NOTICE TO SHAREHOLDERS

(A Development Stage Enterprise)

Condensed Interim Financial Statements
For the three months ended March 31, 2016

(Stated in Canadian Dollars)

Responsibility for Financial Statements

The accompanying financial statements for Metals Creek Resources Corp. have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") consistently applied. Only changes in accounting policies have been disclosed in these unaudited condensed interim financial statements. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed interim financial statements for the period ended March 31, 2016.

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

March 31, 2016 and 2015

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Prepared by Management)

As at	**March 31, 2016 $ (Unaudited)**	December 31, 2015 $ (Audited)
ASSETS		
Current		
Cash	**53,993**	117,761
Short term investments (notes 3 and 5)	**343,979**	317,344
Short term investments - restricted (note 5)	**453,423**	579,611
H.S.T. and other receivables	**22,371**	33,367
Staking security deposits (note 10)	**28,457**	28,457
Prepaid expenses	**5,187**	9,652
	907,410	1,086,192
Property and equipment (note 4)	**28,383**	29,797
Long term investments (note 6)	**78,372**	202,482
Exploration and evaluation assets (note 7)	**4,542,741**	4,431,626
	5,556,906	5,750,097
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (note 9)	**68,852**	137,494
Deferred premium on flow-through shares (note 8(vi))	**90,798**	116,185
	159,650	253,679
Equity		
Share Capital (note 8)	**12,235,100**	12,235,100
Reserves (note 8)	**5,315,510**	5,261,305
Deficit	**(12,153,354)**	(11,999,987)
	5,397,256	5,496,418
	5,556,906	5,750,097

Nature and Continuance of Operations – Note 1
Subsequent Event – Note 14

These financial statements are authorized for issue by the Board of Directors on May 25, 2016. They are signed on the Corporation's behalf by:

"Alexander Stares" Director

"Nick Tsimidis" Director

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
Prepared by Management – Unaudited)

	Three Months Ended March 31, 2016 $	**Three Months Ended March 31, 2015 $**
EXPENSES		
Business development	21,251	13,800
Depreciation	2,021	3,584
Office and general	23,696	27,372
Professional fees (note 9)	20,000	17,031
Salaries and benefits	92,670	94,760
Share-based payments (note 8(iii))	54,205	7,843
Write-down of exploration and evaluation assets	7,812	-
Pre-acquisition exploration and evaluation expenses	9,132	18,642
Adjustment to fair value for fair value through profit and loss investments	(28,352)	(63,023)
	(202,435)	(120,009)
Loss before the following:	(202,435)	(120,009)
Gain on sale of exploration and evaluation assets, net	1,125	-
Grant and other revenue	-	2,670
Gain on sale of long term investments	19,096	1,165
Interest and investment income	3,460	7,648
Loss before deferred tax recovery	(178,754)	(108,526)
Deferred tax recovery – flow-through (note 8(vi))	25,387	-
Loss and comprehensive loss for the period	(153,367)	(108,526)
Loss per share – basic and diluted	(0.01)	-
Weighted Average Shares Outstanding – basic and diluted	24,686,603	14,081,602

The accompanying notes form an integral part of these condensed interim financial statements

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Prepared by Management – Unaudited)
For the three months ended March 31, 2016 and 2015

	Share Capital		Reserves			
	Number of Shares #	Share Capital $	Warrants $	Equity Settled Benefits $	Deficit $	Total
Balance at December 31, 2014	**98,571,214**	**11,728,403**	**-**	**5,051,615**	**(10,635,066)**	**6,144,952**
Share-based payments	-	-	-	7,843	-	7,843
Loss and comprehensive loss for the period	-	-	-	-	(108,526)	(108,526)
Balance at March 31, 2015	**98,571,214**	**11,728,403**	**-**	**5,059,458**	**(10,743,592)**	**6,044,269**
Balance at December 31, 2015 (post 1 for 7 share consolidation)	**24,686,603**	**12,235,100**	**187,146**	**5,074,159**	**(11,999,987)**	**5,496,418**
Share-based payments	-	-	-	54,205	-	54,205
Loss and comprehensive loss for the period	-	-	-	-	(153,367)	(153,367)
Balance at March 31, 2016	**24,686,603**	**12,235,100**	**187,146**	**5,128,364**	**(12,153,354)**	**5,397,256**

The accompanying notes form an integral part of these condensed interim financial statements

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

CONDENSED INTERIM STATEMENTS CASH FLOWS
(Prepared by Management – Unaudited)

