HI HO SILVER RESOURCES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

(Stated in Canadian dollars)

OCTOBER 31, 2015

NOTICE OF NO REVIEW BY AUDITOR

In accordance with National Instrument 51-102 Part 4, *Continuous Disclosure Obligations*, subsection 4.3(3)(a), we hereby give notice that our financial statements for the interim period ended October 31, 2015, which follows this notice, have not been reviewed by an auditor.

HI HO SILVER RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Stated in Canadian dollars)

	As at October 31, 2015	As at July 31, 2015
ASSETS		
Current		
Sales tax receivable	$ 3,616	$ 14,331
Prepaid expenses and deposits	4,367	4,226
	7,983	18,557
Equipment (Note 5)	5,091	5,906
Exploration and evaluation assets (Note 6)	651,369	580,369
	656,460	586,275
	$ 664,443	$ 604,832
LIABILITIES		
Current		
Bank overdraft	$ 1,214	$ 28
Accounts payable and accrued liabilities (Note 7(b) iv)	413,186	368,115
Due to related parties (Note 9)	633,778	563,625
Loans payable (Note 10)	204,944	172,527
Promissory note payable (Note 10)	51,580	51,580
Obligation for share subscriptions received (Note 7(e))	289,000	289,000
Provisions (Note 8)	268,147	268,147
	1,861,849	1,713,022
SHAREHOLDERS' EQUITY (DEFICIT)		
Common shares (Notes 7(a) & (b))	9,985,612	9,745,612
Warrants (Note 7(c))	224,177	531,271
Equity reserves (Note 7(c) & (d))	4,941,224	4,634,130
Deficit	(16,348,419)	(16,019,203)
	(1,197,406)	(1,108,190)
	$ 664,443	$ 604,832

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

Approved on behalf of the Board:

/s/ *Peter Collier* — Director

/s/ *Dennis McKnight* — Director

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

HI HO SILVER RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED OCTOBER 31, 2015 AND 2014
(Stated in Canadian dollars)

	Three Months Ended October 31, 2015	Three Months Ended October 31, 2014
OPERATING EXPENSES		
Consulting, salaries and benefits (Note 9)	$ 83,045	$ 62,300
Rent	19,850	15,002
Accounting, audit and legal	-	5,000
Financing	38,527	-
Investor relations, promotion, travel and conferences	2,184	8,088
Office, administration and miscellaneous	1,713	1,993
Listing, exchange and transfer fees	5,734	2,252
Telecommunications	2,348	1,606
Project examination costs	-	10,700
Amortization (Note 5)	815	1,146
	(154,216)	(108,087)
OTHER ITEMS		
Gain on shares issued for debt	-	141,440
Write-down of exploration and evaluation assets (Note 6)	(175,000)	-
	(175,000)	141,440
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ (329,216)	$ 33,353
Basic and diluted income (loss) per common share	$ (0.00)	$ 0.00
Weighted average number of common shares outstanding		
Basic and diluted	161,791,857	113,958,960

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

HI HO SILVER RESOURCES INC.

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED JULY 31, 2015 AND 2014
(Stated in Canadian dollars)

	Number of Shares	Amount	Warrants	Share Subscriptions Received	Common Shares Committed for Issuance	Equity Reserves	Deficit	Total Shareholder's Equity (Deficit)
Balance, July 31, 2014	**112,267,647**	**$ 8,787,027**	**$ 517,453**	**$ 314,000**	**$ 16,200**	**$ 4,596,544**	**$ (15,049,250)**	**$ (818,026)**
Private placement (Note 7(b) iv)	15,560,080	311,201	263,833	(84,000)	-	-	-	491,034
Reclassification to preferred shares	-	-	-	(230,000)	-	-	-	(230,000)
Net income for the period	-	-	-	-	-	-	33,353	33,353
Balance, October 31, 2014	**127,827,727**	**$ 9,098,228**	**$ 781,286**	**$ -**	**$ 16,200**	**$ 4,596,544**	**$ (15,015,897)**	**$ (523,639)**
Balance, July 31, 2015	**145,927,727**	**$ 9,745,612**	**$ 531,271**	**$ -**	**$ -**	**$ 4,634,130**	**$ (16,019,203)**	**$ (1,108,190)**
Shares issued for exploration and evaluation assets (Note 7(b))	24,000,000	240,000	-	-	-	-	-	240,000
Warrants expired (Note 7(c))	-	-	(307,094)	-	-	307,094	-	-
Net loss for the period	-	-	-	-	-	-	(329,216)	(329,216)
Balance, October 31, 2015	**169,927,727**	**$ 9,985,612**	**$ 224,177**	**$ -**	**$ -**	**$ 4,941,224**	**$ (16,348,419)**	**$ (1,197,406)**

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

HI HO SILVER RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED OCTOBER 31, 2015 AND 2014
(Stated in Canadian dollars)

