imetal resources inc

(formerly Adroit Resources Inc.)

Condensed Consolidated Interim Financial Statements

For the Six Months Ended November 30, 2015

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE TO READER

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

The accompanying unaudited condensed consolidated interim financial statements of iMetal Resources Inc. ("Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

iMetal Resources Inc. (formerly Adroit Resources Inc.)
Condensed Consolidated Interim Statements of Financial Position
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

	November 30, 2015	May 31, 2015
ASSETS		
Current		
Cash (Note 4)	$ 165,217	$ 5,009
Amounts receivable	14,235	-
	179,452	5,009
Non-current		
Exploration and evaluation assets (Note 5)	1,719,072	1,673,105
TOTAL ASSETS	$ 1,898,524	$ 1,678,114
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 963,788	$ 1,678,923
Due to related parties (Note 6)	115,452	960,367
Loans payable (Note 7)	-	49,160
Note payable (Note 8)	6,293	6,042
Total liabilities	1,085,533	2,694,492
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Capital stock (Note 9)	34,262,872	34,147,986
Shares subscribed (Note 9)	740,000	-
Reserves	2,714,303	2,714,303
Deficit	(36,904,184)	(37,878,667)
Total shareholders' equity (deficiency)	812,991	(1,016,378)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY/DEFICIENCY	$ 1,898,524	$ 1,678,114

Nature of operations and going concern – Note 1
Civil claim – Note 13
Subsequent event – Note 15

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on January 29, 2016. They are signed on the Company's behalf by:

"Johan Grandin" — Director

"Johan Juntorp" — Director

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

iMetal Resources Inc. (formerly Adroit Resources Inc.)
Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

	Three months ended November 30, 2015	Three months ended November 30, 2014	Six months ended November 30, 2015	Six months ended November 30, 2014
OPERATING EXPENSES				
Depreciation	$ -	$ 4,316	$ -	$ 5,634
Bank charges and interest (net)	722	126	822	190
Consulting (Note 6)	53,600	33,600	132,200	52,200
Foreign exchange gain	(11,250)	(18,252)	(10,896)	(19,261)
Interest	125	125	251	251
Office and salaries (Note 6)	19,529	26,525	45,235	53,909
Professional fees (Note 6)	43,249	19,950	65,749	35,700
Transfer agent and listing fees	35,782	(1,267)	35,782	2,813
Travel and promotion	12,631	221	12,631	412
Loss from operations	(154,388)	(65,344)	(281,774)	(131,848)
Gain on settlement of debt	1,256,257	-	1,256,257	-
Unrealized gain on marketable securities (Note 3)	-	16,955	-	18,232
Income (loss) and comprehensive income (loss) for the period	**$ 1,101,869**	**$ (48,389)**	**$ 974,483**	**$ (113,616)**
Income (loss) per common share - basic and diluted	$ 0.06	$ (0.00)	$ 0.05	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	18,410,316	17,599,721	18,002,811	17,599,721

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

iMetal Resources Inc. (formerly Adroit Resources Inc.)
Condensed Consolidated Interim Statements of Cash Flows
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

	Six months ended November 30,	
	2015	**2014**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) for the period	$ 974,483	$ (113,616)
Items not affecting cash:		
Depreciation	-	5,634
Gain on settlement of debt	(1,256,257)	-
Interest on notes payable	251	251
Unrealized gain on marketable securities	-	(18,232)
	(281,523)	(125,963)
Changes in non-cash working capital items:		
Amounts receivable	-	(1,850)
Accounts payable and accrued liabilities	(201,848)	49,721
Due to related parties	(8,559)	75,645
Amounts receivable	(14,235)	-
Net cash used in operating activities	(506,165)	(2,447)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(25,967)	-
Net cash used in investing activities	(25,967)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Share subscriptions received	740,000	-
Proceeds from loans payable	-	2,400
Repayment of loans payable	(47,660)	-
Net cash provided by financing activities	692,340	2,400
Change in cash and cash equivalents for the period	160,208	(47)
Cash and cash equivalents, beginning of period	5,009	9
Cash, end of period	$ 165,217	$ (38)