	Three Months Ended March 31, 2016 $	Three Months Ended March 31, 2015 $
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Loss and comprehensive loss for the period	(153,367)	(108,526)
Deferred tax recovery – flow-through	(25,387)	-
Depreciation	2,021	3,584
Share-based payments	54,205	7,843
Adjustment to fair value for fair value through profit and loss investments	(28,352)	(63,023)
Write-down of exploration and evaluation assets	7,812	-
Gain on sale of long term investments	(19,096)	(1,165)
Decrease in H.S.T. and other receivables	10,996	4,826
Decrease in prepaid expenses	4,465	4,781
Decrease in accounts payable and accrued liabilities	(68,642)	(17,567)
Cash flows used in operating activities	(215,345)	(169,247)
FINANCING ACTIVITIES		
Redemption of short term investments	103,053	160,288
Cash flows from financing activities	103,053	160,288
INVESTING ACTIVITIES		
Decrease in staking security deposits	-	11,400
Net proceeds on sale of long term investments	169,183	7,780
Expenditures on exploration and evaluation assets	(118,927)	(39,906)
Gain on sale of exploration and evaluation assets	(1,125)	-
Acquisition of property and equipment	(607)	-
Cash flows from (used in) investing activities	48,524	(20,726)
Increase (decrease) in cash	(63,768)	(29,685)
Cash - beginning of period	117,761	58,637
Cash - end of period	53,993	28,952

Supplemental cash flow information (note 11)

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Metals Creek Resources Corp. (the "Company") was incorporated on June 21, 2004 under the Business Corporations Act (Ontario). The Company's head office is located at 945 Cobalt Crescent, Thunder Bay, Ontario, Canada, P7B 5Z4.

The Company is an exploration stage company, and is in the process of exploring its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

The accompanying financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations, and the ability of the Company to raise additional capital. Specifically, the recovery of the Company's investment in exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop its properties and establish future profitable production from the properties, or from the proceeds of their disposition. The Company has working capital in the amount of $747,760 (December 31, 2015 - $832,513) and has a deficit in the amount of $12,153,354 (December 31, 2015 - $11,997,987). The Company has not earned any significant revenues to date and is considered to be in the exploration stage.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB ("International Accounting Standards Board") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 - Interim Financial Reporting. The accounting policies followed in these condensed interim financial statements are the same as those applied in the Company's audited annual financial statements for the year ended December 31, 2015.

The policies applied in these financial statements are based on IFRS issued and outstanding as of May 25, 2016, the date the Board of Directors approved the statements. Any subsequent changes to IFRS after this date could result in changes to the financial statements for the period ended March 31, 2016.

The condensed interim financial statements do not contain all disclosures required under IFRS and should be read in conjunction with Company's audited annual financial statements and the notes thereto for the year ended December 31, 2015.

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

Actual results could differ from those estimates. Significant accounts that require estimates as the basis for determining the stated amounts include exploration and evaluation assets, share-based payments, allocation of financing proceeds, and income taxes. Differences may be material.

3. SHORT TERM INVESTMENTS:

	March 31, 2016	Dec. 31, 2015
Money Market Mutual funds	718,602	821,655
Investment Trust	78,800	75,300
Subtotal	797,402	896,955
Less: Portion restricted for flow-through purposes (note 5)	(453,423)	(579,611)
Short term investments, net	343,979	317,344

These funds are available for exploration and operations upon the request of the Company.

The money market mutual funds consist of fully liquid, managed money market fund units that yield regular monthly dividends at market rates.

The Investment Trust is a fully liquid senior loan fund bearing interest at 6.75%.

4. PROPERTY AND EQUIPMENT

	Cost	**Acc. Depr.**	**March 31, 2016 Net**
Computer equipment	$ 24,770	$ 23,376	$ 1,394
Furniture and fixtures	13,467	11,052	2,415
Computer software	63,020	63,020	-
General equipment	33,028	23,456	9,572
Automobile	54,882	39,880	15,002
Leasehold improvements	4,812	4,812	-
	$ 193,979	$ 165,596	$ 28,383

	Cost	**Acc. Depr.**	**Dec. 31, 2015 Net**
Computer equipment	$ 24,163	$ 23,201	$ 962
Furniture and fixtures	13,467	10,925	2,542
Computer software	63,020	63,020	-
General equipment	33,028	22,953	10,075
Automobile	54,882	38,664	16,218
Leasehold improvements	4,812	4,812	-
	$ 193,372	$ 163,575	$ 29,797

5. RESTRICTION ON THE USE OF CASH AND CASH EQUIVALENTS

During the year ended December 31, 2015 the Company issued common shares that were designated as being flow-through shares. One of the conditions of issuing flow-through shares is that the Company is required to retain the gross proceeds for the exclusive purpose of paying for qualified Canadian exploration and development expenditures associated with its exploration and evaluation assets.