	Three Months Ended October 31, 2015	Three Months Ended October 31, 2014
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net income (loss) for the period	$ (329,216)	$ 33,353
Items not affecting cash:		
Amortization	815	1,146
Consulting fees paid in shares	-	6,300
Gain on shares issued for debt	-	(141,440)
Write-down of exploration and evaluation assets	175,000	-
Net change in non-cash working capital items:		
Sales tax receivable	10,715	(375)
Prepaid expenses and deposits	(141)	-
Accounts payable and accrued liabilities	45,071	6,840
Due to related parties	70,153	49,185
	(27,603)	(44,991)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Exploration and evaluation asset costs	(6,000)	-
Equipment	-	(513)
	(6,000)	(513)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans received, net of repayments	32,417	45,500
	32,417	45,500
CHANGE IN CASH	(1,186)	(4)
CASH (BANK OVERDRAF), BEGINNING OF PERIOD	(28)	34
CASH (BANK OVERDRAFT), END OF PERIOD	$ (1,214)	$ 30

Supplemental Disclosure of Cash Flow Information (Note 11)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Hi Ho Silver Resources Inc. (the “Company”) was incorporated under the Canada Business Corporations Act on April 7, 2005. The address of the Company’s corporate office and its registered office is located at Suite 201, 1090 West Pender Street, Vancouver, British Columbia, Canada, V6E 2N7.

The Company currently has interests in exploration and evaluation properties in British Columbia, Newfoundland and Labrador, California and Quebec. Substantially all of the Company’s efforts are devoted to financing and exploring these properties. There has been no determination whether the exploration properties in which the Company holds an interest contain mineral reserves which are economically recoverable.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, as necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements, unregistered claims, other land claims and non-compliance with regulatory and environmental requirements.

These financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company’s operation and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statements of financial position. As the Company does not have sufficient working capital to meet its short-term obligations or its projected minimum financial obligations for the next fiscal year, a material uncertainty that exists that may cast significant doubt about the Company’s ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board applicable to the preparation of the interim financial statements, including International Accounting Standard ("IAS") 34 Interim Financial Reporting. Accordingly, the accounting policies followed by the Company are set out in Note 3 of the audited financial statements for the year ended July 31, 2015, and have been consistently followed in the preparation of these condensed interim financial statements. These condensed interim financial statements should be read in conjunction with the annual consolidated financial statements.

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair values. In addition these financial statements have been prepared using the accrual basis of accounting.

These financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

The financial statements were authorized for issue on July 12, 2016 by the Board of Directors of the Company.

3. USE OF ESTIMATES AND JUDGMENTS

The preparation of these financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. These and other estimates are subject to measurement uncertainty and the effect on the financial statements of changes in these estimates could be material. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The following are the critical estimates and judgments that management has made in applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Decommissioning obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of non-current assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future decommissioning cost estimates arising from the decommissioning of site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other exploration and evaluation assets.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of decommissioning projects that are included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets. As of October 31, 2015 there are no restoration and reclamation provisions recognized (July 31, 2015 - $Nil).

3. USE OF ESTIMATES AND JUDGMENTS (CONTINUED)

Exploration and evaluation assets

Costs incurred after the legal right to explore has been obtained and before technical feasibility and commercial viability of the area have been established are capitalized as exploration and evaluation assets. The decision regarding technical feasibility and commercial viability of exploration and evaluation assets involve a number of assumptions, such as estimated reserves, commodity price forecasts, expected production volumes and discount rates, all of which are subject to material change in the future.

Flow-through Share Provision

Flow-through share provisions are comprised of the Company's various tax penalties and indemnification liabilities relating to the deficiencies in incurring on a timely basis the appropriate amount of qualifying exploration expenditures required related to past flow-through share issuances. The Company may also be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made exploration expenditures. Management uses its judgement in its assessment that the amounts presented in the financial statements for exploration and evaluation are expected to be recovered either from a sale or from the evaluation of a future mine.

Flow-through share provisions have been created based on internal estimates of the maximum penalties and indemnification liabilities the Company could be subject to. Assumptions, based on the current tax regulations, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. The final cost of the flow-through share provision may be lower than currently provided for.

Fair value of share-based payments

The fair value of share-based payments is calculated using a Black Scholes option pricing model. There are a number of estimates used in the calculation such as the future forfeiture rate, expected option life and the future price volatility of the underlying security which can vary from actual future events. The factors applied in the calculation are management's best estimate based on historical information and future forecasts.

Taxation

The calculation of deferred taxes is based on a number of assumptions including estimating the future periods in which temporary differences, tax losses and other tax credits will reverse, the use of substantively enacted tax rates at the statement of financial position date and the likelihood of deferred tax assets being realized.

Going concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements.

