by management in preparing the financial statements are as follows:

The amounts disclosed related to fair values of stock options and warrants issued and the resultant effects on profit or loss are based on estimates of future volatility of the Company's share price, expected lives of the options and expected dividends.

(Expressed in Canadian Dollars Unless Otherwise Noted)

5. CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES (continued)

The valuation of deferred income tax assets is based on estimates of the probability of the Company utilizing certain tax pools and assets and on the impact of future changes in legislation, tax rates and interpretations by taxation authorities.

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in profit or loss in the year as the new information becomes available.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

6. EXPLORATION AND EVALUATION ASSETS

	Pistala Peru
Acquisition costs	
Balance, May 31, 2016 and November 30, 2015	$ -
Exploration expenditures	
Balance, May 31, 2016 and November 30, 2015	1
Exploration and evaluation assets	
Balance, May 31, 2016	**$ 1**
Exploration and evaluation assets	
Balance, November 30, 2015	$ 1

Pistala, Peru

In February 2007, by way of a third party agreement, the Company staked the 1,600 hectare Pistala property in Southern Peru; and in July 2008, the Company staked an additional 1,300 hectares. The Company entered into a participation agreement with NETEXP.SAC Peru whereby Network Exploration Ltd. is entitled to 95% of the rights and benefits derived from the property. During the year ended November 30, 2013, the Company wrote off $191,821 in accumulated exploration expenditures, as management has decided not to incur further expenditures at the present time.

(Expressed in Canadian Dollars Unless Otherwise Noted)

7. LOANS PAYABLE

As at May 31, 2016, $Nil (2015 – $Nil) were due to a third party. Loans payable were unsecured and payable on demand.

During the period ended May 31, 2016, the Company recorded $Nil (2015 - $Nil) in interest expense that is included in the loans payable balance.

8. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of operations and measured at the amounts established and agreed to by the related parties.

Key Management Compensation

	SIX MONTHS ENDED MAY 31,	
	2016	2015
Consulting and management fees	**$ 21,500**	$ 20,000

Key management personnel are the persons responsible for planning, directing and controlling the activities of the Company, and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

Other Related Party Transactions

In addition to those related party transactions disclosed elsewhere in the financial statements, the Company incurred the following transactions:

As at May 31, 2016, trade and other payables include $27,825 (2015 - $39,425) due to related parties. Amounts due to related parties are interest free, unsecured, and have no specified terms of repayment.

The Company shares office space with other companies. During the six month period ended May 31, 2016, the Company paid $61,504 (2015 - $60,733) in total rent, of which $6,000 (2015 - $6,000) were recovered from companies with a common director and $51,667 (2015 - $32,386) were recovered from other companies.

(Expressed in Canadian Dollars Unless Otherwise Noted)

9. SHARE CAPITAL

a) Authorized

Unlimited number of Class A common shares without par value
Unlimited number of Class B non-voting convertible common shares without par value, convertible to Class A common shares on a 1 for 1 basis.

b) Issued

On April 4, 2016, the Company closed a non-brokered private placement issuing 5,427,000 shares at a price of $0.10 per share for gross proceeds of $542,700. No finders fees were paid in relation to this private placement. All securities issued under the Offering are subject to a statutory hold period ending on August 5, 2016 in accordance with applicable Canadian securities laws. The proceeds of the Offering will be used for general working capital.

On January 20, 2016, the Company consolidated its common shares (the "Shares") on the basis of one post-consolidated common share for every four pre-consolidated Shares held (the "Consolidation"). The Consolidation was approved by shareholders of the Company at the Company's Annual and Special Meeting held on December 17, 2015. The Company had 4,437,530 common shares issued and outstanding following the Consolidation. All references to the number of common shares and per common share amounts have been retroactively restated to reflect this common share consolidation.

The Company did not issue any common shares during the year ended November 30, 2015.

c) Escrow Shares

As at May 31, 2016, Nil (2015 – 1,116,768) Class A common shares were held in escrow.

d) Stock Options

The Company has a fixed stock option plan, which follows the policies of the TSX Venture Exchange ("TSXV") regarding stock option awards granted to employees, directors and consultants. According to the plan, the Company may grant incentive stock options up to a total of 10% of the Company's issued and outstanding common shares issued.

A summary of the changes in stock options is presented below:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, November 30, 2014	14,375	4.00
Expired	(14,375)	4.00
Balance, November 30, 2015	-	$ -
Balance, May 31, 2016	**-**	**$ -**

(Expressed in Canadian Dollars Unless Otherwise Noted)

9. SHARE CAPITAL (continued)

As at May 31, 2016 and November 30, 2015, there were no stock options to purchase Class A common shares outstanding. The Company did not grant any stock options during the six months ended May 31, 2016 and year ended November 30, 2015.

e) Warrants

A summary of the changes in warrants is presented below:

	NUMBER OF WARRANTS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, November 30, 2015 and 2014	670,251	$ 0.40
Expired	(231,487)	$ 0.40
Balance, May 31, 2016	**438,814**	**$ 0.40**

As at May 31, 2016 and November 30, 2015, the Company had the following warrants to purchase Class A common shares of the Company outstanding:

NUMBER OF WARRANTS	EXERCISE PRICE	EXPIRY DATE
438,814	$0.40	August 8, 2016
438,814		

The Company did not grant any warrants during the six months ended May 31, 2016 and year ended November 30, 2015.

