DOUBLEVIEW CAPITAL CORP.
(An Exploration Company)

FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

FOR THE YEAR ENDED FEBRUARY 29, 2016

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Doubleview Capital Corp.:

We have audited the accompanying financial statements of Doubleview Capital Corp. which comprise the statements of financial position as at February 29, 2016 and February 28, 2015, and the statements of comprehensive loss, changes in equity 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 audit 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 Doubleview Capital Corp. as at February 29, 2016 and February 28, 2015, and the results of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to the financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Doubleview Capital Corp.'s ability to continue as a going concern.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
June 27, 2016

DOUBLEVIEW CAPITAL CORP.
STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)
As at

	February 29, 2016	February 28, 2015
ASSETS		
Current		
Cash	$ 373,407	$ 10,501
Prepaid expenses and deposits	-	15,000
Amounts receivable (Note 4)	7,044	136,620
Total current assets	380,451	162,121
Non-current		
Exploration and evaluation assets (Note 9)	4,056,142	4,146,908
Reclamation bond (Note 9)	37,500	17,500
Equipment (Note 5)	720	264
Total non-current assets	4,094,362	4,164,672
Total assets	$ 4,474,813	$ 4,326,793
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6 and 8)	$ 410,338	$ 632,543
EQUITY		
Share capital (Note 7)	6,280,757	5,253,112
Obligation to issue shares (Note 7)	2,000	2,500
Share-based payment reserve (Note 7)	1,108,513	768,874
Deficit	(3,326,795)	(2,330,236)
Total equity	4,064,475	3,694,250
Total liabilities and equity	$ 4,474,813	$ 4,326,793

Going concern (Note 1)
Commitments (Notes 9 and 15)
Subsequent events (Note 16)

Approved and authorized by the Board on June 27, 2016:

Farshad Shirvani Director

Farshad Shirvani

"Andrew Rees" Director

Andrew Rees

DOUBLEVIEW CAPITAL CORP.
STATEMENTS OF COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)
For the years ended

	February 29, 2016	February 28, 2015
Expenses		
Amortization (Note 5)	$ 150	$ 120
Consulting fees (Note 8)	37,622	37,250
Directors fees (Note 8)	124,800	124,800
Investor relations	33,512	47,349
Office and administrative (Note 8)	25,379	23,352
Professional fees	117,539	47,745
Property investigation costs (Note 8)	8,704	34,677
Rent (Note 8)	18,000	15,600
Salaries and wages	39,285	55,059
Stock-based compensation (Notes 7 and 8)	217,973	388,185
Transfer agent and filing fees	30,149	12,381
Total expenses	653,113	786,518
Other items		
Impairment of exploration and evaluation assets (Note 9)	486,071	-
Flow-through share premium (Note 7)	(142,625)	(111,400)
Net and comprehensive loss for the year	$ 996,559	$ 675,118
Loss per common share - basic and diluted	$ 0.02	$ 0.01
Weighted average number of common shares outstanding - basic and diluted	66,154,085	54,051,631

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

DOUBLEVIEW CAPITAL CORP.
STATEMENT OF CHANGES IN EQUITY
(EXPRESSED IN CANADIAN DOLLARS)

	Share Capital											
	Number of shares		Amount		Obligation to issue shares		Share-based payment reserve		Deficit		Total
Balance, February 28, 2014	**43,734,259**	**$**	**3,204,815**	**$**	**66,500**	**$**	**435,112**	**$**	**(1,655,118)**	**$**	**2,051,309**
Transactions with owners, in their capacity as owner, and other transfers (Note 7):											
Share issued for exploration and evaluation assets	350,000		55,000		-		-		-		55,000
Shares issued for private placements	4,736,668		802,600		500		-		-		803,100
Flow-through share premium	-		(111,400)		-		-		-		(111,400)
Share issuance costs	-		(72,643)		-		-		-		(72,643)
Finder's warrants	-		(28,812)		-		28,812		-		-
Shares issued for convertible debenture	111,111		25,000		-		-		-		25,000
Share issued for exercise of warrants	9,526,595		1,238,621		(30,500)		(15,304)		-		1,192,817
Share issued for exercise of stock options	690,000		139,931		(34,000)		(67,931)		-		38,000
Stock-based compensation	-		-		-		388,185		-		388,185
Net loss for the year	-		-		-		-		(675,118)		(675,118)
Balance February 28, 2015	**59,148,633**		**5,253,112**		**2,500**		**768,874**		**(2,330,236)**		**3,694,250**
Transactions with owners, in their capacity as owner, and other transfers (Note 7):											
Shares issued for exploration and evaluation assets	425,000		47,750		-		-		-		47,750
Shares issued for private placements	5,119,167		910,500		(500)		-		-		910,000
Flow-through share premium	-		(142,625)		-		-		-		(142,625)
Share issuance costs	-		(56,566)		-		-		-		(56,566)
Finder's warrants	-		(33,365)		-		33,365		-		-
Shares issued for exercise of warrants	2,520,000		252,000		-		-		-		252,000
Shares issued for exercise of stock options	265,000		49,951		-		(23,451)		-		26,500
Warrants issued for exploration and evaluation assets	-		-		-		111,752		-		111,752
Stock-based compensation	-		-		-		217,973		-		217,973
Net loss for the year	-		-		-		-		(996,559)		(996,559)
Balance February 29, 2016	**67,477,800**	**$**	**6,280,757**	**$**	**2,000**	**$**	**1,108,513**	**$**	**(3,326,795)**	**$**	**4,064,475**