	March 31, 2016	December 31, 2015
Restricted short term investments, beginning of period	$ 579,611	$ -
Gross proceeds received upon issuance of flow-through shares	-	729,300
Qualified exploration expenditures paid from these funds	(126,188)	(149,689)
Restricted short term investments, end of period	$ 453,423	$ 579,611

6. LONG TERM INVESTMENTS

	March 31, 2016		December 31, 2015	
	Market $	Cost $	Market $	Cost $
Canadian Equities				
Spruce Ridge Resources Ltd. (i)	5,000	56,250	3,750	56,250
Americas Silver Corporation (i)	2,747	21,249	1,144	21,249
Noble Mineral Exploration Inc. (ii)	11,250	58,125	7,500	58,125
Sokoman Iron Corp. (iii)	9,500	585,000	9,500	585,000
GTA Resources and Mining Inc. (iv)	10,000	28,000	6,000	28,000
Sandstorm Gold Ltd. (v)	-	-	150,088	453,985
Xmet Inc. (vi)	23,000	83,500	11,500	83,500
White Metal Resources Corp. (vii)	6,875	6,625	5,000	5,500
Benton Resources Inc. (viii)	10,000	7,000	8,000	7,000
	78,372	845,749	202,482	1,298,609

(i) The Spruce Ridge shares are valued at the March 31, 2016 closing price of $0.02 per common share (December 31, 2015 - $0.015). The shares of Americas Silver Corporation (TSX:USA) were received from Spruce Ridge originally as shares of RX Gold & Silver (which later merged with U.S. Gold & Silver Inc.) as a dividend-in-kind based on the Company's pro-rata ownership of Spruce Ridge and are valued at the March 31, 2016 closing price of $0.24 per common share (December 31, 2015 - $0.10).

(ii) The shares of Noble are traded on the TSX-V exchange under the symbol "NOB" and are valued at the March 31, 2016 closing price of $0.015 per common share (December 31, 2015 - $0.01).

(iii) The shares of Sokoman Iron Corp. (TSX-V: SIC) are valued at the March 31, 2016 closing price of $0.005 (December 31, 2015 - $0.005).

(iv) The GTA Resources ("GTA") (TSX-V:GTA) shares are valued at the March 31, 2016 closing price of $0.05 per common share (December 31, 2015 - $0.03). The 200,000 GTA shares were received pursuant to an option agreement in 2013 on the Company's Squid East property in the Yukon but the agreement was terminated by GTA during the 2014 fiscal year.

(v) During the period ended March 31, 2016, the Company disposed of all of its shares of Sandstorm Gold Ltd. for net proceeds of $169,183.

(vi) During 2013, the Company executed an agreement with Xmet Inc. ("Xmet") pursuant to which Xmet has the option to purchase a 100% interest in 24 claim units staked by the Company. Under the agreement, Xmet will pay the Company $10,000 ($5,000 on regulatory approval (received) and $5,000 ninety days after regulatory approval (received)) and issue 2 million common shares of Xmet (300,000 upon regulatory approval (received) and 1,700,000 within four months after regulatory approval, provided Xmet decides to continue with the option following an EM airborne survey. During 2015, Xmet informed the Company that they would not be proceeding with the EM airborne survey and therefore the second share payment was not made (see also note 7(f)).

The aggregate of 2.3 million shares held by the Company are valued at the March 31, 2016 closing price of $0.01 per common share (December 31, 2015 - $0.005). The common shares of Xmet trade on the TSX Venture Exchange under the symbol "XME".

(vii) During 2014, the Company sold two claim blocks totaling 210 claim units in southwest Labrador known as the Senecal Lake Property ("SL") to White Metal Resources Corp., ("WHM") (formerly Trillium North Minerals Ltd.) a company associated by common directorship. Pursuant to the sale, WHM issued 500,000 common shares for a 100% ownership interest. In addition, WHM has granted a 1% N.S.R. on the SL property as well as a 1% N.S.R. on adjacent claims already owned by WHM. WHM may buy-back up to 0.5% of each respective N.S.R. for $500,000 each (or $1 million for both claim groups). Pursuant to a share escrow agreement, the Company has received a total of 275,000 shares of WHM valued at the March 31, 2016 closing price of $0.025 per share (December 31, 2015 - $0.025). Receipt of the shares was recorded as a reduction in the carrying cost of the property.

(viii) During 2014, the Company executed an Option/Joint Venture agreement with Benton Resources Inc. (“Benton”) (a company related to Metals Creek by common directorships) (see note 7(e) for details of the agreement). The 200,000 shares of Benton currently held by the Company are valued at the March 31, 2016 closing price of $0.05 per share (December 31, 2015 - $0.04). The shares of Benton trade on the TSX Venture Exchange under the symbol “BEX”.