4. RECENT ACCOUNTING PRONOUNCEMENTS

Accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company has not yet begun the process of assessing the impact that these new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

4. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

New accounting standards effective for annual periods on or after January 1, 2016:

IAS 1 – Presentation of Financial Statements

In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

In May 2014, the IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

New accounting standards effective for annual periods on or after January 1, 2018:

IFRS 9 – Financial Instruments

November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVOTCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition

(Stated in Canadian dollars)

5. EQUIPMENT

The following tables summarize equipment costs for the three months ended October 31, 2015 and for year ended July 31, 2015:

		Computer equipment	Equipment	Total
COST				
July 31, 2014	$	20,824	-	20,824
Additions		-	1,696	1,696
July 31, 2015		20,824	1,696	22,520
Additions		-	-	-
October 31, 2015		**20,824**	**1,696**	**22,520**
ACCUMULATED AMORTIZATION				
July 31, 2014		13,525	-	13,525
Amortization		2,919	170	3,089
July 31, 2015		16,444	170	16,614
Amortization		730	85	815
October 31, 2015	**$**	**17,174**	**255**	**17,429**
NET BOOK VALUE				
July 31, 2015	**$**	**4,380**	**1,526**	**5,906**
October 31, 2015	**$**	**3,650**	**1,441**	**5,091**

(Stated in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS

The following tables summarize costs of expenditures on exploration and evaluation assets for the three months ended October 31, 2015 and for the year ended July 31, 2015:

Costs of expenditures on exploration and evaluation assets continuity schedule for the three months ended October 31, 2015:

Acquisition Costs	Fairview South Okanagan	San Bernardino	Voisey's Bay	Bralorne - Pioneer Extension	Trout Lake	Bonanza	Total
July 31, 2015	$ 190,526	$ 60,000	$ -	$ -	$ -	$ -	$ 250,526
Additions	15,000	-	150,000	25,000	25,000	25,000	240,000
Impairment	-	-	(150,000)	(25,000)	-	-	(175,000)
October 31, 2015	$ 205,526	$ 60,000	$ -	$ -	$ 25,000	$ 25,000	$ 315,526

Deferred Exploration Costs	Fairview South Okanagan	San Bernardino	Voisey's Bay	Bralorne - Pioneer Extension	Bralorne - Pioneer Extension	Bralorne - Pioneer Extension	Total
July 31, 2015	$ 329,843	$ -	$ -	$ -	$ -	$ -	$ 329,843
Additions	6,000	-	-	-	-	-	6,000
October 31, 2015	$ 335,843	$ -	$ -	$ -	$ -	$ -	$ 335,843
October 31, 2015	**$ 541,369**	**$ 60,000**	**$ -**	**$ -**	**$ 25,000**	**$ 25,000**	**$ 651,369**

(Stated in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Costs of expenditures on exploration and evaluation assets continuity schedule for the year ended July 31, 2015:

Acquisition Costs	Fairview South Okanagan	San Bernardino	Grasset Dome	Voisey's Bay	Bralorne - Pioneer Extension	Total
July 31, 2014	$ 160,526	$ 60,000	$ 152,000	$ -	$ -	$ 372,526
Additions	30,000	-	55,500	25,500	85,000	196,000
Impairment	-	-	(207,500)	(25,500)	(85,000)	(318,000)
July 31, 2015	$ 190,526	$ 60,000	$ -	$ -	$ -	$ 250,526

Deferred Exploration Costs	Fairview South Okanagan	San Bernardino	Grasset Dome	Voisey's Bay	Bralorne - Pioneer Extension	Total
July 31, 2014	$ 314,508	$ -	$ -	$ -	$ -	$ 314,508
Additions	15,335	-	12,000	-	-	27,335
Impairment	-	-	(12,000)	-	-	(12,000)
July 31, 2015	$ 329,843	$ -	$ -	$ -	$ -	$ 329,843
July 31, 2015	**$ 520,369**	**$ 60,000**	**$ -**	**$ -**	**$ -**	**$ 580,369**

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

(a) Mt. Thomlinson Property

On December 23, 2010, the agreement to acquire the Mt. Thomlinson Property in British Columbia from Molystar Resources Inc. ("Molystar") formally closed and the property was transferred to the Company's name. In consideration for the property, the Company issued 4,750,000 common shares valued at $0.055 per share, based on the market price of the shares at the time of issue ($261,250) and assumed certain obligations of Molystar totaling $28,000. An NSR of 2% is attached to the property.

A finder's fee in the amount of 237,500 common shares was included as part of the agreement. These shares were issued February 28, 2011, valued at $0.055 per share ($13,063), based on the market price of the shares at the time of issue.

During the year ended July 31, 2014, the Company wrote off all costs associated with the property.