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

DOUBLEVIEW CAPITAL CORP.
STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)
For the years ended

	February 29, 2016	February 28, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (996,559)	$ (675,118)
Items not affecting Cash		
Amortization	150	120
Stock-based compensation	217,973	388,185
Impairment of exploration and evaluation assets	486,071	-
Flow-through share premium	(142,625)	(111,400)
Changes in non-cash working capital items:		
Prepaids	15,000	35,000
Amounts receivable	129,576	(61,722)
Accounts payable and accrued liabilities	36,020	(131,010)
Net cash used in operating activities	(254,394)	(555,945)
CASH FLOWS FROM FINANCING ACTIVITES		
Proceeds from share issuances, net	1,122,935	1,961,274
Repayment of convertible debentures	-	(699)
Net cash provided by financing activities	1,122,935	1,960,575
CASH FLOWS FROM INVESTING ACTIVIES		
Reclamation bond	(20,000)	(7,500)
Purchase of equipment	(606)	-
Expenditure on exploration and evaluation assets, net of METCs	(485,029)	(1,787,717)
Net cash used in investing activities	(505,635)	(1,795,217)
Change in cash during the year	362,906	(390,587)
Cash, beginning	10,501	401,088
Cash, ending	$ 373,407	$ 10,501

Supplemental cash flow information (Note 14)

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

1. CORPORATE INFORMATION

Doubleview Capital Corp. (the "Company") was incorporated under the *Business Corporations Act* on January 18, 2008 pursuant to the Business Corporation Act of British Columbia. The Company is engaged in the exploration and development of mineral properties in North America and has not yet determined whether its properties contain ore reserves that are economically recoverable. The Company trades on the TSX Venture Exchange ("TSX-V").

The head office and principal address of the Company is 880-409 Granville Street, Vancouver, British Columbia, Canada V6C 1T2. The Company's registered address and records office is Suite 704-595 Howe Street, Vancouver, British Columbia, V6C 2T5.

These financial statements have been prepared by management 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. The Company has not generated any revenues to date and has incurred ongoing losses.

As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These uncertainties may cast significant doubt about the Company's ability to continue as a going concern. A number of alternatives including, but not limited to selling an interest in its exploration and evaluation assets or completing a financing, are being evaluated with the goal of funding ongoing activities and obtaining additional working capital.

These 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. BASIS OF PREPARATION

a) Statement of compliance

These financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue by the Board of Directors on June 27, 2016.

b) Basis of measurement

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

a) 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, 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 such financial assets in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statements of comprehensive 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 the statements of comprehensive loss or income.

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, the amount of the loss is removed from equity and recognized in the statements of comprehensive loss or income.

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 asset was acquired, 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 such financial liabilities in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statements of comprehensive loss.

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

The Company’s cash and receivables are classified as loans and receivables. The Company’s trade payables and due to related party balance are classified as other financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

b) Exploration and evaluation assets

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation assets are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, and payments made to contractors. Costs not directly attributable to exploration and evaluation assets activities, including general administrative costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain mineral property expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made on the farmed-out properties on its behalf. Any cash or other consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation assets expenditures in respect of that project are deemed to be impaired. As a result, those mineral property expenditures, in excess of estimated recoveries, are written off to the statement of comprehensive 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 "mine under construction". Exploration and evaluation assets are also 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 costs.

c) Impairment of equipment and exploration and evaluation assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

c) Impairment of equipment and exploration and evaluation assets (cont'd…)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

d) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the 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 asset and 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. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; nor 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 statement of financial position 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. To the extent that the Company does not consider it is probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

e) Flow-through shares

The Company renounces qualifying Canadian exploration expenditures to certain share subscribers who subscribe for flow-through shares in accordance with the Income Tax Act (Canada). Under these provisions, the Company is required to incur and renounce qualifying expenditures on a timely basis for the respective flow-through subscriptions and, accordingly, it is not entitled to the related tax deductions and tax credits for such expenditures.

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("flow-through tax liability"). Provided that the Company has renounced the related expenditures or that there is a reasonable expectation that it will do so, the liability is reduced on a pro-rata basis as the expenditures are incurred and a deferred liability is recognized. The reduction to the flow-through tax liability is recognized in profit and loss as other income.