7. EXPLORATION AND EVALUATION ASSETS

Mineral property acquisition, exploration and development expenditures are deferred until the properties are placed into production, sold, impaired or abandoned. These deferred costs will be amortized over the estimated useful life of the properties following commencement of production, or written-down if the properties are allowed to lapse, are impaired, or are abandoned. The deferred costs associated with each property for the three month period ended March 31, 2016 and the year ended December 31, 2015 is summarized in the tables below:

For the three months ended March 31, 2016

		Dog Paw (a)	Ogden (b)	Yukon (c)	Jackson's Arm (d)	Staghorn (e)	Other (f)	Total
Dec. 31, 2015 - Acquisition Costs	$	-	446,609	-	-	-	-	446,609
Additions		-	-	-	-	-	-	-
Writedowns/Recoveries		-	-	-	-	-	-	-
Subtotal	$	-	-	-	-	-	-	-
March 31, 2016- Acquisition Costs	$	**-**	**446,609**	**-**	**-**	**-**	**-**	**446,609**
Dec. 31, 2015 - Exploration and Evaluation Expenditures	$	-	3,985,017	-	-	-	-	3,985,017
Assaying		-	2,959	-	-	-	-	2,959
Prospecting		-	-	-	-	-	-	-
Geological		2,152	16,336	3,000	-	-	385	21,873
Geophysical		-	-	-	-	-	-	-
Line Cutting		-	-	-	-	-	-	-
Trenching		-	-	-	-	-	-	-
Diamond Drilling		-	91,820	180	-	-	-	92,000
Miscellaneous		-	-	-	-	-	224	224
Writedowns/Recoveries		(2,152)	-	(3,180)	-	-	(609)	(5,941)
Subtotal	$	-	111,115	-	-	-	-	111,115
March 31, 2016 - Exploration and Evaluation Expenditures	$	**-**	**4,096,132**	**-**	**-**	**-**	**-**	**4,096,132**
March 31, 2016 - Total	$	**-**	**4,542,741**	**-**	**-**	**-**	**-**	**4,542,741**

For the year ended December 31, 2015

		Dog Paw (a)	Ogden (b)	Yukon (c)	Jackson's Arm (d)	Staghorn (e)	Other (f)	Total
Dec. 31, 2014 - Acquisition Costs	$	176,891	431,167	57,237	2,054	-	237,757	905,106
Additions		-	15,442	-	-	98	1,249	16,789
Writedowns/Recoveries		(176,891)	-	(57,237)	(2,054)	(98)	(239,006)	(475,286)
Subtotal	$	(176,891)	15,442	(57,237)	(2,054)	-	(237,757)	(458,497)
Dec. 31, 2015- Acquisition Costs	$	**-**	**446,609**	**-**	**-**	**-**	**-**	**446,609**
Dec. 31, 2014 - Exploration and Evaluation Expenditures	$	-	3,791,945	151,234	-	-	(96,754)	3,846,425
Assaying		2,442	5,457	-	-	-	266	8,165
Prospecting		25,863	-	-	-	4,305	1,334	31,502
Geological		27,905	56,521	1,540	-	5,086	17,134	108,186
Geophysical		-	-	-	-	-	1,614	1,614
Line Cutting		-	-	-	-	-	-	-
Trenching		-	-	-	-	6,120	-	6,120
Diamond Drilling		-	131,094	720	-	7,050	306	139,170
Miscellaneous		-	-	-	-	450	-	450
Writedowns/Recoveries		(56,210)	-	(153,494)	-	(23,011)	76,100	(156,615)
Subtotal	$	-	193,072	(151,234)	-	-	96,754	138,592
Dec. 31, 2015 - Exploration and Evaluation Expenditures	$	**-**	**3,985,017**	**-**	**-**	**-**	**-**	**3,985,017**
Dec. 31, 2015 - Total	$	**-**	**4,431,626**	**-**	**-**	**-**	**-**	**4,431,626**

a. Dog Paw Gold Property

In 2007, the Company acquired an option on the Dog Paw Gold project which is located approximately 40 km east of Kenora, Ontario and consists of 23 claims totaling 269 units. The Company entered into an option agreement with Endurance Gold Corp. whereby under the initial option the Company could earn a 70% interest in the property by making share payments totaling 400,000 shares (completed in 2008) and completing work commitments of $200,000 on the property (completed). The Company exercised a second option to earn a further 5% in the property by issuing a further 50,000 common shares (completed in 2008) and spent an additional $250,000 on the property (completed). The Company has now earned a 78% interest and a joint venture has been formed on a 78% (the Company) and 22% (Endurance Gold Corp.) basis. The Company presently has no planned exploration activity on the project due to current market conditions and has written off exploration and evaluation expenditures totaling $2,152 (December 31, 2015 - $228,218) during the period.

b. Ogden

During 2008, the Company entered into an agreement with Goldcorp Canada Ltd. ("Goldcorp") to jointly explore Goldcorp's mining claims located in Ogden and Deloro Townships, located six kilometres south of Timmins, Ontario. The property consists of 84 patented and unpatented claims totaling approximately 1,184 hectares (the "Property"). The agreement allows for the Company to earn 50% of Goldcorp's interest in the Property by funding total expenditures on the Property of $3,100,000 over four years as follows: (i) $400,000 in year one, (ii) $700,000 in year two and (iii) $1,000,000 in each of years three and four. The Company was also required to make cash and share payments to Goldcorp as follows: (i) $40,000 cash and $25,000 worth of common shares on signing (completed in 2008), (ii) $35,000 cash and $25,000 worth of common shares on the first anniversary (completed in 2009), (iii) $35,000 cash and $50,000 worth of common shares on the second anniversary (completed in 2010), (iv) $100,000 worth of common shares on the third anniversary (completed in 2011), and (v) $150,000 worth of common shares on the fourth anniversary (completed). Within six months of the Company's vesting its 50% interest in the Property, Goldcorp had the option to buy back a 20% interest from the Company for a cash payment of up to $310,000, expending $4,100,000 on the Property within two years, and completing a feasibility study within three years.