During the year ended July 31, 2015, the Company entered into an agreement with a former officer, director and current significant shareholder (the "Individual") whereby it assigned its rights to its remaining mineral tenures in the Mt. Thomlinson Property, in exchange for settling $100,000 in amounts due to a company controlled by this individual (Notes 9 & 11).

(b) Fairview South Okanagan Property

On August 24, 2012, the Company entered into an option agreement with William McKinney, Turnagain Resources Inc. and Knight-Castle Mercantile Inc. to acquire a 100% interest in a series of claims, collectively referred to as the Fairview South Okanagan Property, located in British Columbia. As consideration for the interest, the Company made a cash payment of $25,000 and issued a total of 3,000,000 common shares. The value of the shares was recorded at $120,000, representing the fair value of the shares at the time of issuance. The Company also incurred $5,000 in legal and paid a $5,000 finder's fee in association with acquiring the interest.

On February 24, 2015, the Company entered into an agreement with Turnagain Resources Inc. and 0998601 B.C Ltd. to acquire a 100% interest in an additional 10 mineral claims comprising 760.1 hectares. As consideration, the Company issued 3,000,000 common shares valued at $30,000, representing the fair value of the shares at the time of issuance (Note 7(b) vii).

On August 6, 2015, the Company entered into a purchase agreement with Turnagain Resources Ltd and 0998601 BC Ltd (the "Sellers") to acquire 100% undivided interest in 1 mineral title comprising 21.12 hectares located in British Columbia. In exchange for the 100% interest, the Company has issued 1,500,000 of its common shares to the sellers (Note 7(b) i).

During the three months ended October 31, 2015, the Company incurred $6,000 (2014 – $6,000) for consulting and exploration services performed on the project.

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

(c) San Bernardino Claims

On May 27, 2014, the Company acquired a 100% interest in 6 placer claims located in San Bernardino County, California from Clearbrook Water Company Ltd. and 0998601 BC Ltd. In consideration for the claims, the Company issued 5,000,000 common shares and a further 1,000,000 common shares as a finder's fee. The common shares were valued at $60,000, being the fair value of the common shares at the time of issuance.

(d) Grasset Dome Property

On June 12, 2014, the Company acquired a 100% interest in 3 mineral claim applications within the Detour trend of the Abitibi Region in Northwestern Quebec from Rusty V Resources and 0998601 BC Ltd. In consideration for the claims, the Company issued 6,000,000 common shares and a further 600,000 common shares as a finders' fee. The common shares were valued at $66,000, being the fair value of the common shares at the time of issuance. On June 8, 2014, the Company completed staking additional claims Contiguous to the initial claims purchased.

On July 29, 2014 the Company completed a further purchase of 15 additional mineral claim applications from the same vendors. In consideration for the additional claims, the Company issued 4,000,000 common shares and a further 300,000 common shares as a finders' fee. The common shares were valued at $86,000, being the fair value of the common shares at the time of issuance.

On February 4, 2015, the Company acquired 100% interest in an additional 11 mineral claims from Rusty V Resources and 0998601 BC Ltd. The Company issued 2,700,000 common shares as consideration for the claims and 300,000 common shares in finders' fees. The common shares were valued at $30,000, representing the fair value of the shares at the time of issuance (Note 7(b) v).

On April 7, 2015, the Company acquired 100% interest in an additional 112 hectares in the Grasset Dome Property area of Quebec and 110 hectares in the Voisey's Bay area of Labrador (see (e) below) from Marcy Kiesman. Total consideration for both properties was 4,500,000 common shares. In addition, the Company issued 600,000 common shares in finder's fees. The shares issued relating to these Quebec claims were recognized in the amount of $25,500, representing the fair value of the shares at the time of issuance, with each property bearing one-half of the value as acquisition costs (Note 7(b) ix).

Subsequently, these claims lapsed and the Company chose not to renew these as they decided to focus their exploration efforts on their other properties going forward. As of result, the Company wrote down all capitalized costs relating to the Grasset Dome property as at July 31, 2015.

(e) Labrador/ Voisey's Bay Project

As noted above (Note 6(d)), on April 7, 2015 the Company issued common shares valued at $25,500 and, in return acquired an undivided 100% interest in one mineral title in the Voisey's Bay Area of Labrador.

On September 14, 2015, the Company entered into a purchase agreement with Marcy Kiesman and 0998601 BC Ltd (the "Sellers") to acquire 100% undivided interest in 2 mineral titles located in Newfoundland & Labrador. In exchange for the 100% interest, the Company has issued 3,000,000 of its common shares to the sellers (Note 7(b) iii).

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

(e) Labrador/ Voisey's Bay Project (continued)

On September 15, 2015, the Company entered into a purchase agreement with Marcy Kiesman and 0998601 BC Ltd (the "Sellers") to acquire 100% undivided interest in 2 mineral titles located in Newfoundland & Labrador. In exchange for the 100% interest, the Company has issued 8,000,000 of its common shares to the sellers (Note 7(b) iii).