To the extent that the Company has suitable unrecognized deductible temporary differences, an offsetting recovery of deferred income taxes would be recorded.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

f) Share-based payment transactions

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of stock options is measured on the date of grant, using the Black-Scholes Option Pricing Model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

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. Otherwise, share-based payments are measured at the fair value of goods or services received.

g) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributed to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributed to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

h) Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation 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 rehabilitation is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. At February 29, 2016, the Company does not have any provision for environmental rehabilitation.

i) Mining exploration tax credits ("METCs")

The Company may periodically receive METCs for exploration expenses incurred in Canada. The METCs are reflected as a reduction of the carrying value of the corresponding exploration and evaluation asset at the earliest of when the assistance is received or receivable.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

j) Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the useful life of equipment, stock-based awards and payments, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets and provisions for restoration and environmental obligations.

k) Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty and the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

l) Equipment

Equipment is stated at historical cost less accumulated amortization and accumulated impairment losses. Amortization is calculated on a straight-line method to charge the cost, less residual value, of the assets to their residual values over their estimated useful lives. The amortization rate applicable to office equipment is 20% per annum.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of a significant replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

m) Accounting standards issued but not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after March 1, 2016 or later periods:

- IFRS 9 Financial Instruments

The above new standard has not been early adopted in these financial statements and is not expected to have a material effect on the Company's future results and financial position.

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

(EXPRESSED IN CANADIAN DOLLARS)

4. AMOUNTS RECEIVABLE

The Company's receivables consist of GST receivable due from the Government of Canada.

5. EQUIPMENT

Equipment is comprised of the following:

	February 29, 2016	February 28, 2015
Cost	$ 1,210	$ 604
Accumulated depreciation	(490)	(340)
Total	$ 720	$ 264

Amortization of $150 (2015 - $120) was charged during the year ended February 29, 2016.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company consist of the following:

	February 29, 2016	February 28, 2015
Accounts payable	$ 123,318	$ 211,337
Due to related parties (Note 8)	267,520	400,706
Accrued liabilities	19,500	20,500
Total	$ 410,338	$ 632,543

7. SHARE CAPITAL

a) The authorized share capital of the Company consists of an unlimited number of common shares without par value and unlimited preferred shares without par value.

b) Issued and outstanding common shares:

i) On August 8, 2014, the Company issued 2,060,000 flow-through units and 340,000 non-flow through units for total proceeds of $384,000. Each flow-through unit was comprised of one flow-through common share and one-half share purchase warrant. Each non-flow through units was comprised of one common share and one whole share purchase warrant. Each whole warrant is exercisable to purchase one additional common share at $0.25 per common share until August 8, 2016. During the year ended February 29, 2016, the exercise price of these warrants was amended to $0.20. The warrants are subject of accelerated expiry of 30 days, such that if at any time the average close price of the Company's common share is equal to, or a greater than, $0.30 for 10 consecutive trading days. To February 29, 2016, the Company did not meet the criterion for accelerated expiry. The Company paid $46,148 in finders' fees and share issuance costs. The Company also issued 190,000 finders' warrants, exercisable into one common share at the price of $0.25 per share until August 8, 2016. The Company allocated a fair value of $17,088 to the finders' warrants. During the year ended February 28, 2015, a flow-through premium of $20,600 was recorded in connection with the issuance of the flow-through shares.

ii) On December 4, 2014, the Company issued 1,833,890 flow-through units and 66,666 non-flow through units for total proceeds of $340,100. Each unit was comprised of one common share and one-half share purchase warrant, with each full warrant exercisable to purchase one additional common share at $0.25, with respect to flow-through units, and $0.20, with respect to non-flow through units, per common share until December 4, 2016. During the year ended February 29, 2016, the exercise price of flow-through unit warrants was amended to $0.20. The warrants are subject of accelerated expiry of 30 days, such that if at any time the average close price of the Company's common share is equal to, or a greater than, $0.30, with respect to flow-through units, or $0.25, with respect to non-flow through units, for 10 consecutive trading days. To February 29, 2016, the Company did not meet the criterion for accelerated expiry. The Company paid $21,000 in finders' fees and share issuance costs. The Company also issued 116,666 finders' warrants, exercisable into one common share at the price of $0.20 per share until December 4, 2016. The Company allocated a fair value of $9,832 to the finders' warrants. During the year ended February 28, 2015, a flow-through premium of $73,355 was recorded in connection with the issuance of the flow-through shares.

iii) On December 22, 2014, the Company issued 436,112 flow-through units for total proceeds of $79,000. Each unit was comprised of one common share and one-half share purchase warrant, with each full warrant exercisable to purchase one additional common share at $0.25 per common share until December 22, 2016. During the year ended February 29, 2016, the exercise price of the warrants was amended to $0.20. The warrants are subject of accelerated expiry of 30 days, such that if at any time the average close price of the Company's common share is equal to, or a greater than, $0.30 for 5 consecutive trading days. To February 29, 2016, the Company did not meet the criterion for accelerated expiry. The Company paid $5,495 in finders' fees and share issuance costs. The Company also issued 30,527 finders' warrants, exercisable into one common share at the price of $0.20 per share until December 22, 2016. The Company allocated a fair value of $1,892 to the finders' warrants. During the year ended February 28, 2015, a flow-through premium of $17,445 was recorded in connection with the issuance of the flow-through shares.

