

CANEX ENERGY CORP.

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

APRIL 30, 2016



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Independent Auditor's Report

To the Shareholders of Canex Energy Corp.

We have audited the accompanying financial statements of Canex Energy Corp., which comprise the statements of financial position as at April 30, 2016 and April 30, 2015, and the statements of operations and comprehensive loss, changes in equity (deficit) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canex Energy Corp. as at April 30, 2016 and April 30, 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the material uncertainty that may cast significant doubt about the ability of Canex Energy Corp. to continue as a going concern.

**Chartered Professional Accountants
Vancouver, British Columbia
August 26, 2016**

CANEX ENERGY CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	As at April 30, 2016	As at April 30, 2015
	\$	\$
ASSETS		
Current assets		
Cash	19	34,458
Receivables (Note 5)	10,741	11,847
Prepaid (Note 7)	-	5,000
Total current assets	10,760	51,305
Non-current assets		
Exploration and evaluation assets (Note 4)	-	1,175,495
Total assets	10,760	1,226,800
LIABILITIES AND EQUITY (DEFICIT)		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	160,597	117,678
Equity		
Capital stock (Note 6)	4,757,478	4,021,600
Reserves (Note 6)	268,837	266,095
Deficit	(5,176,152)	(3,178,573)
Total equity (deficit)	(149,837)	1,109,122
Total liabilities and equity (deficit)	10,760	1,226,800

Nature and continuance of operations (Note 1)

Approved and authorized on August 26, 2016 on behalf of the Board:

“NICK DEMARE”
Director

“SHERMAN DAHL”
Director

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

CANEX ENERGY CORP.
STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	For the Year Ended April 30, 2016	For the Year Ended April 30, 2015
	\$	\$
EXPENSES		
Consulting fees (Note 7)	140,985	-
Filing fees	25,710	30,441
Investor relations	32,794	3,364
Management fees (Note 7)	105,000	188,001
Office and administration	4,051	8,051
Professional fees (Note 7)	25,876	112,303
Property investigation	-	1,916
Rent	14,556	9,000
Share-based payments (Notes 6 and 7)	196,275	-
Travel expenses	55,396	22,137
Wage expense	-	16,051
Loss before other items	(600,643)	(391,264)
Other items		
Gain on settlement of debt (Note 11)	-	48,588
Interest income	-	370
Impairment of exploration and evaluation assets (Note 4)	(1,580,891)	(1,564,732)
Loss and comprehensive loss for the year	(2,181,534)	(1,907,038)
Basic and diluted loss per common share	\$ (0.08)	\$ (0.17)
Weighted average number of common shares outstanding	27,829,298	11,518,757

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

CANEX ENERGY CORP.
STATEMENTS OF CHANGES IN EQUITY (DEFICIT)
(Expressed in Canadian Dollars)

	Capital stock				Total equity (deficit)
	Shares	Amount	Reserves	Deficit	
		\$	\$	\$	\$
Balance, April 30, 2014	7,818,343	2,523,330	299,245	(1,285,529)	1,537,046
Shares issued for acquisition of exploration and evaluation assets (Notes 4 and 6)	1,833,333	550,000	-	-	550,000
Shares for debt (Notes 6, 7 and 11)	350,000	78,750	-	-	78,750
Shares issued for private placement (Note 6)	5,642,576	931,025	-	-	931,025
Share issuance costs - cash (Note 6)	-	(80,661)	-	-	(80,661)
Release of founder shares from escrow	-	19,156	(19,156)	-	-
Stock options cancelled	-	-	(13,994)	13,994	-
Loss and comprehensive loss for the year	-	-	-	(1,907,038)	(1,907,038)
Balance, April 30, 2015	15,644,252	4,021,600	266,095	(3,178,573)	1,109,122
Balance, April 30, 2015	15,644,252	4,021,600	266,095	(3,178,573)	1,109,122
Shares issued for acquisition of exploration and evaluation assets (Notes 4 and 6)	1,000,000	25,000	-	-	25,000
Shares issued for private placement (Note 6)	16,074,000	703,700	-	-	703,700
Share issuance costs - cash (Note 6)	-	(2,400)	-	-	(2,400)
Release of founder shares from escrow	-	9,578	(9,578)	-	-
Stock options cancelled	-	-	(183,955)	183,955	-
Share-based payments	-	-	196,275	-	196,275
Loss and comprehensive loss for the year	-	-	-	(2,181,534)	(2,181,534)
Balance, April 30, 2016	32,718,252	4,757,478	268,837	(5,176,152)	(149,837)