On September 15, 2015, the Company entered into a purchase agreement with Marcy Kiesman and 0998601 BC Ltd (the "Sellers") to acquire 100% undivided interest in 2 mineral titles located in Newfoundland & Labrador. In exchange for the 100% interest, the Company has issued 4,000,000 of its common shares to the sellers (Note 7(b) iii).

Subsequently, these claims lapsed and the Company chose not to renew these as they decided to focus their exploration efforts on their other properties going forward. As of result, the Company wrote down all capitalized costs relating to the Labrador / Voisey's Bay property as at October 31, 2015.

(f) Bralorne – Pioneer Extension Property

On February 9, 2015, the Company entered into an agreement with Turnagain Resources Inc. and 0998601 B.C. Ltd. to acquire a 100% interest in 4 mineral claims comprising 1,145.87 hectares located in the Bralorne – Pioneer area of southern British Columbia. As consideration the Company issued 5,000,000 common shares and agreed to a cash payment of $10,000. The common shares were valued at $50,000, representing the fair value of the shares at the time of issuance (Note 7(b) vi). The $10,000 cash payment has not yet been paid and is included in loans payable at October 31, 2015. During the year ended July 31, 2015, the Company dropped 3 of the 4 mineral claims acquired.

On March 11, 2015, the Company entered into an agreement with the same vendors to acquire a 100% interest in an additional 1 mineral claim comprising 81.77 hectares located in the Bralorne – Pioneer area of southern British Columbia. As consideration the company issued 2,000,000 common shares and agreed to pay cash of $5,000. The common shares were valued at $20,000, representing the fair value of the shares at the time of issuance (Note 7(b) viii). The $5,000 cash payment has not yet been paid and is included in loans payable at October 31, 2015.

On August 7, 2015, the Company entered into a purchase agreement with Turnagain Resources Inc. and 0998601 BC Ltd. with respect of acquiring 100% undivided interests in the Trout Lake, Bonanza and Bralorne Addition Property comprising 7 mineral claims covering 614.54 hectares were approved. In consideration of the properties, the Company has issued 5,000,000 shares as consideration to Turnagain Resources Inc. and 2,500,000 shares to 099861 BC Ltd. The shares issued relating to these claims were recognized in the amount of $25,000, representing the fair value of the shares at the time of issuance, with each property bearing one-third of the value as acquisition costs (Note 7(b) ii).

Subsequently, some of the claims lapsed and the Company chose not to renew these as they decided to focus their exploration efforts on their other properties going forward. As of result, the Company wrote down all capitalized costs relating to the Bralorne property as at October 31, 2015. The Company still holds a portion of the property, and is evaluating the opportunity to advance the property in the future.

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

(g) Trout Lake Property

As noted above (Note 6(f)), on August 7, 2015, the Company issued common shares valued at $25,000 and, in return acquired an undivided 100% interest in one mineral title in the Trout Lake Property (Note 7(b) ii).

(h) Bonanza Property

As noted above (Note 6(f)), on August 7, 2015, the Company issued common shares valued at $25,000 and, in return acquired an undivided 100% interest in one mineral title in the Bonanza Property (Note 7(b) ii).

7. SHARE CAPITAL

(a) Common Shares

Authorized:
An unlimited number of common shares
An unlimited number of preferred shares

(b) Share Capital

For the three months ended October 31, 2015:

i. On August 6, 2015, the Company issued 1,500,000 common shares as consideration for 100% interest in an additional mineral claim in the Fairview South Okanagan Property. The common shares were valued at $15,000, representing the fair market value of the shares at the time of issuance (Note 6(b)).

ii. On August 7, 2015, the Company issued 7,500,000 common shares as consideration for 100% interest in an additional 7 mineral claims in the Bralorne, Trout Lake and Bonanza Properties. The common shares were valued at $75,000, representing the fair market value of the shares at the time of issuance (Notes 6(f), (g) & (h)).

iii. On September 15, 2015 and September 15, 2015, the Company issued 15,000,000 common shares as consideration for 100% interest in an additional 6 mineral claims in the Labrador / Voisey's Bay Property. The common shares were valued at $150,000, representing the fair market value of the shares at the time of issuance (Note 6(e)).

For the year ending July 31, 2015:

iv. On October 20, 2014, the Company completed a non-brokered private placement of 15,560,080 units at $0.05 per unit for gross proceeds of $778,004. Each unit consisted of one common share and one common share purchase warrant, entitling the holder to purchase one common share for 2 years at an exercise price of $0.10 each. Of the total proceeds, only $90,000 was for cash that was received prior to July 31, 2014. The balance of $688,004 was used to settle $210,504 accounts payable and accrued charges, $338,988 due to related parties (Note 9), $59,600 loans payable, $16,200 common shares committed for issuance and $1,600 in exchange for equipment. During the year ended July 31, 2015, the Company recognized a loss on settlement of debt of $61,112 on the statement of comprehensive loss.

v. On February 4, 2015, the Company issued 2,700,000 common shares for additional mineral claims in the Grasset Dome area and 300,000 common shares in finders' fees. The common shares were valued at $30,000, representing the fair market value of the shares at the time of issuance (Note 6(d)).