7. SHARE CAPITAL (cont'd…)

b) Issued and outstanding common shares:

iv) During the year ended February 28, 2015, the Company issued 350,000 common shares at a fair value of $55,000 to acquire exploration and evaluation assets (Note 9).

v) During the year ended February 28, 2015, the Company issued 111,111 common shares at a fair value of $25,000 in settlement of convertible debentures.

vi) During the year ended February 28, 2015, the Company received net proceeds of $139,931 from the exercise of 690,000 options, of which $34,000 was recorded in obligation to issue shares during the year ended February 28, 2014. The fair value originally recorded for these options of $67,931 was reclassified from share-based payment reserve to share capital.

vii) During the year ended February 28, 2015, the Company received net proceeds of $1,223,317 from the exercise of 9,526,595 share purchase warrants, of which $32,500 was recorded in obligation to issue shares during the year ended February 28, 2014. The fair value of these options of the agent's warrants included in the exercise of the total warrants of $15,304 was reclassified from share-based payment reserve to share capital.

viii) During the year ended February 28, 2015, the Company recorded $2,500 as an obligation to issue 22,500 shares for receipt of the proceeds for a private placement and exercise of warrants.

ix) During May 2015, the Company issued 2,852,500 flow-through units and 1,600,000 non-flow through units for total proceeds of $810,500, of which $500 had been recorded in obligation to issue shares during the year ended February 28, 2015. Each unit was comprised of one common share and one-half share purchase warrant, with each full warrant exercisable to purchase one additional common share at $0.28 per common share (amended to $0.20 during the year ended February 29, 2016) for the period of 2 years and each full non-flow through warrant exercisable to purchase one additional common share at $0.20 per common for a period of 2 years. The warrants are subject of accelerated expiry of 30 days, such that if at any time the average close price of the Company's common share is equal to, or a greater than, $0.30 for 5 consecutive trading days at any time after 4 months of closing in respect to the non-flow-through warrants and $0.40 for 5 consecutive trading days at any time after 4 months of closing in respect to the flow-through warrants. The Company paid $46,800 in finders' fees and share issuance costs. The Company also issued 255,000 finders' warrants, exercisable into one common share at the price of $0.20 per share for the period of 2 years. The Company allocated a fair value of $28,841 to the finders' warrants. A flow-through premium of $142,625 was recorded in connection with the issuance of the flow-through shares.

x) During May 2015, the Company issued 666,667 units at a price of $0.15 per unit for total of $100,000. Each unit was comprised of one common share and one-half share purchase warrant, with each full warrant exercisable to purchase one additional common share at $0.20 per common share for a period of 2 years. The warrants are subject of accelerated expiry of 30 days, such that if at any time the average close price of the Company's common shares is equal to, or greater than, $0.35 for 5 consecutive trading days. The Company paid $9,766 in finders' fees and share issuance costs. The Company also issued 40,000 finders' warrants, exercisable into one common share at the price of $0.20 per share for the period of 2 years. The Company allocated a fair value of $4,524 to the finders' warrants.

(EXPRESSED IN CANADIAN DOLLARS)

7. SHARE CAPITAL (cont'd…)

b) Issued and outstanding common shares:

xi) During November 2015, the Company issued 300,000 common shares with a fair value of $31,500 under the terms of the agreement covering the Hat Property. The Company also issued 125,000 common shares with a fair value of $16,250 as consideration for extending the due date of the final cash payment under the Hat Property agreement.

xii) During the year ended February 29, 2016, the Company received net proceeds of $26,500 from the exercise of 265,000 stock options. The fair value of $23,451 originally recorded for these options was reclassified from the stock-based compensation reserve to share capital.

xiii) During the year ended February 29, 2016, the Company received net proceeds of $252,000 for the exercise of 2,520,000 warrants.

c) Share-based payment reserve

The share based payment reserve represents the fair value of stock options or compensation warrants until such time that the share-base instruments are exercised, at which time the corresponding amount is transferred to share capital.

d) Stock options

The Company has an incentive stock option plan that conforms to the requirements of the TSX-V. Options to purchase common shares have been granted to directors, officers, employees and consultants of the Company at exercise prices determined by the market value of the common shares on the date of the grant. The options vest immediately on the date of the grant or otherwise at the discretion of the Board.