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

CANEX ENERGY CORP.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	For year ended April 30, 2016	For year ended April 30, 2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(2,181,534)	(1,907,038)
Non-cash items:		
Share-based payments	196,275	-
Gain on settlement of debt	-	(48,588)
Impairment of exploration and evaluation assets	1,580,891	1,564,732
Changes in non-cash working capital items:		
Decrease (increase) in receivables	1,106	7,668
Decrease (increase) in prepaid	5,000	(5,000)
Increase (decrease) in accounts payable and accrued liabilities	42,919	27,778
Net cash flows used in operating activities	(355,343)	(360,448)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(380,396)	(686,038)
CASH FLOWS FROM FINANCING ACTIVITIES		
Gross proceeds from private placement	703,700	931,025
Share issuance costs	(2,400)	(80,661)
Net cash flows provided by financing activities	701,300	850,364
Change in cash for the year	(34,439)	(196,122)
Cash, beginning of year	34,458	230,580
Cash, end of year	19	34,558
Cash received during the year for interest	\$ -	\$ 370
Cash paid during the year for taxes	\$ -	\$ -

The significant non-cash investing and financing transactions for the year ended April 30, 2016 included:

- a) \$25,000 fair value of 1,000,000 common shares issued for acquisition of Clearwater West property (Note 4).
- b) fair value of \$9,578 reclassified from reserves to capital stock as 91,667 founder shares were released from escrow (Note 6).
- c) fair value of \$183,955 reclassified from reserves to deficit due to cancellation of 652,665 options (Note 6).

The significant non-cash investing and financing transactions for the year ended April 30, 2015 included:

- a) \$2,250 of exploration and evaluation expenditures included in accounts payable and accrued liabilities.
- b) \$550,000 fair value of 1,833,333 common shares issued for acquisition of Perron Lake property. This included finder's fee with a fair value of \$50,000 of 166,667 common shares (Note 4).
- c) \$78,750 fair value of 350,000 common shares issued for settlement of accounts payable and accrued liabilities.
- d) fair value of \$19,156 reclassified from reserves to capital stock as 183,333 founder shares were released from escrow (Note 6).
- e) fair value of \$13,994 reclassified from reserves to deficit due to cancellation of 33,333 options (Note 6).

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Canex Energy Corp. (the “Company”) was incorporated under the *Business Corporations Act* (British Columbia) on September 20, 2006. The registered address, head office, principal address and records office of the Company are located at 1305 – 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

The Company is a mineral exploration company focused on acquiring, exploring and developing resource properties, and is in the exploration stage with respect to its mineral property.

The Company trades on the TSX Venture Exchange (“TSX-V”) under the stock symbol CSC.

On May 12, 2015, the Company’s common shares were consolidated on the basis of one post-consolidated common share for every three pre-consolidated common shares. The numbers of the shares presented in these financial statements have all been adjusted to reflect the impact of this share consolidation.

Going concern of operations

These financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at April 30, 2016 the Company has had significant losses. In addition, the Company has not generated revenues from operations. The Company has financed its operations primarily through the issuance of common shares. The Company continues to seek capital through various means including the issuance of equity and/or debt. These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Based on the information available to date, the Company has not yet determined whether its mineral property contains economically recoverable reserves. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their development and upon future profitable production.

In order to continue as a going concern and to meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. As such, there is a material uncertainty that raises significant doubt about the Company’s ability to continue as a going concern.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Standards Interpretations Committee (“IFRIC”). These financial statements have been prepared on the basis of IFRS that are effective for the Company’s reporting year ended.

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

The 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 or available for sale, if applicable, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

Use of significant accounting judgments and critical accounting estimates

Significant accounting judgments

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

- a) Recoverability of the carrying value of the Company's exploration and evaluation assets.
- b) The ability of the Company to continue as a going concern.

Critical accounting estimates

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

- a) *Deferred income taxes* - The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives.
- b) *Share-based payments* - The fair value of share-based payment is determined using a Black-Scholes Option pricing model. Such option pricing models require the input of subjective assumptions including the expected price volatility, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant.

Exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractor and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction.” Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

Deferred financing costs

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock and operations pro-rata. If the shares are not issued, the costs will be charged to operations.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that do not affect either accounting or taxable loss, or differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Flow-through shares

The Company finances a portion of its exploration activities through financings in which flow-through common shares are issued. These shares transfer the tax deductibility of qualifying resource expenditures to investors. At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds received (i.e. the "flow-through commitment") as follows:

- Capital stock;
- Warrant reserve; and
- Flow-through share premium – recorded as a liability and equal to the estimated premium, if any, investors pay for the flow-through feature.

As qualifying resource expenditures are incurred, these costs are capitalized to exploration and evaluation assets.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time (before or after the end of the reporting period). Additionally, the Company reverses the liability for the flow-through share premium to other income as the expenses are incurred.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the current and prior fiscal year this calculation proved to be anti-dilutive. Basic loss per share is calculated using the weighted-average number of shares outstanding during the period.

Provision for environmental rehabilitation

The Company recognizes the fair value of a liability for the provision for environmental rehabilitation in the year in which it is incurred when a reliable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense through profit or loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. As at April 30, 2016, there was no material provision for environmental rehabilitation.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is expensed over the vesting terms. Consideration paid for the shares on the exercise of stock options is credited to capital stock. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in share-based payment is transferred to accumulated losses (deficit). The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment based on the fair market value of when the shares are issued. Otherwise, share-based payments are measured at the fair value of goods or services received.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment and at disposal, the amount of the gain or loss is removed from equity and recognized in profit or loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities: This category includes accounts payable and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified its cash as loans and receivables. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

Disclosures are also required on the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The Company does not have any financial instruments carried at fair value.

Investment tax credit

Investment tax credits are recorded as either a reduction of the cost of applicable assets or credited in profit or loss depending on the nature of the expenditures which gave rise to the credits. Claims for tax credits are recorded upon the Company receiving cash from the Canada Revenue Agency.

New accounting standards and amendments to existing standards

New and amended standards adopted by the Company

The following new and amended standards have become effective for the Company's April 30, 2016 reporting period. Adoption of these standards on May 1, 2015 did not result in a significant impact on the Company's financial statements.

- Amendments to IFRS 2, *Share-based Payment*, clarify vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition.
- Amendments to IAS 24, *Related Party Disclosures*, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation.

New accounting standards and recent pronouncements

The Company has not applied the following new or revised standards and amendments that have been issued but are not yet effective for the Company's April 30, 2016 reporting period:

- Amendment to IFRS 7, *Financial Instruments*, clarifies the applicability of the amendments to IFRS 7 Disclosure–Offsetting Financial Assets and Financial Liabilities to condensed interim financial statements. This amendment is effective for reporting periods beginning on or after January 1, 2016.
- Amendment to IAS 34, *Interim Financial Reporting*, clarifies the meaning of disclosure of information 'elsewhere in the interim financial report' and requires a cross reference. This amendment is effective for reporting periods beginning on or after January 1, 2016.
- Disclosure Initiative (Amendments to IAS 7, *Statement of Cash Flows*) require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. These amendments are effective for reporting periods beginning on or after January 1, 2017.
- New standard IFRS 9, *Financial Instruments, Classification and Measurement* is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, "Financial Instruments: Recognition and Measurement." IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit and loss. The standard is effective for annual periods beginning on or after January 1, 2018.

The Company is currently evaluating the impact the new accounting standard is expected to have on its financial statements.

CANEX ENERGY CORP.
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
APRIL 30, 2016

4. EXPLORATION AND EVALUATION ASSETS

	Clearwater West	Total
	\$	\$
Acquisition costs		
Balance – beginning of year	261,207	261,207
Acquisition payment	25,000	25,000
Impairment of deferred costs	<u>(286,207)</u>	<u>(286,207)</u>
Balance – end of year	<u>-</u>	<u>-</u>
Exploration costs		
Balance – beginning of year	914,288	914,288
Geological and consulting	380,396	380,396
Impairment of deferred costs	<u>(1,294,684)</u>	<u>(1,294,684)</u>
Balance – end of year	<u>-</u>	<u>-</u>
Total costs as at April 30, 2016	-	-

