

RUNNING FOX RESOURCE CORP.
Condensed Interim Consolidated Financial Statements

For the three months ended February 29, 2016 and February 28, 2015
(Unaudited – prepared by management)
(Expressed in Canadian dollars)

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**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED 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 interim consolidated financial statements, they must be accompanied by a notice indicating that these condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

The Company's independent auditors have not performed an audit or review of these condensed interim consolidated financial statements. The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

RUNNING FOX RESOURCE CORP.

Condensed Interim Consolidated Statements of Financial Position
(Unaudited – prepared by management)
(Expressed in Canadian Dollars)

	February 29, 2016 \$	November 30, 2015 \$
ASSETS		
Current assets		
Cash and cash equivalents	1,530,540	1,049,764
Marketable securities (Note 3)	236,000	233,347
Amounts receivable	2,079	1,658
Prepaid expenses and deposits	145	145
Total current assets	1,768,764	1,284,914
Non-current assets		
Exploration and evaluation assets (Note 4)	–	600,753
Property and equipment (Note 5)	27,156	26,822
Total non-current assets	27,156	627,575
Total assets	1,795,920	1,912,489
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	106,764	88,409
Total liabilities	106,764	88,409
Shareholders' equity		
Share capital	22,816,298	22,816,298
Share-based payment reserve	220,800	220,800
Deficit	(21,347,942)	(21,213,018)
Total shareholders' equity	1,689,156	1,824,080
Total liabilities and shareholders' equity	1,795,920	1,912,489

Approved and authorized for issuance on behalf of the Board of Directors on April 29, 2016:

/s/ Steve Schurman
Steve Schurman, Director

/s/ Michael Meyers
Michael Meyers, Director

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

RUNNING FOX RESOURCE CORP.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

For the three months ended February 29, 2016 and February 28, 2015

(Unaudited – prepared by management)

(Expressed in Canadian Dollars)

	Three months ended	
	February 29, 2016	February 28, 2015
	\$	\$
Natural gas revenues	–	62,334
Production expenses and royalties	(1,403)	(48,198)
Gross profit (loss)	(1,403)	14,136
Operating expenses		
Depletion and depreciation	2,192	12,027
Management fees (Note 9)	30,000	30,000
Office and administration	1,268	1,677
Professional fees	12,800	12,500
Rent and utilities	472	1,000
Transfer agent and regulatory fees	6,092	6,104
Travel and automobile	3,765	6,423
Total operating expenses	56,589	69,731
Loss before other income (expense)	(57,992)	(55,595)
Other income (expense)		
Foreign exchange gain (loss)	(18,055)	–
Gain (loss) on sale of marketable securities (Note 3)	(171,259)	(11,964)
Interest and other income	3,524	1,643
Loss on sale of exploration and evaluation assets (Note 4)	(753)	–
Unrealized gain (loss) on marketable securities (Note 3)	109,611	(28,476)
Total other income (expense)	(76,932)	(38,797)
Net loss and comprehensive loss	(134,924)	(94,392)
Basic and diluted loss per share	(0.00)	(0.00)
Weighted average shares outstanding, basic and diluted	54,770,548	54,770,548

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

RUNNING FOX RESOURCE CORP.

Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited – prepared by management)
(Expressed in Canadian Dollars)

	Share capital		Share-based payment reserve \$	Deficit \$	Total shareholders' equity \$
	Number of shares	Amount \$			
Balance, November 30, 2015	54,770,548	22,816,298	220,800	(21,213,018)	1,824,080
Net loss for the period	–	–	–	(134,924)	(134,924)
Balance, February 29, 2016	54,770,548	22,816,298	220,800	(21,347,942)	1,689,156

	Share capital		Share-based payment reserve \$	Deficit \$	Total shareholders' equity \$
	Number of shares	Amount \$			
Balance, November 30, 2014	54,770,548	22,816,298	220,800	(19,895,460)	3,141,638
Net loss for the period	–	–	–	(94,392)	(94,392)
Balance, February 28, 2015	54,770,548	22,816,298	220,800	(19,989,852)	3,047,246

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

RUNNING FOX RESOURCE CORP.

Condensed Interim Consolidated Statements of Cash Flows
For the three months ended February 29, 2016 and February 28, 2015
(Unaudited – prepared by management)
(Expressed in Canadian Dollars)