(Stated in Canadian dollars)

7. SHARE CAPITAL (CONTINUED)

(b) Share Capital (continued)

vi. On February 9, 2015, the Company issued 5,000,000 common shares and agreed to pay $10,000 as consideration for 100% interest in an additional 4 claims in the Bralorne – Pioneer Extension area of Southern BC. The common shares were valued at $50,000, representing the fair market value of the shares at the time of issuance (Note 6(f)).

vii. On February 24, 2015, the Company issued 3,000,000 common shares, valued at $30,000, for 10 additional mineral tenures on the Fairview South Okanagan Property (Note 6(b)).

viii. On March 11, 2015, the Company issued 2,000,000 common shares and agreed to pay $5,000 cash as consideration for 100% interest in one additional mineral title in the Bralorne – Pioneer Extension area of Southern BC. The common shares were valued at $20,000, representing the fair market value of the shares at the time of issuance (Note 6(f)).

ix. On April 29, 2015, in compliance with an agreement entered into on April 7, 2015, the Company issued 4,500,000 common shares in consideration for mineral titles in Labrador, Newfoundland and Quebec. In addition, the Company paid 600,000 common shares in finder's fees. The common shares were valued at $51,000, representing the fair value of the shares at the time of issuance (Note 6(d) & (e)).

x. During the year ended July 31, 2015, the Company reclassified $224,000 share subscriptions received in prior years where shares have not been issued to short term liability as the issuance of these shares is uncertain.

(c) Warrants

A summary of warrant activity for the three months ended October 31, 2015 and for the year ended July 31, 2015 is as follows:

Grant Date	Expiry Date	Number of Warrants	Exercise Price	Estimated Fair Value (Net of costs)
Balance, July 31, 2014		18,555,714	$ 0.07	$ 517,453
Granted on October 20, 2014	October 20, 2016	15,560,080	0.10	-
Expired on April 4, 2015		(1,970,000)	0.05	(37,586)
Warrants repriced and extended		-	0.05	51,404
Balance, July 31, 2015		32,145,794	0.09	531,271
Expired on February 27, 2016		(9,181,714)	0.10	(307,094)
Balance, October 31, 2015		22,964,080	0.08	224,177

On October 20, 2014, the Company granted 15,560,080 warrants in connection with the non-brokered private placement (Note 7(b) iv)

On April 4, 2015, 1,970,000 warrants expired unexercised. $37,586 was transferred from warrants to equity reserve on expiration.

On February 27, 2016, 9,181,714 warrants expired unexercised. $307,094 was transferred from warrants to equity reserve on expiration.

(Stated in Canadian dollars)

7 SHARE CAPITAL (CONTINUED)

(c) Warrants (continued)

During the year ended July 31, 2015, the Company modified the term of 7,404,000 warrants (2014 - 9,181,714 warrants) that were set to expire during the year. The Company estimated the modification resulted in an increase in fair value $51,404 (2014 - $131,000) to warrant reserve account with the offset to deficit. The valuation was derived through use of the Black-Scholes option pricing model with the following assumptions:

	Post Modification	Prior to modification
Risk-free interest rate	0.67%	1.63%
Expected life	2.05 years	2.2 years
Expected volatility	200.00%	200.00%
Expected dividend yield	0%	0%

A summary of warrants outstanding as at October 31, 2015 is as follows:

Grant Date	Expiry Date	Number of Warrants	Exercise Price	Estimated Fair Value (Net of costs)
May 23, 2013	May 23, 2017	7,404,000	0.05	224,177
October 20, 2014	October 20, 2016	15,560,080	0.10	-
Balance, October 31, 2015		**22,964,080**	**0.08**	**224,177**

As at October 31, 2015, the weighted average remaining expected life of issued and outstanding warrants was 1.16 years (July 31, 2015 – 1.15 years).

(d) Stock Options

The Company has established a stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors and employees of the Company as well as persons providing ongoing services to the Company. The maximum number of common shares reserved for issuance upon the exercise of options is not to exceed 20% of the total number of common shares outstanding immediately prior to such an issuance. No more than 5% of the issued shares of the Company may be granted to any one insider and no more than 10% of the issued and outstanding shares may be issued to insiders in aggregate during any 12-month period. No more than 2% of the issued shares of the Company may be granted to any one consultant during any 12-month period. The options are non-transferable and non-assignable and may be granted for a term not exceeding five years. The exercise price of options equals the market price of the Company's stock on the date of grant. Under the plan, the Board of Directors has the choice of either vesting or allowing options issued to be exercisable upon issuance. Options are normally issued for two to five-year terms.