	Perron Lake	Clearwater West	Lorne Lake	Iskut River	Total
	\$	\$	\$	\$	\$
Acquisition costs					
Balance – beginning of year	-	261,207	490,000	19,951	771,158
Acquisition payment	600,000	-	-	-	600,000
Finder's fee	50,000	-	-	-	50,000
Impairment of deferred costs	<u>(650,000)</u>	<u>-</u>	<u>(490,000)</u>	<u>(19,951)</u>	<u>(1,159,951)</u>
Balance – end of year	<u>-</u>	<u>261,207</u>	<u>-</u>	<u>-</u>	<u>261,207</u>
Exploration costs					
Balance – beginning of year	-	317,000	-	423,281	740,281
Geological and consulting	-	597,288	-	-	597,288
BC mining exploration tax credits	-	-	-	(23,500)	(23,500)
Impairment of deferred costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>(399,781)</u>	<u>(399,781)</u>
Balance – end of year	<u>-</u>	<u>914,288</u>	<u>-</u>	<u>-</u>	<u>914,288</u>
Total costs as at April 30, 2015	-	1,175,495	-	-	1,175,495

Perron Lake

On November 12, 2014, the Company purchased a 100% interest in three properties at Perron Lake, Manitou Falls and Cree Bay in the north-eastern Athabasca Basin region of northern Canada. As consideration, the Company paid \$100,000 and issued 1,666,666 common shares of the Company to the property owner.

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In addition, the Company paid a finder's fee of 166,667 common shares to Matthews Investments Ltd.

Due to economic uncertainty of the Company's ability to advance the project further, the property's deferred costs have been written off during the year ended April 30, 2015.

Iskut River

During the period from incorporation to April 30, 2015, the Company staked various claims in the Iskut River District of northwestern British Columbia.

Due to economic uncertainty of the Company's ability to advance the project further, the property's deferred costs have been written off.

The Company determined the reclamation bond would not be refunded, therefore the reclamation bond was expensed during the year ended April 30, 2015.

Lorne Lake

On July 15, 2013, the Company entered into a purchase and sale agreement to acquire an undivided 100% interest in Lorne Lake uranium property located in northern Saskatchewan, subject to a 2% smelter return royalty, in consideration for the issuance of 1,166,667 common shares of the Company at a fair value of \$0.42 (issued).

Due to economic uncertainty of the Company's ability to advance the project further, the property's deferred costs have been written off during the year ended April 30, 2015.

Clearwater West

On January 28, 2014, the Company entered into a property option agreement with Fission 3.0 Corp. ("Fission") to earn up to a 50% interest in the Clearwater West project in the southwestern Athabasca Basin region, Saskatchewan. In consideration, the Company agreed to:

- a) issue 580,459 common shares of the Company to Fission on closing of the agreement at a fair value of \$0.45 (issued); and
- b) incur a total of \$5,000,000 in exploration expenditures on or before October 10, 2016 according to the following schedule:

Term	Interest Earned	Work Obligation
By October 10, 2014	-	\$ 700,000 (met)
By October 10, 2015	20%	2,000,000
By October 10, 2016	30%	2,300,000
Total	50%	\$ 5,000,000

The Company also agreed to grant a 2% Net Smelter Royalty ("NSR") to Fission on the property.

On November 5, 2015, the Company issued 1,000,000 common shares of the Company to extend the exploration expenditure requirements of October 10, 2015 and October 10, 2016 to April 30, 2016 and April 30, 2017 respectively. The common shares were valued at \$25,000.

Subsequent to year end, the Company received notice from Fission that it has terminated its property option agreement for the Clearwater West property due to the Company defaulting in its expenditure commitments. Accordingly, the property's deferred costs were written off.

5. RECEIVABLES

	April 30, 2016	April 30, 2015
	\$	\$
GST receivable	10,741	11,847

6. CAPITAL STOCK AND RESERVES

a) Authorized

Unlimited number of common shares, without par value.

b) Share issuances

During the year ended April 30, 2016:

- i) The Company completed a Private Placement of 12,074,000 units raising gross proceeds of \$603,700. Each unit was priced at \$0.05 per unit and was comprised of one common share and one share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.10 per share for a period of 12 months. Total share issuance costs of \$2,400 were paid in conjunction with the Private Placement.
- ii) The Company completed a Private Placement of 4,000,000 common shares at \$0.025 per share, raising gross proceeds of \$100,000.
- iii) On November 5, 2015 the Company issued 1,000,000 common shares at a fair value of \$0.025 per share for acquisition of the Clearwater West property (Note 4).