The Company's stock options outstanding and exercisable are as follows:

	Year ended February 29, 2016		Weighted average exercise price	Year ended February 28, 2015		Weighted average exercise price
Beginning of the year	5,000,000	$	0.15	3,475,000	$	0.10
Options granted	1,670,000	$	0.15	2,285,000	$	0.19
Options exercised	(265,000)	$	0.10	(690,000)	$	0.10
Options forfeited/expired	-		-	(70,000)	$	0.11
End of the year	6,405,000	$	0.15	5,000,000	$	0.15

(EXPRESSED IN CANADIAN DOLLARS)

7. SHARE CAPITAL (cont'd…)

d) Stock options

Options to acquire common share at February 29, 2016 are as follows:

Number Outstanding	Exercise Price		Expiry Date
250,000	$	0.10	February 27, 2017
1,035,000	$	0.11	May 21, 2018
1,165,000	$	0.10	October 21, 2018
200,00	$	0.25	February 15, 2019
1,535,000	$	0.20	May 20, 2019
550,000	$	0.16	February 20, 2020
1,200,000	$	0.17	April 27, 2020
470,000	$	0.10	August 13, 2020

The outstanding options have a weighted average remaining contractual life of 3.20 years

On April 27, 2015, 1,200,000 stock options were granted to directors, officers, employees, and consultants of the Company which have an exercise price of $0.17 per common share and expire April 27, 2020. On August 13, 2015, 470,000 stock options were granted to directors, officers, employees, and consultants of the Company which have an exercise price of $0.10 per common share and expire August 13, 2020. The granting of these incentive stock options resulted in stock-based compensation expense, calculated using the Black-Scholes Option Pricing Model, of $217,973 which was recorded as stock-based compensation expense. The assumptions used for the Black-Scholes Option Pricing Model valuation of stock options issued during the year ended February 29, 2016 were: a risk free interest rate of 1.00%, an expected life of 4 years, an annualized volatility of 164-168%, and a dividend yield of 0%.

On March 1, 2014, the Company granted 200,000 incentive stock options to a consultant. The options may be exercised at a price of $0.25 until February 15, 2019. On May 20, 2014, the Company granted 1,535,000 incentive stock options to directors, officers, employees and consultants. The options may be exercised at a price of $0.20 until May 20, 2019. On February 20, 2015, the Company granted an additional 550,000 incentive stock options to a director and consultants. The options may be exercised at a price of $0.16 until February 20, 2020. The options vested immediately and the granting of these incentive stock options resulted in stock-based compensation expense, calculated using the Black-Scholes Option Pricing Model, of $388,185 which was recorded as stock-based compensation expense. The assumptions used for the Black-Scholes Option Pricing Model valuation of stock options issued during the year ended February 28, 2015 were: risk free interest rate: 1.03%, expected life: 3.94 years, annualized volatility: 149%, dividend yield: 0%.

(EXPRESSED IN CANADIAN DOLLARS)

7. SHARE CAPITAL (cont'd…)

e) Warrants

The Company's warrants outstanding are as follows:

	Year Ended February 29, 2016	Weighted average exercise price	Year Ended February 28, 2015	Weighted average exercise price
Beginning of the year	9,919,017	$0.17	16,860,085	$ 0.10
Warrants issued	3,854,583	$0.17	2,875,527	$ 0.25
Warrants exercised	(2,520,000)	$0.10	(9,526,595)	$ 0.13
Warrants expired	(975,156)	$0.15	(290,000)	$ 0.13
End of the year	10,278,444	$0.17	9,919,017	$ 0.17

Warrants to acquire common shares at February 29, 2016 are as follows:

Number outstanding	Exercise price		Expiry date
1,370,000	$ 0.20	*	August 8, 2016
190,000	$ 0.25		August 8, 2016
916,945	$ 0.20	*	December 4, 2016
149,999	$ 0.20		December 4, 2016
218,056	$ 0.20	*	December 22, 2016
30,527	$ 0.20		December 22, 2016
175,000	$ 0.20	**	March 4, 2017
21,000	$ 0.20		March 4, 2017
766,116	$ 0.20	**	March 19, 2017
483,884	$ 0.20	**	March 20, 2017
150,000	$ 0.20		March 20, 2017
784,000	$ 0.20	**	April 29, 2017
100,000	$ 0.20		May 4, 2017
1,250	$ 0.20	**	May 4, 2017
373,333	$ 0.20		May 28, 2017
1,623,334	$ 0.15	***	September 16, 2018
1,925,000	$ 0.15	***	October 17, 2018
1,000,000	$ 0.10		September 4, 2020

* The Company reduced the exercise price on these warrants to $0.20 from $0.25 during the year.
**The Company reduced the exercise price on these warrants to $0.20 from $0.28 during the year.
***The expiry date of these warrants was extended during the year. The original expiry dates were September 16, 2015 and October 17, 2015.

The outstanding warrants have a weighted average remaining contractual life of 1.81 years.

8. RELATED PARTY TRANSACTIONS

Details of the transactions between the Company and other related parties are disclosed below:

a) Incurred directors fees of $124,800 (2015 - $124,800) to the CEO, President and director of the Company;
b) Incurred rent of $18,000 (2015 - $15,600) to a company controlled by the CEO, President and director of the Company (Note 16);
c) Incurred $Nil (2015 - $13,315) in administrative and miscellaneous expenses to a company controlled by a director of the Company;
d) Recorded $311,063 (2015 - $448,446) in exploration and evaluation expenditures on the Hat property and $2,325 (2015 - $Nil) on the Mount Milligan North Property to a company controlled by the CEO, president and director of the Company (Note 9);
e) Issued 1,000,000 share purchase warrants (2015 – Nil) with a fair value of $111,752 (2015 - $Nil) and Nil common shares (2015 - 90,000) with a fair value of $Nil (2015 - $13,500) to a director of the Company, pursuant to the Mount Milligan property option agreement (Notes 7 and 9);
f) Incurred property investigation costs of $7,425 (2015 - $Nil) to a company controlled by the CEO, President and director of the Company;
g) Incurred consulting fees of $13,722 (2015 - $Nil) to officers of the Company; and
h) Recorded $137,453 (2015 – $195,850) in stock-based compensation expense for stock options granted to directors and officers of the Company.