SUPPLEMENTAL INFORMATION (Note 14)

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

iMetal Resources Inc. (formerly Adroit Resources Inc.)
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)
For the Six Months Ended November 30, 2015 and 2014
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

	Capital stock					
	Number of shares	Amount	Shares Subscribed	Reserves	Deficit	Total
Balance - May 31, 2014	**17,599,736**	**$ 34,147,986**	**$ -**	**$ 2,714,303**	**$ (35,884,625)**	**$ 977,664**
Loss and comprehensive loss for the period	-	-	-	-	(113,616)	(113,616)
Balance - November 30, 2014	**17,599,736**	**$ 34,147,986**	**$ -**	**$ 2,714,303**	**$ (35,998,241)**	**$ 864,048**
Balance - May 31, 2015	**17,599,736**	**$ 34,147,986**	**$ -**	**$ 2,714,303**	**$ (37,878,667)**	**$ (1,016,378)**
Shares subscribed for private placement	-	-	740,000	-	-	740,000
Shares issued for exploration and evaluation assets	440,000	20,000	-	-	-	20,000
Shares issued for debt settlements	1,897,730	94,886	-	-	-	94,886
Income and comprehensive income for the period	-	-	-	-	974,483	974,483
Balance - November 30, 2015	**19,937,466**	**$34,262,872**	**$ 740,000**	**$ 2,714,303**	**$(36,904,184)**	**$ 812,991**

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

1. Nature of Operations and Going Concern

On November 9, 2015, the Company changed its name to iMetal Resources Inc. (formerly Adroit Resources Inc.). The Company is engaged in the exploration and development of mineral properties in Ontario, Canada and has not yet determined whether these properties contain National Instrument 43-101 compliant ore reserves that are economically recoverable. The exploration programs undertaken and proposed constitute an exploratory search and the development of historic resources. There is no assurance that the Company will be successful in its search and development. The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration and development programs planned by the Company will result in a profitable commercial mining operation. The amounts shown as exploration and evaluation assets represent net costs to date, less amounts written-off, and do not necessarily represent present or future values. The recovery of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of such a property or properties and ultimately upon future profitable production from a property or properties or the realisation of proceeds from the disposition thereof. The Company has incurred losses since inception and at November 30, 2015 has an accumulated deficit of $36,904,184 (May 31, 2015 - $37,878,667). During the period ended November 30, 2015, the Company consolidated its share capital on a ten to one basis. These statements reflect the share consolidation retroactively.

The Company requires additional funds to continue operations, to explore its mineral properties and to maintain its property interests. Management is actively seeking additional financing, and while it has successfully done this in the past, there is no assurance that it will continue to be able to do so in the future. These matters raise substantial doubt about the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern.

The head office, principal address, registered address and records office of the Company are located at 510 – 580 Hornby Street, Vancouver, British Columbia, Canada, V6C 3B6. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "ADT.V" and on the Frankfurt Stock Exchange ("FWB") under the symbol "A7V.F". On July 27, 2015, the Company received notice from the TSX-V that the Company no longer meets the Continued Listing Requirements ("CLR") criteria to be classified as a Tier 1 company on the TSX-V and on October 27, 2015, moved from Tier 1 to Tier 2.

2. Significant Accounting Policies

Statement of Compliance

These condensed consolidated interim financial statements of the Company for the period ended November 30, 2015 have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. The significant accounting policies applied in these condensed consolidated interim financial statements are based on the IFRS issued and outstanding as of November 30, 2015.

Basis of Presentation

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's annual consolidated financial statement for the year ended May 31, 2015. These condensed consolidated interim financial statements have been prepared on a historical basis and have been prepared using the accrual basis of accounting, except cash flow information. These condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise noted.

2. Significant Accounting Policies *(cont'd)*

Basis of Presentation *(cont'd)*

These condensed consolidated interim financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements of the Company for the year ended May 31, 2015.