During the year ended April 30, 2015:

- iv) The Company completed a Private Placement of 5,642,576 units raising gross proceeds of \$931,025. Each unit was priced at \$0.165 per unit and was comprised of one common share and one share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.21 per share for a period of 18 months from the date of closing of the non-brokered Private Placement. Total share issuance costs of \$80,661 were paid in conjunction with the Private Placement.
- v) The Company issued 350,000 shares to settle outstanding debts to two creditors totaling \$105,000. (see Note 11).
- vi) On January 19, 2015, the Company issued 1,833,333 common shares at a fair value of \$0.30 per share for acquisition of the Perron Lake property (Note 4).

As at April 30, 2016, there were no common shares held in escrow. As at April 30, 2015, 183,333 common shares included in capital stock were held in escrow with a fair value of \$9,578.

c) Stock options

The Company follows the policies of the TSX-V under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the then issued and outstanding common stock of the Company. Under the policies, the exercise price of each shall not be less than the closing price of the Company's common shares on the day preceding the day on which the directors grant such options, less any discount permitted by the TSX-V to a minimum of \$0.30 per share. The options can be granted for a maximum term of ten years.

During the year ended April 30, 2016, 652,665 options were cancelled. During the year ended April 30, 2016 the Company granted 2,125,000 to directors, officers and consultants. The stock options have an exercise price of \$0.095 per share and expire five years from the date of grant. The stock options had an estimated fair value of \$196,275.

During the year ended April 30, 2015, 33,333 options were cancelled. During the year ended April 30, 2015, the Company granted NIL stock options.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the year:

	2016	2015
Share price	0.095	-
Risk-free interest rate	0.83%	-
Expected life of options	5.0	-
Annualized volatility	190%	-
Dividend rate	-	-
Forfeiture rate	-	-

Annualized volatility is estimated using the historical stock price of the Company.

Stock option transactions and the number of share options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price
		\$
Balance, April 30, 2014	644,330	0.495
Cancelled	(33,333)	(0.495)
Balance, April 30, 2015	610,997	0.495
Granted	2,125,000	0.095
Cancelled	(652,665)	(0.326)
Balance, April 30, 2016	2,083,332	0.140
Weighted average remaining life of options outstanding	4.01 years	

As at April 30, 2016, the following options were outstanding:

Number of Options	Exercise Price	Expiry Date
233,332 ^{*1}	\$0.495	February 5, 2019
1,850,000 ^{*2}	\$0.095	June 29, 2020

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*1: 50,000 of these options were cancelled subsequent to year end.
*2: 62,500 of these options were cancelled subsequent to year end.

d) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
		\$
Balance, April 30, 2014	687,333	0.60
Granted	5,642,562	0.21
Expired	(687,333)	(0.60)
Balance, April 30, 2015	5,642,562	0.21
Granted	12,074,000	0.10
Expired	(4,988,018)	(0.21)
Balance, April 30, 2016	12,728,544	0.11

As at April 30, 2016 the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
	\$	
654,544	0.21	May 6, 2016
4,050,000	0.10	June 1, 2016
7,424,000	0.10	June 25, 2016
600,000	0.10	June 28, 2016

Subsequent to April 30, 2016, all warrants expired unexercised.

7. RELATED PARTY TRANSACTIONS

The value of transactions and outstanding balances relating to key officers and directors and entities over which they have control or significant influence were as follows:

The Company incurred \$64,172 (April 30, 2015 - \$24,501) of fees from companies controlled by the former Chief Executive Officer of the Company for management and consulting services performed. As at April 30, 2016, the Company owed \$5,933 to the former Chief Executive Officer (2015 - a prepaid balance of \$5,000). The former Chief Executive Officer resigned from the Company on July 19, 2016.

The Company incurred \$61,670 of fees from a former director (April 30, 2015 - \$101,000 from former directors) of the Company for management and consulting services performed.

The Company incurred \$14,000 (April 30, 2015 - \$10,000) of fees from a former director of the Company for consulting services performed. As at year end, the Company owed \$10,500 (2015 - \$NIL) to the former director.