At February 29, 2016, recorded in trade and other payables is $267,520 (2015 - $400,706) due to a company controlled by the CEO, President and director of the Company. This amount is non-interest bearing, unsecured and has no fixed terms of repayment.

9. EXPLORATION AND EVALUATION ASSETS

Mount Milligan North Property

On February 22, 2011, and effective upon TSX-V approval on July 22, 2011, the Company entered into an option agreement with 0895277 B.C. Ltd. ("0895277"), whereby the Company was granted an option to acquire a 100% interest in certain claims comprising the Mount Milligan North Property located in northwest Prince George, British Columbia. In order to exercise the option, the Company is required to:

a) Pay $50,000 (paid);
b) Issue the following securities to 0895277:
   i) 1,200,000 common shares of the Company (issued at a fair value of $180,000); and
   ii) Warrants to purchase 1,000,000 common shares of the Company by July 22, 2014. The warrants will be exercisable at the price of $0.15 per share until two years from the date of issuance.
c) Incur a total of $300,000 of exploration expenditures on the Mount Milligan North Property by July 22, 2016.

To February 29, 2016, the Company has incurred $144,320 (2015 - $141,995) in exploration expenditures on the Mount Milligan North Property.

During the year ended February 29, 2016, the Company agreed to amend the option agreement with 0895277 whereby the Company would earn a 100% option in the Mount Milligan North Property in consideration for the issuance of 1,000,000 share purchase warrants, exercisable at $0.10 per common share until September 4, 2020. The Company recorded a fair value of $111,752 to the warrants using the Black-Scholes Option Pricing Model, which has been recorded as an acquisition cost. The assumptions used for the Black-Scholes Option Pricing Model valuation for the warrant issue were: a risk free interest rate of 1.00%, an

9. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Mount Milligan North Property (cont'd…)

expected life of 5 years, an annualized volatility of 158%, and a dividend yield of 0%. The Company then exercised its option and earned a 100% option in the Mount Milligan North Property.

In addition, 0895277 will retain a 2% net smelter return royalty (the "Royalty") on the Mount Milligan North Property. The Company may purchase 1% of the Royalty by paying 0895277 a total of $1,000,000.

During the year ended February 29, 2016, the Company determined the Mount Milligan North Property to be impaired and recorded an impairment charge of $486,071 (2015 - $Nil).

Hat Property

On August 29, 2011, and effective September 9, 2011 upon TSX-V approval, the Company entered into an option agreement whereby the Company was granted an option to acquire a 100% interest in the Hat Property located in the Sheslay District of north-western British Columbia. In order to exercise the option, the Company is required to:

a) Pay an aggregate $250,000 as follows:
   i) $25,000 on TSX-V acceptance (paid);
   ii) $30,000 on or before September 9, 2012 (paid);
   iii) $45,000 on or before September 9, 2013 (paid);
   iv) $50,000 on or before September 9, 2014 (paid); and
   v) $100,000 on or before September 9, 2015 (amended to July 28, 2016).

   During the year ended February 29, 2016, the Company agreed to amend the terms of the Hat Property option agreement whereby the payment date of the $100,000 payment was extended to July 28, 2016 from September 9, 2015. In consideration for this amendment, the company issued 125,000 common shares with a fair value of $16,250 (Note 7).

b) Issue an aggregate 1,000,000 common shares of the Company as follows:
   i) 100,000 common shares on TSX-V approval (issued at a fair value of $10,500);
   ii) 150,000 common shares on or before September 9, 2012 (issued at a fair value of $10,500);
   iii) 200,000 common shares on or before September 9, 2013 (issued at a fair value of $12,000);
   iv) 250,000 common shares on or before September 9, 2014 (issued at a fair value of $40,000); and
   v) 300,000 common shares on or before September 9, 2015 (issued at a fair value of $31,500).

c) Incur aggregate exploration expenditures of $1,000,000 on the Hat Property by September 9, 2015 (incurred), with no less than $250,000 in exploration expenditures incurred within the first 2 years (incurred).

To February 29, 2016, the Company has incurred $4,254,974 (2015 - $3,589,385) in exploration expenditures on the Hat Property.

The Hat Property is subject to a 2% Royalty. The Company may repurchase 1% of the Royalty on or before September 9, 2017 upon payment of $1,500,000.