These condensed consolidated interim financial statements include accounts of iMetal Resources Inc. and its wholly-owned subsidiary Risorse Dei Minerali Naturali S.R.L ("RMN"), a company incorporated in the province of Grosseto, Italy. All significant inter-company transactions and balances have been eliminated on consolidation.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Differences may be material.

Critical judgments in applying accounting policies:

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements:

- the determination that the Company will continue as a going concern for the next year;
- the determination that there have been no events or changes in circumstances that indicate the carrying amount of exploration and evaluation assets may not be recoverable; and
- the determination that the functional currency of RMN is the Canadian dollar.

2. Significant Accounting Policies *(cont'd)*

New accounting standards and interpretation

Accounting policies adopted during the current year

Effective June 1, 2015, the Company has applied the following new accounting standards or amendments which were issued by the IASB:

- Amendments to IFRS 2, Share-based Payment
- Amendments to IFRS 3, Business Combinations
- Amendments to IFRS 8, Operating Segments
- Amendments to IFRS 13, Fair Value Measurement
- Amendments to IAS 16, Property, Plant and Equipment
- Amendments to IAS 24, Related Party Disclosures

The adoption of these new standards or amendments had no material impact on the Company's condensed consolidated interim financial statements.

Accounting standards issued but not yet effective

Effective for annual periods beginning on or after January 1, 2018:

- IFRS 9, Financial Instruments

The Company has not early adopted this new standard to existing standards and does not expect the impact of this standard on the Company's condensed consolidated interim financial statements to be material.

3. Marketable Securities

Marketable securities are denominated in US dollars and converted to Canadian dollars at the period-end exchange rates.

	November 30, 2015		May 31, 2015	
	Fair Value	Cost	Fair Value	Cost
Nytex Energy Holdings, Inc.	$ -	$ -	$ -	$ -

During the year ended May 31, 2015, the Company sold its marketable securities for proceeds of $14,266 resulting in a gain on disposal of $8,000 and a realized loss of $39,257.

(Expressed in Canadian Dollars)

4. Property and Equipment

	Furniture and Equipment	Vehicles	Lab Equipment	Lot and Buildings	Total
Cost					
As at May 31, 2014	$ 82,964	$ -	$ -	$ 106,834	$ 189,798
Disposal	(82,964)	-	-	(106,834)	(189,798)
As at May 31, 2015 and November 30, 2015	$ -	$ -	$ -	$ -	$ -
Accumulated depreciation					
As at May 31, 2014	$ 76,157	$ -	$ -	$ 27,637	$ 103,794
Additions	3,680	-	-	1,954	5,634
Disposal	(79,837)	-	-	(29,591)	(109,428)
As at May 31, 2015 and November 30, 2015	$ -	$ -	$ -	$ -	$ -
Net book value					
As at May 31, 2014	$ 6,807	$ -	$ -	$ 79,197	$ 86,004
As at May 31, 2015	$ -	$ -	$ -	$ -	$ -
As at November 30, 2015	$ -	$ -	$ -	$ -	$ -

During the year ended May 31, 2015, the Company sold its property and equipment in Cobalt, Ontario for proceeds of $78,500 (net proceeds of $70,553), resulting in a loss on disposal of $9,817. Pursuant to the sales agreement, $5,000 of the proceeds are being held in trust pending the removal of core samples from one of the buildings.

(Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets

	Canada										Italy	
	Carheil Property	**Temagami**	**Simon Copper**	**Niemetz**	**West Hudson**	**Nursey Lake**	**Red Vein**	**Little Pigeon Lake**	**Grassy Lake**	**Halliday Lake**	**Central Italy**	**Total**
Costs												
Balance - May 31, 2014 and May 31, 2015	$ -	$ 1,435,576	$ 1,422,577	$ 276,910	$ 84,140	$ 160,529	$ 285,130	$ 373,756	$ 1,040,873	$ 15,535	$ 2,703,933	$ 7,798,959
Acquisition costs	35,000	-	-	-	-	-	-	-	-	-	-	35,000
Exploration Costs	10,967	-	-	-	-	-	-	-	-	-	-	10,967
Balance - November 30, 2015	$ 45,967	$ 1,435,576	$ 1,422,577	$ 276,910	$ 84,140	$ 160,529	$ 285,130	$ 373,756	$ 1,040,873	$ 15,535	$ 2,703,933	$ 7,844,926
Impairment write-offs												
Balance - May 31, 2014	$ -	$ (727,846)	$ (1,422,577)	$ -	$ (3,900)	$ -	$ (5,400)	$ -	$ -	$ -	$(2,703,933)	$ (4,863,656)
Write-offs	-	-	-	(276,910)	(80,240)	(160,529)	(279,730)	(158,691)	(290,563)	(15,535)	-	(1,262,198)
Balance - May 31, 2015 and November 30, 2015	$ -	$ (727,846)	$ (1,422,577)	$ (276,910)	$ (84,140)	$(160,529)	$(285,130)	$ (158,691)	$ (290,563)	$ (15,535)	$(2,703,933)	$ (6,125,854)
Carrying values												
Carrying value - May 31, 2014	$ -	$ 707,730	$ -	$ 276,910	$ 80,240	$ 160,529	$ 279,730	$ 373,756	$ 1,040,873	$ 15,535	$ -	$ 2,935,303
Carrying value – May 31, 2015	$ -	$ 707,730	$ -	$ -	$ -	$ -	$ -	$ 215,065	$ 750,310	$ -	$ -	$ 1,673,105
Carrying value –November 30, 2015	$ 45,967	$ 707,730	$ -	$ -	$ -	$ -	$ -	$ 215,065	$ 750,310	$ -	$ -	$ 1,719,072

5. Exploration and Evaluation Assets *(cont'd)*

Quebec, Canada

Carheil Property

During the period ended November 30, 2015, the Company announced the acquisition of mineral properties in Quebec from Skyworld Holdings Limited. The terms of the acquisition include:

- Skyworld will receive $15,000 upon signing of a Definitive Agreement (paid);
- Skyworld will receive $10,000 each year for three years for a total of $30,000 starting in the year following the year of the initial $15,000 payment and the signing of the definitive agreement;
- The Company will issue 400,000 shares to Skyworld upon the closing of the transaction (issued at a value of $20,000);
- The Company will issue 500,000 additional shares per year each year for three years for a total of 1,500,000 shares, starting in the year following the year after the closing of the transaction.

A finder's fee was paid in 40,000 shares valued at $2,000 to an arm's length third party in connection with this transaction.

Ontario, Canada

Temagami North Property

The Company holds several claims on the Temagami North Property.

Niemetz Property

For a cash payment of $5,000 and the issuance of 4,000 common shares, the Company acquired a 100% legal and beneficial interest in several contiguous mineral claims in Briggs Township, Ontario, subject to a 2% NSR.

During the year ended May 31, 2015, all of the claims expired. Accordingly, the Company wrote off the carrying value of $276,910.

West Hudson Property

This property consists of several contiguous claims.

During the year ended May 31, 2015, all of the claims expired. Accordingly, the Company wrote off the carrying value of $80,240.

Nursey Lake Property

During fiscal 2012, certain claims were staked in the Nursey, Burrows, Moher and Semple Townships, Shining Tree/South Timmins mining camps, Ontario, creating the Nursey Lake property.

During fiscal 2013, several additional claim units were acquired through the issuance of 90,400 common shares.

During the year ended May 31, 2015, all of the claims expired. Accordingly, the Company wrote off the carrying value of $160,529.

5. Exploration and Evaluation Assets *(cont'd)*

Ontario, Canada *(cont'd)*

Red Vein Property

The Red Vein Property was acquired during fiscal 2009 through staking certain contiguous claim units located in northern Ontario.

During fiscal 2012, the Red Vein property was subdivided into four different properties: one retaining the same name with the other three named Little Pigeon Lake, Grassy Lake and Halliday Lake. Pursuant to this subdivision, costs incurred on the Red Vein property have been reclassified to the other three properties.