The Company incurred \$30,000 (April 30, 2015 - \$NIL) of fees from a private company controlled by the Chief Financial Officer of the Company for consulting services performed. As at April 30, 2016, the Company owed \$5,250 (2015 - \$NIL) to the Chief Financial Officer for unpaid fees.

The Company incurred \$NIL (April 30, 2015 - \$106,900) of fees from companies controlled by the former Chief Financial Officer of the Company for professional and consulting services performed. As at April 30, 2016, the Company owed \$45,400 (2015 - \$45,895) for unpaid fees.

During the year ended April 30, 2016, the Company expensed \$108,529 (2015 - \$NIL) in share-based payments for key management personnel.

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

See Note 13 for subsequent events involving related party transactions.

8. FINANCIAL INSTRUMENTS AND RISKS

Fair value

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying values of cash and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at April 30, 2016, the Company had a cash balance of \$19 (April 30, 2015 - \$34,458) to settle current liabilities of \$160,597 (April 30, 2015 - \$117,678). All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. Subsequent to year-end, the Company received \$70,000 from promissory note proceeds. See Note 13.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices. Such fluctuations may be significant.

a) Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at financial institutions is subject to a floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities that are denominated in a foreign currency. As at April 30, 2016, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

c) Price risk

The Company has limited exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

9. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. capital stock, reserves and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. The Company's overall strategy remains unchanged from prior year.

10. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being exploration and development of mineral properties in Canada.

11. DEBT SETTLEMENT

During the previous year ended April 30, 2015, the Company:

- Issued 350,000 common shares with a fair value of \$78,750 to settle outstanding debts to two creditors totaling \$105,000. The debts being settled are \$65,000 owing to a firm of which the former CFO is a partner and \$40,000 owing to a company controlled by a former director.
- Settled \$22,338 of accounts payable and accrued liabilities through debt forgiveness.

As a result of the settlements, the Company recognized a total gain on debt settlements of \$48,588.

12. DEFERRED INCOME TAXES

The actual income tax provisions differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

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	April 30, 2016	April 30, 2015
	\$	\$
Loss before income taxes	2,181,534	1,907,038
Corporate tax rate	<u>26.00%</u>	<u>26.00%</u>
Income tax recovery at statutory rates	567,199	495,830
Non-deductible items	(61,318)	(4,069)
Tax benefits not recognized	<u>(505,881)</u>	<u>(491,761)</u>
	-	-

The significant components of the Company's deferred income tax assets and liabilities are as follows:

	April 30, 2016	April 30, 2015
	\$	\$
Non-capital loss carry forwards	490,000	372,000
Cumulative exploration and development expenses	792,000	381,000
Share issuance costs	<u>29,000</u>	<u>50,000</u>
	1,311,000	803,000
Unrecognized deferred tax assets	<u>(1,311,000)</u>	<u>(803,000)</u>
Net deferred tax assets	-	-

At April 30, 2016, the Company has non-capital losses of approximately \$1,885,000 (2015- \$1,433,000) which may be available to offset future income for income tax purposes. These losses expire on various years from 2029 to 2036. In addition, there are resource-related expenditures of approximately \$3,046,000 (2015- \$2,640,000) which may be used to offset future taxable resource income indefinitely, subject to annual rates prescribed by the Canadian Income Tax Act.

Deferred tax benefits which may arise as a result of these non-capital losses and resource deductions have not been recognized in these financial statements.

13. SUBSEQUENT EVENTS

On August 22, 2016, the Company announced it intends to consolidate its shares on a ten to one basis. The proposed consolidation is subject to regulatory approval.

On July 21, 2016, the Company entered into a \$10,000 promissory note with a private company controlled by a director of the Company. The promissory note bears an interest rate of 5% per annum calculated monthly, is unsecured, and is due on demand.

On July 26, 2016, the Company entered into a \$25,000 promissory note with significant shareholder of the Company. The promissory note bears an interest rate of 5% per annum calculated monthly, is unsecured, and is due on demand.

On July 26, 2016, the Company entered into a \$10,000 promissory note with a director of the Company. The promissory note bears an interest rate of 5% per annum calculated monthly, is unsecured, and is due on demand.

On July 27, 2016, the Company entered into a \$25,000 promissory note with significant shareholder of the Company. The promissory note bears an interest rate of 5% per annum calculated monthly, is unsecured, and is due on demand.