	Three months ended February 29, 2016 \$	February 28, 2015 \$
Operating activities		
Net loss	(134,924)	(94,392)
Adjustments for items not involving cash:		
Depletion and depreciation	2,192	12,027
Effect of foreign exchange loss (gain)	3,432	–
Loss on sale of exploration and evaluation assets	753	–
Loss (gain) on sale of marketable securities	171,259	11,964
Unrealized loss (gain) on marketable securities	(109,611)	28,476
Changes in non-cash working capital items:		
Amounts receivable	(421)	7,217
Accounts payable and accrued liabilities	18,354	4,016
Net cash used in operating activities	(48,966)	(30,692)
Investing activities		
Exploration and evaluation asset recoveries	400,000	300,000
Proceeds from sale of marketable securities	1,503,524	31,241
Purchase of marketable securities	(1,371,256)	–
Purchase of property and equipment	(2,526)	–
Net cash provided by investing activities	529,742	331,241
Increase (decrease) in cash and cash equivalents	480,776	300,549
Cash and cash equivalents, beginning of period	1,049,764	1,195,049
Cash and cash equivalents, end of period	1,530,540	1,495,598
Cash and cash equivalents are comprised of:		
Cash in bank and other financial institutions	1,530,540	688,318
Cashable guaranteed investment certificates	–	807,280
Total cash and cash equivalents	1,530,540	1,495,598
Non-cash investing and financing activities:		
Fair value of common shares received from option agreement	200,000	150,000
Supplemental disclosures:		
Interest paid	161	3
Income taxes paid	–	–

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

RUNNING FOX RESOURCE CORP.

Notes to the Consolidated Financial Statements

For the three months ended February 29, 2016 and February 28, 2015

(Unaudited – prepared by management)

(Expressed in Canadian Dollars)

1. Nature of operations

Running Fox Resource Corp. (the “Company”) was incorporated under the laws of the province of British Columbia on September 1, 1981. The Company is in the business of exploration, development and exploitation of mineral resource properties in Canada and the United States of America. The Company’s registered office is located at 8148 Carr Crescent, Arvada, Colorado, USA.

2. Significant accounting policies

(a) Statement of Compliance and Basis of Presentation

These condensed interim consolidated financial statements are unaudited and have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, Interim Financial Reporting.

The accounting policies applied by the Company in these condensed interim consolidated financial statements are the same as those applied by the Company in its audited consolidated financial statements for the year ended November 30, 2015. These condensed interim consolidated financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting purposes. Results for the period ended February 29, 2016 are not necessarily indicative of future results.

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments which are measured at fair value. These condensed interim consolidated financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

(b) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Running Fox (US) Inc.

The Company’s consolidated financial statements include the accounts of all subsidiaries subject to control by the Company. Control is achieved when the Company has the power to, directly or indirectly, govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. Intercompany balances, transactions and unrealized intercompany gains and losses are eliminated upon consolidation.

(c) Use of Estimates and Judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. These estimates are, by their nature, uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

RUNNING FOX RESOURCE CORP.

Notes to the Consolidated Financial Statements

For the three months ended February 29, 2016 and February 28, 2015

(Unaudited – prepared by management)

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(c) Use of Estimates and Judgments (continued)

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- (i) impairment of marketable securities;
- (ii) the useful lives and recoverability of property and equipment;
- (iii) rehabilitation provisions; and
- (iv) Unrecognized deferred income tax assets.

The Company's policy for property and equipment requires judgment in determining whether the present value of future expected economic benefits exceeds capitalized costs. The policy requires management to make certain estimates and assumptions about future economic benefits related to its oil and gas property. Estimates and assumptions may change if new information becomes available. If information becomes available suggesting that the recovery of capitalized cost is unlikely, the capitalized costs are written off to the consolidated statement of operations.

(d) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the three months ended February 29, 2016, and have not been applied in preparing these financial statements.

- (i) IFRS 9, *Financial Instruments* (New)
- (ii) IFRS 10, *Consolidated Financial Statements* (Amended)
- (iii) IAS 1, *Presentation of Financial Statements* (Amended)
- (iv) IAS 16, *Property, Plant, and Equipment* (Amended)
- (v) IAS 27, *Separate Financial Statements* (Amended)

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. Marketable securities

Marketable securities consist of a portfolio of investments held for trading. The fair value of the marketable securities has been determined directly by reference to public price quotations in an active market. These marketable securities are comprised of common shares of publicly-traded companies, and are classified as fair value through profit or loss and measured at fair value with unrealized gains and losses recognized through the consolidated statement of operations.

	February 29, 2016	February 28, 2015
	\$	\$
Opening Balance	233,347	17,480
Acquisitions	1,571,256	150,000
Dispositions	(1,678,214)	(43,204)
Unrealized gain (loss)	109,611	(28,476)
Ending Balance	236,000	95,800

During the three months ended February 29, 2016, the Company recorded a loss on the sale of marketable securities of \$171,259 (2015 – \$11,964).

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4. Exploration and evaluation assets

	Brett Property \$
Balance, November 30, 2015	600,753
Disposal	(600,753)
Balance, February 29, 2016	–

Brett Property – British Columbia, Canada

On December 3, 2013, the Company entered into a mineral property purchase agreement with Ximen Mining Corp. (“Ximen”) whereby Ximen will receive a 100% interest in the Brett Property. Under the agreement, the Company will receive the following consideration:

Cash consideration of \$1,000,000 to be paid as follows:

- \$50,000 on December 3, 2013 (received);
- \$50,000 on December 18, 2013 (received);
- \$200,000 on or before January 17, 2014 (received);
- \$300,000 on or before January 5, 2015 (received); and
- \$400,000 on or before December 3, 2015 (received).