As at February 29, 2016, the Company has posted a bond for $37,500 (2015 - $17,500) with the Ministry of Energy and Mines for indemnification of site restoration of the Hat Property.

9. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Red Springs Property

On September 8, 2013, and effective September 23, 2013 upon TSX-V approval. The Company entered into an option agreement with a director of the Company whereby the Company was granted an option to acquire a 90% interest in certain claims comprising the Red Springs property, located in the Omineca district of British Columbia. In order to exercise the option, the Company is required to:

a) Pay an aggregate $127,000 as follows:

   i) $7,000 on or before August 8, 2014;
   ii) $15,000 on or before August 8, 2015;
   iii) $25,000 on or before August 8, 2016;
   iv) $35,000 on or before August 8, 2017; and
   v) $45,000 on or before August 8, 2018.

b) Issue an aggregate 800,000 common shares of the Company as follows:

   i) 50,000 common shares on TSX-V approval (issued at a fair value for $3,000);
   ii) 100,000 on or before August 8, 2014 (issued at a fair value of $15,000);
   iii) 150,000 on or before August 8, 2015;
   iv) 200,000 on or before August 8, 2016; and
   v) 300,000 on or before August 8, 2017.

c) Incur aggregate exploration expenditures of $650,000 as follows:
   i) $100,000 on or before August 8, 2014;
   ii) $100,000 on or before August 8, 2015;
   iii) $100,000 on or before August 8, 2016;
   iv) $100,000 on or before August 8, 2017; and
   v) $650,000 on or before August 8, 2018.

To February 29, 2016, the Company has not made the required payments, issued the required shares, nor met the required exploration expenditures on the Red Springs Property and is currently in the process of re-negotiating the terms of the option agreement.

Metropolitan Property

On August 22, 2011, the Company entered into purchase agreement with Decoors Mining Corp. to acquire a 100% interest in certain claims comprising the Metropolitan Property in the Kootenay District of south-eastern British Columbia.

During the year ended February 28, 2014, the Company wrote down its Metropolitan property to $Nil.

(EXPRESSED IN CANADIAN DOLLARS)

9. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Summary of exploration and evaluation assets:

	Mount Milligan North Property	Hat Property	Red Spring property	Total
Balance as at February 28, 2014	**$ 230,000**	**$ 133,000**	**$ 3,000**	**$ 366,000**
Acquisition costs incurred:				
For shares	-	40,000	15,000	55,000
Balance as at February 28, 2015	**230,000**	**173,000**	**18,000**	**421,000**
Acquisition costs incurred:				
For cash	-	50,000	-	50,000
For shares/warrants	111,752	47,750	-	159,502
Impairment of property	(341,751)	-	-	(341,751)
Balance as at February 29, 2016	**$ 1**	**$ 270,750**	**$ 18,000**	**$ 288,751**

	Mount Milligan North Property	Hat Property	Red Spring Property	Total
Balance as at February 28, 2014	**$ 141,995**	**$ 1,386,117**	**$ -**	**$ 1,528,112**
Exploration costs incurred:				
Surveys, mapping, sampling and other	-	11,076	1,200	12,276
Drilling	-	1,743,745	-	1,743,745
Geological consulting	-	448,447	-	448,447
BC mining tax credits	-	(6,672)	-	(6,672)
Balance as at February 28, 2015	**141,995**	**3,582,713**	**1,200**	**3,725,908**
Exploration costs incurred				
Surveys, mapping, sampling and other	2,325	14,871	-	17,196
Drilling	-	618,343	-	618,343
Geological consulting	-	32,375	-	32,375
BC mining tax credits	-	(482,111)	-	(482,111)
Impairment of property	(144,320)	-	-	(144,320)
Balance as at February 29, 2016	**$ -**	**$ 3,766,191**	**$ 1,200**	**$ 3,767,391**
Total at February 28, 2015	**$ 371,995**	**$ 3,755,713**	**$ 19,200**	**$ 4,146,908**
Total at February 29, 2016	**$ 1**	**$ 4,036,941**	**$ 19,200**	**$ 4,056,142**

10. FINANCIAL INSTRUMENTS AND RISK

Fair value

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at February 29, 2016, the Company's financial instruments are comprised of cash, receivables, accounts payable, and due to directors. The carrying value of receivables, accounts payable, and due to directors approximate their fair values due to the relatively short periods to maturity of these financial instruments.

Risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meets its contractual obligations. The Company's credit risk is limited to the carrying amount on the statement of financial position and arises from the Company's cash and receivables.

The Company's cash are held through a Canadian chartered bank, which are high-credit quality financial institutions. Receivables are due from the Government of Canada and credit risk is assessed as low.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 29, 2016, the Company had a cash balance of $373,407 to settle current liabilities of $410,338. The Company will require additional financing to be able to meet its financial obligations. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. Liquidity risk is assessed as high.

10. FINANCIAL INSTRUMENTS AND RISK (cont'd...)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt.

(b) Foreign currency rate risk

While the Company is domiciled in Canada and its capital is raised in Canadian dollars. The Company is not exposed to any significant foreign exchange risk.