In December 2012, an assessment report based on the exploration activities on the Red Vein Property that covers portions of Sothman, Kemp, Burrows, Mond, Raymond, Kelvin and Natal Townships was filed with the Mining Recorder's office of the Ontario government in Sudbury. The assessment report was accepted.

During fiscal 2013, certain additional claim units were acquired through the issuance of 1,900 common shares.

During fiscal 2014, the Company entered into an agreement to purchase a 100% interest in a claim of 15 claim units, contiguous to the Company's property in Red Vein, Ontario and issued 4,000 common shares valued at $400.

During fiscal 2015 and the period ended November 30, 2015, all of the claims expired. Accordingly, the Company wrote off the carrying value of $279,730 during the year ended May 31, 2015.

Little Pigeon Lake Property

Subdivided from the Red Vein Property in fiscal 2012, this property consists of certain contiguous claims.

During fiscal 2015, certain of the claims expired. Accordingly the Company wrote off $158,691.

Grassy Lake Property

Subdivided from the Red Vein Property in fiscal 2012, this property consists of certain contiguous claims.

During fiscal 2015, certain of the claims expired. Accordingly the Company wrote off $290,563.

Halliday Lake Property

Staked in fiscal 2012, the Halliday Lake Property consists of several contiguous claims in the Sothman and Halliday Townships. The property abuts the SGX Resources Inc. Edelston Property to the north.

During fiscal 2013, additional claim units were acquired through the issuance of 2,700 common shares.

During fiscal 2015, all of the claims expired. Accordingly, the Company wrote off the carrying value of $15,535.

6. Related Party Transactions

The Company incurred $125,700 (2014 - $74,700) to related parties during the period ended November 30, 2015 as follows:

- $75,000 (2014 - $30,000) in consulting fees to a company owned by the Company's chairman and chief executive officer.
- $6,000 (2014 - $6,000) in director's fees to a director of the Company, included in office and salaries.
- $7,200 (2014 - $7,200) in consulting fees to a company controlled by a director.
- $37,500 (2014 - $31,500) in accounting fees to a firm where an officer of the Company is a partner.

As at November 30, 2015, the Company owed $115,452 (May 31, 2015 - $960,367) to related parties as follows:

- $90,855 (May 31, 2015 - $119,355) to a company owned by the Company's chairman and chief executive officer.
- $2,000 (May 31, 2015 - $30,500) to a director of the Company.
- $2,738 (May 31, 2015 - $111,966) to a company controlled by a director of the Company.
- $Nil (May 31, 2015 - $130,791) to a firm where an officer of the Company is a partner.
- $Nil (May 31, 2015 - $372,856) to a company owned but not controlled by the Company's former president and chief executive officer.
- $13,000 (May 31, 2015 - $13,000) to a former director and former chief financial officer of the Company.
- $Nil (May 31, 2015 - $84,000) to a former director of the Company.
- $1,768 (May 31, 2015 - $1,768) to a former director.
- $5,090 (May 31, 2015 - $5,090) to a company controlled by a former director of the Company.
- $Nil (May 31, 2015 - $91,041) to the Company's former chief financial officer.

During the period ended November 30, 2015, the Company settled $796,543 of debt owed to related parties through a combination of the issuance of 796,266 shares and cash payments of $25,471.

These balances are unsecured, non-interest bearing, payable on demand, have no fixed terms of repayment and arose from the provision of services.

7. Loans Payable

During the year ended May 31, 2015, the Company entered into a loan agreement with a private company for $7,860. The loan is non-interest bearing, unsecured and has no specific terms of repayment. During the period ended November 30, 2015, the loan was repaid in full.

During the year ended May 31, 2014, the Company entered into loan agreements with three private companies for $21,800 and repaid $10,000 to one of the private companies. During the year ended May 31, 2015 the Company repaid $4,000. The loans are non-interest bearing, unsecured and have no specific terms of repayment. During the period ended November 30, 2015, the loan was repaid in full.