Issuance of common shares as follows:

- 1,000,000 shares on or before December 23, 2013 (received);
- \$150,000 worth of common shares on or before January 5, 2015, with the number of shares to be based on a 60 day trading average ending January 4, 2015 but not be less than 300,000 common shares (received); and
- \$200,000 worth of common shares on or before December 3, 2015 with the number of shares to be based on a 60 day trading average ending December 2, 2015 but not be less than 400,000 common shares (received).

On December 2, 2015, Ximen fulfilled the final cash payment and share issuance to the Company and earned its 100% interest in the property. The Company recorded a loss on sale of exploration and evaluation assets of \$753 during the three months ended February 29, 2016 (2015 - \$nil) relating to this transaction.

5. Property and equipment

	Equipment \$	Vehicles \$	Computer hardware \$	Oil and gas property \$	Total \$
<i>Cost:</i>					
Balance, November 30, 2015	1,534	48,153	1,059	3,699,495	3,750,241
Additions	–	–	2,526	–	2,526
Balance, February 29, 2016	1,534	48,153	3,585	3,699,495	3,752,767
<i>Accumulated Depreciation, Depletion, and Impairment:</i>					
Balance, November 30, 2015	1,534	21,373	1,017	3,699,495	3,723,419
Additions	–	2,009	183	–	2,192
Balance, February 29, 2016	1,534	23,382	1,200	3,699,495	3,725,611
Balance, November 30, 2015	–	26,780	42	–	26,822
Balance, February 29, 2016	–	24,771	2,385	–	27,156

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5. Property and equipment (continued)

Oil and gas property

Pincher Creek Project – Alberta, Canada

The Company maintains a non-operated interest in an oil and gas project in southwestern Alberta.

On June 16, 2005, the Company signed an option agreement with Buffalo Resources Corp. pursuant to which the Company has the option, of 10% to 30% gross, to participate in a 5-15% net leasehold interest in development exploration targets in oil and gas mineral leasehold lands located in southwestern Alberta. Other than participation expenditures, there is no consideration for the option.

There was no production from this property during the three months ended February 29, 2016.

6. Share capital

Authorized capital: unlimited common shares without par value

7. Stock options

The Company's shareholders have approved a stock option plan pursuant to which options may be granted to directors, officers, employees and consultants of the Company to a maximum of 10% of the issued and outstanding common shares. As the board of directors has not formally approved the plan, the Company has not enacted the stock option plan. As at February 29, 2016 and November 30, 2015, the Company had no outstanding stock options.

8. Segmented information

The Company operates in the mining and oil and gas exploration industries, with all assets and operations located in Canada.

9. Related party transactions

During the three months ended February 29, 2016, the Company incurred \$30,000 (2015 – \$30,000) of management fees to the Chief Executive Officer of the Company.

10. Capital management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents, marketable securities, and equity comprised of issued share capital, and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended November 30, 2015.

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11. Financial instruments and risks

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at February 29, 2016, as follows:

	Fair Value Measurements Using			Carrying Amount at February 29, 2016
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	\$	\$	\$	\$
Cash and cash equivalents	1,530,540	–	–	1,530,540
Marketable securities	236,000	–	–	236,000
	1,766,540	–	–	1,766,540

The fair values of other financial instruments, which include amounts receivable and accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents and amounts receivable. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. Amounts receivable consists primarily of GST receivable from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

The Company has entities in Canada and United States, but operates primarily in Canada and has the majority of its cash and cash equivalents in Canada and held in Canadian dollars. Foreign exchange risk arises from purchase transactions as well as financial assets and liabilities denominated in foreign currencies. During the three months ended February 29, 2016, the Company experienced some foreign currency losses relating to purchase and sale of United States dollar ("USD") denominated marketable securities and USD cash holdings. As at February 29, 2016, approximately 27% of the Company's cash and cash equivalents and 0% of the marketable securities were denominated in USD. A 5% change in the US-to-Canadian dollar exchange rate at February 29, 2016 would increase or decrease the Company's net loss by approximately \$20,000.

The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk.

(d) Interest Rate Risk

The Company's cash and cash equivalents may contain highly liquid investments that earn interest at market rates. The Company manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments held.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

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Notes to the Consolidated Financial Statements

For the three months ended February 29, 2016 and February 28, 2015

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11. Financial instruments and risks (continued)

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. In particular, the Company's future profitability and viability from natural gas and mineral exploration depends upon the world market price of valuable minerals, oil, and natural gas. Commodity prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of mineral sand oil and gas may be produced in the future, a profitable market will exist for them. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

The Company is also exposed to price risk with respect to its portfolio of marketable securities. A 10% increase or decrease in the price of the marketable securities would increase or decrease the Company's net loss by approximately \$23,600.