The Company was the operator of the Property during the earn-in period and afterwards, provided it holds a 50% or greater interest in the Property. During 2012, the Company received notice that Goldcorp did not intend to pursue its back-in right on the Ogden property and as a result, the Company and Goldcorp executed a 50/50 joint venture agreement. If either party becomes diluted to a 10% interest, that interest will be converted into a 2% Net Smelter Return Royalty.

c. Yukon

The Yukon property consists of 242 staked claims in four separate claim blocks in the Dawson Range gold district. Three of the claim blocks are located in the Matson Creek area (Squid East and West properties and Fogo property) and the fourth is located west of the Yukon River (Change property). The Company owns a 100% interest in all claim blocks. The Company has no current exploration plans for the project and is actively seeking a partner for it and as a result has written off exploration and evaluation expenditures totaling $3,180 (December 31, 2015 - $210,731) during the current period pertaining to all claim blocks.

Squid East Property

The Squid East property consists of 82 claims and was acquired by staking and is located in the Matson Creek area of Yukon.

During 2013, the Company entered into an Option/Joint Venture agreement with GTA Resources ("GTA") in which GTA can earn a 51% to 70% interest in the Company's Squid East property

During 2014, GTA decided not to proceed with the option and the Company now holds a 100% interest in the property.

d. Jackson's Arm

The Jackson's Arm property consists of 246 staked claim units totaling 6,150 hectares and is located in north-central Newfoundland. The Company owns a 100% interest in the project.

The Company presently has no planned exploration activity on the project due to current market conditions and has written off exploration and evaluation expenditures totaling nil (December 31, 2015 - $2,054) during the current period.

e. Staghorn

During 2008, the Company entered into an agreement with a group of prospectors to earn a 100% interest in a group of 76 claim units spread over 1,216 hectares in the Wood Lake area in west central Newfoundland subject to a 2% Net Smelter Royalty, 50% of which can be purchased for $1,000,000 (completed).

The Company determined that no further work would be conducted on the property and wrote off nil (December 31, 2015 - $9,609) in deferred exploration and evaluation expenditures during the period as the project is being funded under option as discussed below.

During 2014, the Company executed an Option/Joint Venture agreement on the Staghorn project with Benton Resources Inc. ("Benton") (a company related to the Company by common directorships) whereby Benton can earn up to a 70% interest in Staghorn. Pursuant to the agreement, Benton can earn an initial 60% interest by making cash payments totaling $50,000 ($10,000 received on signing), issuing a total of 500,000 shares of Benton (100,000 received on signing) and incurring work expenditures totaling $500,000, all over a three year period. Benton will be the operator during the earn-in period. Once a 60% interest is earned by Benton, either a 60/40 joint venture will be formed, or Benton may elect to earn an additional 10% interest to bring its total property interest to 70% by paying $50,000 cash and issuing an additional 500,000 Benton shares within 60 days of the 3rd anniversary date and incurring an additional $500,000 in exploration expenditures by the 5th anniversary date.

f. Other Properties

Included in Other Properties (located in Ontario and Newfoundland) are the Wick's Lake; Tilt Cove; Sops Arm North; Gryba; Tally Pond; Hearst; Feagan Lake; Mealy Intrusion; Victoria Lake and Bobby's Pond properties. During the three month period ended March 31, 2016 the Company incurred $9,132 (March 31, 2015: $18,642) in pre-acquisition exploration and evaluation costs which were included in expenses for the year. In addition, due to no current work plans, the Company wrote off exploration and evaluation expenditures totaling $609 (December 31, 2015 - $(76,100)) during the year related to other properties.

Feagan Lake Graphite Property

The Feagan Lake claim block consists of 12 claims totaling 175 contiguous claim units and is located northwest of Hearst, Ontario.