(Stated in Canadian dollars)

7. SHARE CAPITAL (CONTINUED)

(d) Stock Options (continued)

A summary of stock option activity for the three months ended October 31, 2015 and for the year ended July 31, 2015 is as follows:

	Options Outstanding	Weighted Average Exercise Price	
Balance, exercisable and outstanding July 31, 2014	11,350,000	$	0.06
Options expired	(2,050,000)		0.05
Balance, exercisable and outstanding July 31, 2015	9,300,000		0.07
Options cancelled	(1,300,000)		0.07
Balance, exercisable and outstanding October 31, 2015	8,000,000		0.06

As at October 31, 2015 the following stock options were outstanding and exercisable:

Grant Date	Number of Options Outstanding and Exercisable	Expiry Date	Exercise price		Estimated Grant Date Fair Value	
February 4, 2011	400,000	February 3, 2016	$	0.06	$	20,400
February 21, 2011	400,000	February 20, 2016		0.06		20,400
January 9, 2012	800,000	January 8, 2017		0.08		31,954
January 13, 2012	300,000	January 12, 2017		0.08		12,000
October 17, 2013	6,100,000	October 16, 2018		0.06		117,120
October 31, 2015	**8,000,000**		**$**	**0.06**	**$**	**201,874**

As at October 31, 2015, the weighted average remaining expected life of issued and outstanding options was 2.42 years (July 31, 2015 – 2.64 years).

(e) Share Subscriptions Received

Preferred share subscriptions

As at October 31, 2015, the Company did not have any advance proceeds for subscription to future preferred share placements. $224,000 preferred share subscriptions received during the year ended July 31, 2014 was all reclassified as a liability on the statement of financial position as the issuance of preferred shares were uncertain. The total liability relating to preferred share subscriptions cummulatively received is $289,000 as of October 31, 2015 (July 31, 2015 - $289,000).

(Stated in Canadian dollars)

8. PROVISIONS

	Relating to Flow-Through Shares
Balance at July 31, 2015 and October 31, 2015	**$ 268,147**

The Company raised capital through the issuance of flow-through shares in 2012, which provided indemnity to the shareholders for additional taxes payable if the Company was unable to, or failed to, renounce the qualifying expenditures as agreed, without limiting the recourse of the subscriber. The Company was not able to spend $527,315 of the flow-through funds raised. The Company is exposed to costs for the indemnification of the shareholders and Part XII.6 tax liability. The Company estimated the potential shareholder indemnification liability is in the amount of $205,653 and the Part XII.6 liability is $59,446. To estimate the potential indemnification liability, management used a combined tax rate of 39% of unspent flow-through funds raised.

The accrued amounts are subject to measurement uncertainty due to the tax filing positions of the subscribers, their tax rates and the amount of personal taxes that may be payable and the interpretation of the indemnity agreements, which will not be known until potentially affected subscribers are reassessed for their tax positions by the Canada Revenue Agency ("CRA") and these amounts become known to the Company.

9. RELATED PARTY TRANSACTIONS AND BALANCES

Due from/to Related Parties

During the three months ended October 31, 2015, the Company incurred a consulting fees of $75,000 (2014 - $45,000) to a company controlled by the CEO and a director of the Company. As at October 31, 2015, a total of $326,269 (July 31, 2015 - $256,596) was owing to the company controlled by the CEO and included in due to related parties.

During the year ended July 31, 2015, the Company issued 6,779,760 units in accordance with the October 2014 private placement in order to settle $338,988 in amounts due to related parties. No gain or loss was recognized on settlement (Note 7(b) iv).

During the year ended July 31, 2015, the Company assigned all their remaining mineral interest in the Mt. Thomlinson Property to a significant shareholder in exchange for settlement of $100,000 in amounts due to this related party (Notes 6(a) & 11). As at October 31, 2015, the amount owed to this significant shareholder was $283,779 (July 31, 2015 - $283,779) and is included in due to related parties.

All amounts due to related parties are unsecured, non-interest bearing and due on demand.

Key members of management consist of the Company's Chief Executive Officer, Chief Financial Officer and Directors.

A summary of the aforementioned related party transactions, consulting, salaries and benefits and other compensation earned directly by key members of the Company's management is as follows:

	Three Months Ended October 31, 2015	Three Months Ended October 31, 2014
Consulting, salaries and benefits	**$ 75,000**	$ 52,500
Total compensation	**$ 75,000**	$ 52,500

10. LOANS PAYABLE AND PROMISSORY NOTES PAYABLE

Loans payable

As at October 31, 2015, the Company has loans payable to arm's length parties in the gross amount of $204,944 (July 31, 2015 - $172,527). The loans are free of interest, unsecured and payable on demand.