During the year ended May 31, 2013, the Company entered into two loan agreements with two private companies in the amount of $33,500. The loans are non-interest bearing, unsecured and have no specific terms of repayment. During the period ended November 30, 2015, the Company repaid $32,000 and recorded a gain on settlement of debt of $1,500.

8. Note Payable

In March 2013, the Company entered into a promissory note for $5,000 that accrues interest at 10% per annum. As at November 30, 2015, the Company recorded interest payable of $1,293 (May 31, 2015 - $1,042).

(Expressed in Canadian Dollars)

9. Equity

a) Share capital

Authorized share capital consists of an unlimited number of common shares without par value.

During the period ended November 30, 2015, the Company:

i. consolidated its share capital on a ten to one basis.

ii. entered into agreements to settle debt for either reduced cash payments or for shares. In aggregate, $1,407,089 of outstanding debt was settled by way of (i) cash payments of $55,946 and (ii) the issuance of 1,897,731 common shares at a deemed price of $0.50 per share for an aggregate amount of $948,865. The debt settlement includes payment of $550,733 to Terrence E. King Law Corporation and Robert D. Holmes Law Corporation ("Holmes & King"; the Company's former solicitors) pursuant to a settlement agreement dated August 31, 2015 (Note 13). That agreement called for the settlement of $550,733 of debt (legal fees plus accrued interest) owed to Holmes & King by paying $30,000 (paid) and issuing 1,101,465 shares on or before November 30, 2015 (issued).

iii. issued 400,000 common shares valued at $20,000 to Skyworld Holdings Limited as per the terms of the agreement. The Company also issued finder's fees of 40,000 common shares valued at $2,000.

iv. closed the sale of its non-brokered private placement of 14,800,000 common shares at a price of $0.05 per share, for gross proceeds of $740,000, subject to TSXV approval.

b) Share purchase options

There were no share purchase options outstanding for the period ended November 30, 2015 and the year ended May 31, 2015.

c) Warrants

The continuity of share purchase warrants for the period ended November 30, 2015 is as follows:

Expiry date	Exercise Price $	Balance May 31, 2015	Expired	Balance November 30, 2015
October 15, 2015	0.25	1,850,000	1,850,000	-
October 17, 2015	0.10	6,625,000	6,625,000	-
November 5, 2015	0.10	1,000,000	1,000,000	-
		9,475,000	9,475,000	-
Weighted-average exercise price		$ 0.13	$ 0.13	$ -

d) Reserves

	Share-based Payments	Agents' Options and Warrants	Equity Portion of Convertible Debentures	Total
Balance as at May 31, 2014, May 31, 2015 and November 30, 2015	$ 2,040,493	$ 661,376	$ 12,434	$ 2,714,303

(Expressed in Canadian Dollars)

10. Segmented Information

The Company currently conducts all of its operations in Canada in one business segment being the acquisition and exploration of resource properties.

11. Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its projects. The Company is not subject to any externally imposed capital requirements.

The Company manages its 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 issue new equity if available on favourable terms, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, borrow, acquire or dispose of assets.

12. Financial Instruments and Financial Risk Factors

Financial instruments

Financial instruments must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are as follows:

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

The carrying values, fair market values, and fair value hierarchal classification of the Company's financial instruments are as follows:

November 30, 2015	Level 1	Level 2	Level 3	Total
Cash	$ 165,217	$ -	$ -	$ 165,217
	$ 165,217	$ -	$ -	$ 165,217

May 31, 2015	Level 1	Level 2	Level 3	Total
Cash	$ 5,009	$ -	$ -	$ 5,009
	$ 5,009	$ -	$ -	$ 5,009

Cash and marketable securities are measured using Level 1. The Company does not have any financial instruments that are measured using Level 2 or Level 3 inputs. During the period ended November 30, 2015, there were no transfers between Level 1, Level 2, and Level 3 classified assets and liabilities.

The Company's financial instruments are exposed to certain financial risks, including liquidity risk and foreign exchange risk.