During 2014, the Company executed an option agreement with Xmet pursuant to which Xmet has the option to earn a 60% interest in the Feagan Lake Graphite project. In order to earn a fifty percent (50%) interest in the claims, Xmet has agreed (a) to make a cash payment of $5,000 (received) and issue 1,000,000 common shares (received) to Metals Creek, forthwith after receiving the approval of the Exchange (received); (b) carry out $60,000 in work obligations (completed), make a cash payment of $15,000 (received) and issue a further 1,000,000 shares (received) to Metals Creek within five months of Exchange approval; (c) carry out a further $150,000 in work obligations and perform a minimum 500m of drilling within one year of Exchange approval; (d) carry out a further $250,000 in work obligations and issue 500,000 shares to Metals Creek within two years of Exchange approval; and (e) carry out a further $425,000 in work obligations and issue 500,000 shares to Metals Creek within three years of Exchange approval. Xmet may then increase its interest from fifty percent to sixty percent within 90 days after earning its fifty percent interest by making a cash payment of $100,000, issuing 1,500,000 shares to the Optionor and conducting $1,000,000 in work obligations over the next year. Xmet may at any time accelerate its obligations to earn its interest earlier. Once Xmet's interest is earned, the project will continue as a joint venture with Metals Creek.

Mealy Intrusion/Senecal Lake Property

During 2014, the Company sold two claim blocks totaling 210 laim units in southwest Labrador known as the Senecal Lake Property ("SL") to White Metal Resources Corp., ("WHM") (formerly Trillium North Minerals Ltd.) a company associated by common directorship. Pursuant to the sale, WHM issued 500,000 common shares for a 100% ownership interest. In addition, WHM has granted a 1% N.S.R. on the SL property as well as a 1% N.S.R. on adjacent claims already owned by WHM. WHM may buy-back up to 0.5% of each respective N.S.R. for $500,000 each (or $1 million for both claim groups). The Company has received 275,000 shares of WMH pursuant to this agreement.

Iron Horse

The Company retains a 0.9% royalty from the Iron Horse Project located approximately 120 km Northeast of Labrador City, Labrador and held by Sokoman Iron Corp.

8. CAPITAL AND RESERVES

i. Share Capital

At March 31, 2016, the authorized share capital comprised an unlimited number of common shares and an unlimited number of preferred shares.

To date, no preferred shares have been issued.

During the year ended December 31, 2015, the Company completed a consolidation of its share capital on the basis of 1 for 7. Prior to the consolidation, the Company had 98,571,214 shares issued and outstanding. The effect of the share consolidation on the outstanding common shares and both the number of stock options and warrants and their respective exercise prices have been reflected in these financial statements.

ii. Share Purchase Warrants

Details of share purchase warrant transactions for the three month period ended March 31, 2016 and year ended December 31, 2015 are as follows:

	# of Warrants	Amount $	Wtd. Avg. Ex. Price
Balance, December 31, 2014	-	-	-
Pursuant to private placements (note 8(vi))	2,025,000	139,356	$0.15
Finders warrants pursuant to above	762,400	47,790	$0.11
Balance, December 31, 2015 and March 31, 2016	2,787,400	187,146	$0.14

For purposes of the warrants granted, the fair value of each warrant was estimated on the date of grant using an option pricing model, using the assumptions noted in note 8(vi).

Pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

The following table summarizes information about the warrants outstanding at March 31, 2016 and December 31, 2015:

Expiry Dates	Exercise Price	March 31, 2016 # of Warrants	December 31, 2015 # of Warrants
September 14, 2017	$0.15	1,535,000	1,535,000
October 2, 2017	$0.15	650,000	650,000
November 20, 2017	$0.10	602,400	602,400
		2,787,400	2,787,400

iii. Stock Options

Details of stock option transactions for the three month period ended March 31, 2016 and year ended December 31, 2015:

	# of Options	Wtd. Avg. Ex. Price
Balance, December 31, 2014	1,342,859	$0.98
Granted during the year	57,143	$0.70
Expired during the year	(279,284)	$1.11
Balance, December 31, 2015	1,120,718	$0.91
Granted during the period	1,285,000	$0.11
Expired during the period	(189,286)	$1.645
Balance, March 31, 2016	2,216,432	$0.38

The following table summarizes information about the options outstanding at March 31, 2016 and December 31, 2015:

Expiry Dates	Exercise Price	March 31, 2016 # of Options	December 31, 2015 # of Options
March 2016	$1.645	-	189,286
August 2016	$0.91	397,857	397,857
July 2017	$0.91	42,858	42,858
August 2018	$0.70	258,574	258,574
October 2019	$0.49	175,000	175,000
May 2020	$0.70	57,143	57,143
March 2021	$0.11	1,285,000	-
		2,216,432	1,120,718

The Company applies the fair value method of accounting for share-based payments using an option pricing model.

Stock options granted to directors, officers, employees and consultants vested during the period ended March 31, 2016 are as follows:

Grant Date	# of Options	Exercise Price	Expiry Date
May 3, 2015	33,151	$0.70	May 3, 2020
March 11, 2016	501,864	$0.11	March 11, 2021
	535,015		

The Company has calculated $54,205 as share-based payments expense and under capital stock as reserves for the 535,015 options vesting to directors, officers and employees and consultants during the period:

- For the 33,151 options granted on May 3, 2015, the fair value of each vested option is $0.1491 and was estimated on the grant date with the following assumptions: dividend yield of 0%, expected volatility of 156%, a risk-free interest rate of 1.13% and an expected life of approximately 5 years.