10. FAIR VALUES AND RISK MANAGEMENT

The Company's financial instruments consist of cash, deposits, trade and other payables, and loans payable. Cash is measured at fair value based on Level 1 input of the fair value hierarchy. The fair value of deposits, trade and other payables, and loans payable approximate their carrying values.

The Company is exposed to financial risks arising from its financial assets and liabilities. The Company manages its exposure to financial risks by operating in a manner that minimizes its exposure to the extent practical. The main financial risks affecting the Company are:

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to minimal credit risk. The credit risk on cash is low because the counterparties are highly rated banks.

10. FAIR VALUES AND RISK MANAGEMENT (continued)

b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is exposed to minimal interest rate risk as the Company invests cash at floating rates of interest in highly liquid instruments, when applicable.

c) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's trade and other payables and loans payable are all current. The Company ensures that it has sufficient capital to meet short term financial obligations after taking into account its cash on hand.

d) Foreign Currency Risk

While the parent company is a Canadian company and all capital is raised in Canadian dollars; the Company conducts business in Peru, whose currency is the Peruvian new sol. The Company is subject to risk due to fluctuations in the relative exchange rates of the Canadian dollar, United States dollar and the Peruvian sol. The Company does not manage currency risk through hedging. As at May 31, 2016, the Company is not exposed to currency risk.

11. CAPITAL MANAGEMENT

The Company is in the business of mineral exploration in Canada and South America. Management determines the Company's capital structure and makes adjustments to it based on funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors has not established quantitative return on capital criteria for capital management but rather relies upon the expertise of the management team to sustain the future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; and the Company does not generate any revenue, and accordingly, the Company is dependent upon external financing to fund both its exploration programs and its administrative costs. The Company will spend existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and to seek to acquire an interest in additional properties, if management feels there is sufficient geologic or economic potential, provided it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that its approach, given the relative size of the Company, is reasonable. There have been no changes in the Company's approach to capital management in the six months ended May 31, 2016.

The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian Dollars Unless Otherwise Noted)

12. SEGMENTED INFORMATION

The Company's mineral resource interests are located in Canada and South America. All of the Company's mineral resource interests are in the exploration and evaluation stage, and accordingly, have no reportable segment revenues or operating results. Segmented identifiable assets, liabilities, and net loss by geographical location are as follows:

	May 31, 2016		
	CANADA	SOUTH AMERICA	TOTAL
Current assets	$ 182,495	$ -	$ 182,495
Deposit	66,021	-	66,021
Exploration and evaluation assets	-	1	1
Total assets	$ 248,516	$ 1	$ 248,517
Total liabilities	$ 91,620	$ 7,954	$ 99,574
Net loss for the period	$ 137,915	$ -	$ 137,915

	November 30, 2015		
	CANADA	SOUTH AMERICA	TOTAL
Current assets	$ 19,997	$ -	$ 19,997
Deposit	14,095	-	14,095
Exploration and evaluation assets	-	1	1
Total assets	$ 34,092	$ 1	$ 34,093
Total liabilities	$ 256,981	$ 7,954	$ 264,935
Net loss for the year	$ 199,215	$ -	$ 199,215

13. COMMITMENTS

Letter of Intent

On April 29, 2016, the Company entered into a binding letter of intent (the "LOI") which sets out the basic terms and conditions pursuant to which the Company will acquire 95.53% of the issued and outstanding shares of YD Ynvisible S.A. ("Ynvisible") in exchange for common shares of the Company. Pursuant to the terms of the LOI, the majority of Network's management and directors will be replaced with nominees of Ynvisible, and the Company will issue sufficient securities such that the transaction will constitute a Change of Business Reverse Takeover ("RTO") under the rules of the TSX Venture Exchange.

Office Lease

The Company has an office lease agreement expiring June 30, 2021 and is committed to total monthly basic rental payments averaging $4,292 from July 1, 2016 to June 30, 2021, of which a portion is recoverable from companies with a common director and other companies for sharing office space. Pursuant to the lease agreement, the Company has paid $14,095 in a security deposit.

14. SUBSEQUENT EVENTS

On July 19, 2016, the Company entered into a share exchange agreement (the "SEA") with YD Ynvisible S.A. ("Ynvisible") pursuant to which the Company will acquire 95.53% of the issued and outstanding shares of Ynvisible in exchange for common shares of the Company. Pursuant to the terms of the SEA, the majority of the Company's management and directors will be replaced with nominees of Ynvisible, and the Company will issue sufficient securities such that the transaction will constitute a Change of Business Reverse Takeover ("RTO") under the rules of the TSX Venture Exchange (the "Exchange").