Promissory note

During the year ended July 31, 2014, the Company entered into a promissory note agreement with a vendor who had previously provided exploration services on the Company's Fairview South Okanagan and English Bay Properties. Pursuant to the agreement, $51,580 was converted from accounts payable to a formalized promissory note repayable at the earlier of:

a) Receipt of approximately $100,000 or more in financing by the Company; or
b) Any specific investment received by the Company specifically for the continued work on the Fairview South Okanagan Property.

The promissory note is free of interest and unsecured.

The amount outstanding as at October 31, 2015 and July 31, 2015 was $51,580.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash investing and financing transactions during the three months ended October 31, 2015 were as follows:

(a) The Company issued 24,000,000 common shares valued at $240,000 for exploration and evaluation assets (Note 7(b)).

The significant non-cash investing and financing transactions during the year ended July 31, 2015 were as follows:

(b) The Company issued 18,100,000 common shares valued at $181,000 for exploration and evaluation assets (Note 7(b)); and
(c) Common shares subscriptions received in the amount of $224,000 have been reclassified as loans payable (7(b) x); and
(d) The Company issued 13,760,080 common shares valued at $688,004 to settle certain accounts payable, due to related parties, loans payable, commitment to issue shares and in exchange for a piece of equipment (Note 7(b) iv); and
(e) The Company transferred all their remaining mineral rights in the Mt. Thomlinson Property in exchange for the settlement of $100,000 in due to related parties (Notes 6(a) & 9).

(Stated in Canadian dollars)

12. COMMITMENTS AND CONTINGENCIES

Environmental Contingencies

The Company's mining and exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Flow-through Expenditures

On February 27, 2012, pursuant to the issuance of 9,181,428 flow-through units, the Company renounced $642,700 of qualified exploration expenditures to flow-through shareholders which it was to expend by December 31, 2012. As at that date, the Company had spent $115,385.

The Company has agreed to indemnify the subscribers for any tax related amounts that become payable by the subscriber as a result of the Company not meeting its expenditure commitments.

Lease Agreement

The Company has entered a lease agreement with Bentall Kennedy for office space. The agreement was effective on April 1, 2014 and ends on March 31, 2017; and the estimated payment schedules are as below:

2016	**2017**	**Total**
$40,000	$35,000	$75,000

13. SEGMENTED INFORMATION

The Company has two reportable geographic segments based on the Company's exploration of mineral properties in Canada and the United States.

	Property and Equipment	Exploration and Evaluation Assets	Total
October 31, 2015			
Canada	$ 5,091	$ 591,369	$ 596,460
United States	-	60,000	60,000
	$ 5,091	**$ 651,369**	**$ 656,460**
July 31, 2015			
Canada	$ 5,906	$ 520,369	$ 526,275
United States	-	60,000	60,000
	$ 5,906	**$ 580,369**	**$ 586,275**

14. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

Fair value of financial instruments

The Company's financial instruments include cash, sales tax receivable, accounts payable, due to related parties, loans payable, promissory note payable, preferred share subscriptions received and provisions. With the exception of cash, the carrying value of the Company's financial instruments approximate their fair values due to their relatively short periods to maturity.

Cash is measured at fair value using level 1 inputs.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Company's cash is exposed to credit risk. The Company has assessed the credit risk on its cash as low as its funds are held in highly rated Canadian financial institutions.

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 manages liquidity by maintaining adequate cash balances and by raising equity financings. The Company has no assurance that such financings will be available on favorable terms. The Company has liquidity risk due to its working capital deficiency. In general, the Company attempts to avoid exposure to liquidity risk by obtaining corporate financing through the issuance of common shares. As at October 31, 2015 the Company had no cash (July 31, 2015 - $Nil) to settle current liabilities of $1,861,849 (July 31, 2015 - $1,713,022) which fall due for payment within twelve months of the statement of financial position. All of the Company's contractual obligations are current and due within one year.

Foreign exchange risk

Foreign exchange risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company does not believe that it is subject to significant foreign exchange risk, and does not hold any funds in foreign currencies as at October 31, 2015 (July 31, 2015 – $Nil).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. Management considers the interest rate risk to be minimal as at and for the period ended October 31, 2015.

Capital management

The Company's objective in managing its capital, which is comprised of debt and equity, is to safeguard all cash resources by investing in government or bank instruments which can be liquidated promptly and which yield acceptable rates of return, and also to issue from its treasury shares, warrants and options which can be converted to cash. Treasury issuances of shares, stock options and share purchase warrants are part of the Company's capital raising process and are issued when cash is required, ideally under favorable market conditions, and with regard to dilution of the Company's capital structure. The exercise of warrants and options are not under the control of the Company's management. All capital transactions are subject to approval of the Company's directors. The Company is not subject to externally imposed capital requirements.

The Company's approach to managing capital remains unchanged from the year ended July 31, 2015.