12. Financial Instruments and Financial Risk Factors *(cont'd)*

Financial instruments *(cont'd)*

Fair Value

The Company's financial instruments include cash, amounts receivable, marketable securities, accounts payable and accrued liabilities, due to related parties, loans payable, and note payable. Cash and cash equivalents and marketable securities are classified as "held for trading" and measured at fair value, amounts receivable is classified as "loans and receivables" and measured at amortized cost, while accounts payable and accrued liabilities, due to related parties, loans payable, and note payable are classified as "other financial liabilities" initially recognized at fair value less directly attributable transactions costs, then subsequently recognized at amortized cost.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. To the extent that the Company does not believe it has sufficient liquidity to meet obligations, it will consider securing additional equity funding, or engage in negotiations to extend terms with creditors. The Company manages liquidity risk through the management of its capital structure (see Note 11).

Foreign Exchange Risk

The Company raises its capital in Canadian dollars. The Company holds its cash mainly in Canadian dollars, with secondary amounts held in Euros. The Company minimizes its exposure to foreign currency risk by minimizing the amount of funds in currencies other than the Canadian dollar. The Company does not undertake currency hedging activities. The Company continuously monitors its exposure to foreign exchange risk to determine if any mitigation strategies warrant consideration.

As at November 30, 2015, the Company was exposed to currency risk through the following liabilities denominated in Euros and in US dollars:

	Euros	US$
Accounts payable and accrued liabilities	(139,842)	(1,259)
Canadian dollar equivalents	$ (197,935)	$ (1,682)

Based on the above exposures as at November 30, 2015, and assuming all other variables remain constant, a 10% change in the value of the Canadian dollar against the above foreign currencies would result in an increase/decrease of approximately $20,000 to operations.

13. Civil Claim

On March 24, 2015, Robert D. Holmes Law Corporation and Terrence E. King Law Corporation ("Holmes & King") filed a notice of civil claim against the Company in the Supreme Court of British Columbia. This claim arises from a dispute concerning an engagement to provide legal services for certain litigation, corporate and securities matters and a further agreement dated November 9, 2009 specifying the terms and conditions regarding provided and continuing legal services. Holmes & King is seeking judgment for debt for:

(Expressed in Canadian Dollars)

13. Civil Claim *(cont'd)*

- $329,365 for services rendered, disbursements incurred and applicable taxes;
- $205,125 for interest thereon to March 18, 2015;
- interest on $329,365 from and after March 18, 2015 at the rate of 18% per annum;
- costs; and
- such further and other relief as the court may deem appropriate.

On August 31, 2015, the Company executed a Settlement Agreement ("the Agreement") with Holmes & King for $550,733 with respect to legal fees plus accrued interest owed by the Company. Pursuant to the Agreement, the Company:

- recognized its indebtedness by executing and delivering a consent judgment filed with the court on signing of the Agreement;
- delivered a letter signed by the Company's CEO withdrawing allegations made in response to the civil claim;
- will pay $30,000 on or before September 30, 2015 (paid) as a contribution to legal and other expenses incurred in connection with the civil claim;
- will issue 1,101,465 of the Company's common shares on or before November 30, 2015 in full and final satisfaction of the debt (issued);
- or an approved nominee is irrevocably granted the exclusive right and option to purchase the shares on the following terms and conditions:
    - the option to purchase one-half of the shares for $40,000 on or before the first anniversary of the date of issuance;
    - subject to the exercise of the first option, the option to purchase the other one-half of the shares for an additional $40,000 on or before the second anniversary of the date of issuance.

Subject to the terms and conditions being satisfied, Holmes & King will provide the Company with a full release of liability and will not execute on the consent judgment.

14. Supplemental Information

	November 30, 2015	November 30, 2014
Non-Cash Investing and Financing Activities:		
400,000 common shares issued on property agreement	$ 20,000	$ -
40,000 common shares issued for finder's fee	2,000	-
1,897,730 common shares issued for debt settlement	94,886	-

15. Subsequent Event

Subsequent to the period ended November 30, 2015, the Company received TSX Venture Exchange approval to issue 5,485,000 common shares of the Company at a deemed price of $0.05 per common share to settle $274,250 of debt owed to three creditors.