- For the 501,864 options granted on March 11, 2016, the fair value of each vested option is $0.1066 and was estimated on the grant date with the following assumptions: dividend yield of 0%, expected volatility of 193%, a risk-free interest rate of 0.80% and an expected life of approximately 5 years.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

iv. Stock Option Plan

The Company has a Stock Option Plan (the "Plan") for directors, officers, employees and consultants. The Plan authorizes the granting of options to purchase up to a maximum of 2,468,660 common shares of which 2,2116,432 are outstanding at March 31, 2016. The Plan provides that:

- any options granted pursuant to the Plan shall expire no later than five years after the date of grant;

- any options granted pursuant to the Plan shall be non-assignable and non-transferable;

- the number of common shares issuable pursuant to the Plan to any one person in any 12 month period shall not exceed 5% of the outstanding common shares;

- the number of common shares issuable pursuant to the Plan to any one consultant in any 12 month period may not exceed 2% of the outstanding common shares;

- the number of common shares issuable pursuant to the Plan to persons employed in technical consulting activities may not exceed 2% of the outstanding common shares in any 12 month period.

- the Plan provides that options shall expire and terminate 90 days following the date the optionee ceases to be an employee, director or officer of, or consultant to, the Company, provided that if such termination is as a result of death of the optionee, the optionee's personal representative shall have one year to exercise such options.

- the maximum number of common shares which may be reserved and set aside for issue under Plan is equal to up to 10% of the issued and outstanding common shares, provided that the Board may, subject to Shareholder and regulatory approvals, increase such number.

- the Plan provides that options granted under the plan shall vest in the optionee, and may be exercisable by the optionee as follows: (1) 1/3 on the date of granting; (2) 1/3 six months from the date of granting; and (3) 1/3 twelve months from the date of granting.

v. Shareholder Rights Plan

The Company has adopted a shareholder rights plan (the "Rights Plan") to ensure the fair treatment of all Company shareholders in connection with any take-over bid for the outstanding common shares of the Company. The Rights Plan will provide the Company's shareholders with adequate time to properly evaluate and assess a take-over bid without facing undue pressure or coercion. The Rights Plan also provides the board of directors of the Company with additional time to consider any take-over bid and, if applicable, to explore alternative transactions in order to maximize shareholder value.

Pursuant to the Rights Plan, any bid that meets certain criteria intended to protect the interests of all shareholders are deemed to be "Permitted Bids". A Permitted Bid must be made by way of a take-over bid circular prepared in compliance with applicable securities laws and, in addition to certain other conditions, must remain open for 60 days. In the event a take-over bid does not meet the Permitted Bid requirements of the Rights Plan, the rights issued under the plan will entitle shareholders, other than any shareholder or shareholders involved in the take-over bid, to purchase additional common shares of the Company at a significant discount to the market price of the common shares at that time.

vi. Private Placements

During the year ended December 31, 2015, the Company completed the following private placements:

(i) The Company completed a private placement in two tranches by issuing a total of 2,100,000 flow-through units at $0.10 per unit, each unit consisting of one flow-through common share and one half of one common share purchase warrant, each whole warrant entitling the holder thereof to acquire one common share of the Company at a price of $0.15 for a period of 24 months following the closing. In addition, the Company issued 975,000 non flow-through units at $0.08 per unit, each unit consisting of one common share and one share purchase warrant, each warrant entitling the holder thereof to acquire one common share of the Company at a price of $0.15 for a period of 24 months following the closing. Total gross proceeds received in the private placement was $288,000.

The fair value of the 2,185,000 common share purchase warrants received by investors and finders have been estimated at $139,536 using the Black-Scholes option pricing model for the following assumptions: dividend yield of 0%, expected volatility of 212%, a risk-free interest rate of 0.45%, and an expected life of 2 years.

In connection with the private placement, the Company issued 160,000 finders warrants (included above) having the same terms as the warrants issued in the private placement and described above and in addition, paid finders fees and other commissions equal to $22,700. All securities issued are subject to a four month hold period from the date of issuance.

(ii) The Company completed an additional private placement by issuing a total of 5,770,000 flow-through common shares at $0.09 per share and 1,760,000 common shares at $0.08 per share for gross proceeds of $660,100.

In connection with the private placement, the Company issued 602,400 finders warrants, each warrant entitling the holder thereof to acquire one common share of the Company at a price of $0.10 per share for a period of 24 months following the closing. The fair value of the warrants have been estimated at $47,790 using the Black-Scholes option pricing model for the following assumptions: dividend yield of 0%, expected volatility of 216%, a risk-free interest rate of 0.45% and an expected life of 2 years. In addition, the Company paid cash commissions equal to $52,808. All securities issued are subject to a four month hold period from the date of issuance

The deferred premium on flow-through shares in the amount of $90,798 (December 31, 2015 – $116,185) consists of the premium portion of 7,870,000 flow-through shares issued at between $0.09 and $0.10 per unit during the current year. The difference between the closing prices and the issued prices, net of the value of the one-half warrant issued with each share, is treated as a liability in accordance with IFRS. This liability is reversed into earnings as the Company incurs flow-through eligible exploration and evaluation expenditures. This reversal amounted to $25,387 for the period ended March 31, 2016 (March 31, 2015 –nil).