Sensitivity analysis

The carrying value of cash, receivables, accounts payable, and amounts due to directors approximate their fair values due to the relatively short periods to maturities of these financial instruments.

Based on management's knowledge of and experience in the financial markets, management does not believe that the Company's current financial instruments will be materially affected by credit risk, liquidity risk or market risk.

11. CAPITAL MANAGEMENT

The Company manages its cash and common shares as capital. The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the on-going business objectives including, but not limited to pursuing the exploration of its exploration and evaluation assets, funding of future growth opportunities, and pursuit of new acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company manages its capital structure by issuing new shares, adjusting capital spending or disposing of assets. In addition, management of the Company's capital structure is facilitated through its financial and operational forecasting processes. The forecast of the Company's future cash flows is based on estimates of commodity prices, forecast capital and operating expenditures, and other investing and financing activities. The forecast is regularly updated based on new commodity prices and other changes, which the Company views as critical in the current environment.

The Company is not subject to any externally imposed capital requirements and there have not been any changes to capital management from the prior year.

(EXPRESSED IN CANADIAN DOLLARS)

12. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	2016	2015
Loss for the year	$ (996,559)	$ (675,118)
Statutory tax rate	26.00%	26.00%
Expected income tax recovery	(259,105)	(175,531)
Non-deductible items	19,590	100,928
Tax benefit not recognized in current year loss	204,179	(101,927)
Other differences	(112,994)	(24,623)
Impact of tax rate change	-	9,221
Impact of flow-through share renunciation	148,330	191,932
Deferred income tax recovery	$ -	$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	2016	2015
Exploration and evaluation assets	$ (1,003,854)	$ (311,835)
Loss carry-forward	1,312,872	421,110
Share issuance costs	27,471	23,060
	$ 336,489	$ 132,335

The tax pools relating to these deductible temporary differences expire as follows:

	Exploration and evaluation assets	Loss carry forward	Share issuance costs
2017	$ -	$ -	$ 36,366
2018	-	-	32,136
2019	-	-	25,842
2028	-	17,035	11,313
2029	-	1,500	-
2030	-	9,556	-
2031	-	100,496	-
2032	-	302,733	-
2033	-	358,499	-
2034	-	1,713,931	-
2035	-	2,077,183	-
2036	-	468,573	-
No expiry	195,164	-	-
	$ 195,164	$ 5,049,506	$ 105,657

12. INCOME TAXES (cont'd...)

a) Provision for current tax

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through commons shares on Canadian qualifying exploration expenditures. The Company may 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 the required exploration expenditures.

Under the IFRS framework, the increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds, or "premium", are recorded as a deferred charge. During the year ended February 29, 2016, the Company renounced and expended $570,500 (2015 - $738,000) of the flow-through share proceeds from flow-through shares issued during the year ended February 29, 2016. Accordingly, there was no flow-through premium at February 29, 2016.

b) Provision for deferred tax

As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized. As at February 29, 2016, the Company has approximately $5,049,506 in non-capital losses that can be offset against taxable income in future years which begin expiring at various dates commencing in 2028. The potential future tax benefit of these losses has not been recorded as a full-future tax asset valuation allowance has been provided due to the uncertainty regarding the realization of these losses.

13. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the exploration and development of exploration and evaluation assets in Canada.

14. SUPPLEMENTAL CASH FLOW DISCLOSURE

The Company issued 425,000 (2015 - 350,000) common shares and 1,000,000 warrants (2015 - Nil) with a fair value of $47,750 (2015 - $55,000) and $111,752 (2015 - $Nil), respectively, during the year ended February 29, 2016, pursuant to property option agreements.

The Company recorded finder's warrants at a fair value of $33,365 (2015 - $28,812), which were recorded as share issuance costs.

The Company reclassified of $23,451 (2015 - $83,235) to share capital from reserves, which represents the fair value of options and warrants exercised during the year.

The Company recorded $160,853 (2015 - $410,079) in trade payables and accrued liabilities for expenditures on exploration and evaluation assets.

15. COMMITMENTS

Effective July 1, 2011, the Company approved an office facility service agreement, whereby the Company is required to pay $1,500 per month for rent to a company controlled by the CEO, President, and director of the Company.

Effective April 1, 2013, the Company approved an employment agreement, whereby the Company is required to pay $120,000 per annum to the CEO, President, and director of the Company. Pursuant to the agreement, the Company is required to pay a severance equal to two years of salary ($240,000).

16. SUBSEQUENT EVENTS

Subsequent to February 29, 2016, the Company entered into the following transactions:

a) Granted 700,000 incentive stock options to directors, officers, advisors and consultants. The options may be exercised at a price of $0.10 until April 29, 2021; and

b) Re-priced, subject to approval from the TSX-V and disinterested shareholders, 200,000 incentive stock options exercisable at $0.25 per share expiring February 15, 2019 and 1,535,000 incentive stock options exercisable at $0.20 per share expiring May 20, 2019 to an exercise price of $0.10 per share.