9. RELATED PARTY TRANSACTIONS

The Company paid or accrued the following amounts to related parties during the three month period ended March 31, 2016 and 2015:

Payee	Description of Relationship	Nature of Transaction	March 31, 2016 Amount ($)	March 31, 2015 Amount ($)
Stares Prospecting Ltd.	Company controlled by Alexander Stares, Director and Officer	Payments for equipment rentals capitalized in deferred development expenditures	-	-
Eastrock Exploration/ Wayne Reid	Company controlled by Wayne Reid, Director and Officer	Payments for geological consulting services and reimbursement of expenses	7,200	7,200
Nick Tsimidis	Director and Officer	Payments for consulting fees	4,500	6,000
Stares Contracting Corp.	Company controlled by Michael Stares, Director	Payments for staking services and reimbursement of expenses capitalized in exploration and evaluation assets	-	-

The purchases from/fees charged by related parties are in the normal course of operation and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Included in accounts payable and accrued liabilities at March 31, 2016 is:

- $5,424 payable to Eastrock Exploration Inc., (March 31, 2015: $2,712)

During the period ended March 31, 2016 the Company recovered $3,698 in wages from a company related by common directorships for the use of the Company’s field geological personnel (March 31, 2015 - $3,480)

Key management personnel remuneration during the period ended March 31, 2016 included $83,325 (March 31, 2015 - $83,370) in salaries and benefits and $44,131 (March 31, 2015 - $5,647) in share-based payments. There were no post-retirement or other long-term benefits paid to key management personnel during the year.

10. STAKING SECURITY DEPOSITS

Staking security deposits of $28,457 (December 31, 2015 – $28,457) represents security amounts paid to the Government of Newfoundland and Labrador in connection with mineral property claims located in the Province of Newfoundland. These staking security deposits are refundable to the company upon submission by the company of a report covering the first year work undertaken which meets the requirements of the Government of Newfoundland and Labrador.

11. SUPPLEMENTAL CASH FLOW INFORMATION

The following transactions did not result in cash flows and have been excluded from operating, financing and investing activities:

	March 31, 2016 $	March 31, 2015 $
Non-cash investing activities		
Shares received for exploration and evaluation assets	-	1,500

12. LOSS PER SHARE

Basic loss per common share has been calculated using the weighted average number of common shares outstanding in each respective period. As the issue of shares upon the exercise of stock options and warrants would be anti-dilutive, diluted loss per common share is equivalent to basic loss per common share.

13. COMMITMENTS

The Company has entered into a lease agreement for its office premises in Thunder Bay, Ontario expiring September 15, 2016 for $1,219 per month.

During the year ended December 31, 2015, the Company hired Paradox Public Relations ("Paradox") to provide investor relations. The agreement is for a minimum of three months and maximum of 24 months, at a monthly fee of $5,500. In addition Paradox received 57,143 stock options to acquire the same number of common shares of the Company at $0.70 per share. These options are subject to the vesting previsions under the Company's stock option plan. During the period ended March 31, 2016 the monthly fee was reduced to $2,500. Subsequent to March 31, 2016, the Company terminated its agreement with Paradox.

The Company has an obligation to expend $453,423 on qualified Canadian exploration and development expenditures related to a private placement from which flow-through shares were issued at December 31, 2015. These funds must be fully expended on qualified activity by December 31, 2016. The Company is in compliance with all mineral property obligations to the best of the Company's knowledge.

14. SUBSEQUENT EVENT

Subsequent to March 31, 2016, the Company completed a private placement in two separate tranches for total gross proceeds of $813,710 by issuing 5,310,000 flow-through units at a price of 12.5 cents per flow-through unit and 1,249,666 non-flow-through units at a price of 12 cents per non-flow-through unit. Each flow-through unit consisted of one flow-through common share and one half of one warrant, with each whole warrant entitling the holder thereof to acquire an additional common share of the Company at a price of 18 cents for a period of 24 months following the closing date. Each non-flow-through unit consisted of one common share and one share purchase warrant, each warrant entitling the holder thereof to acquire an additional common share of the Company for 18 cents for a period of 24 months following the closing date.

In connection with the private placement, the Company issued 455,200 finders' warrants, with each warrant entitling the holder thereof to purchase one common share of the Company at an exercise price of 18 cents for a period of 24 months following the closing date. In addition the Company paid finders' fees and other commissions equal to $56,590 pursuant to the private placement.

The private placement is subject to final acceptance by the TSX Venture Exchange. All securities issued in the private placement are subject to a four-month hold period.