NATAN

RESOURCES LTD

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JULY 31, 2016 AND 2015

(EXPRESSED IN CANADIAN DOLLARS)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

NATAN RESOURCES LTD.
Index to Consolidated Financial Statements
For the years ended April 30, 2016 and 2015
(Expressed in Canadian Dollars)

Page

Content

NATAN RESOURCES LTD.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	July 31, 2016	April 30, 2016
	($)	**($)**
ASSETS		
Current assets		
Cash	41,991	22,879
Prepaid expenses and deposits	18,900	3,900
GST receivable	4,281	2,038
	65,172	28,817
Exploration and evaluation assets (Note 3)	1	1
	65,173	28,818
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	46,593	34,394
Loan payable (Note 5)	-	-
Due to related parties (Note 7)	-	433,436
	46,593	467,830
Shareholders' deficiency		
Share capital (Note 6)	1,967,769	1,390,929
Reserves	8,420	8,420
Accumulated other comprehensive income (Note 5)	29,000	29,000
Obligation to issue shares	19,763	19,763
Deficit	(2,006,372)	(1,887,124)
	18,580	(439,012)
	65,173	28,818

Nature of operations and going concern (Note 1)

Approved on Behalf of the Board:

“Michael Blady”	“Brendan Purdy”
Michael Blady, Director	Brendan Purdy, Director

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

NATAN RESOURCES LTD.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Three Months Period Ended July 31 2016	Three Months Period Ended July 31 2015
	($)	**($)**
EXPENSES		
Accretion	-	-
Advertising and promotion	1,393	-
Bank charges and interest	433	63
Foreign exchange loss (gain)	-	13
Insurance	-	-
Management fees (Note 7)	39,340	30,000
Office and miscellaneous	103	544
Professional fees (Note 7)	52,500	20,250
Regulatory and shareholder services	25,078	4,158
Rent	400	3,000
Travel	-	-
Loss from operations	(119,248)	(58,028)
Write-off exploration and evaluation assets	-	-
Interest Income	-	-
Loss and comprehensive loss for the period	(119,248)	(58,028)
Basic and diluted loss per common share	(0.01)	(0.00)
Weighted average common shares outstanding	8,357,464	17,592,001

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

NATAN RESOURCES LTD.

Consolidated Statements of Changes in shareholders' Deficiency
(Expressed in Canadian Dollars)

	Number of Shares	Amount	Reserves	Obligation to issue shares	Accumulated other comprehensive income	Deficit	Total Shareholders' Equity (Deficiency)
		($)	($)	($)	($)	($)	($)
Balance at April 30, 2015	**1,759,200**	**1,390,929**	**84,137**	**-**	**-**	**(1,763,265)**	**(288,199)**
Loss for the period	-	-	-	-	-	(58,028)	(58,028)
							-
Balance at July 31, 2015	**1,759,200**	**1,390,929**	**84,137**	**-**	**-**	**(1,821,293)**	**(346,227)**
Balance at April 30, 2016	**1,759,200**	**1,390,929**	**8,420**	**19,763**	**29,000**	**(1,887,124)**	**439,013**
Private placements	**11,656,800**	**576,840**					
Loss for the period	-	-	-	-		(119,248)	(119,248)
							-
Balance at July 31, 2016	**13,416,000**	**1,967,769**	**8,420**	**19,763**	**29,000**	**(2,006,373)**	**18,580**

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

NATAN RESOURCES LTD.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the three months ended July 31,	
	July 31, 2016	July 31, 2015
	($)	($)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Loss for the period	(119,248)	(58,028)
Items not affecting cash:		
Accretion of loan interest	-	-
Loan Payable	-	
Accrual of management and professional fees	7,800	47,250
Unrealized foreign exchange gain	-	-
Changes in non-cash working capital items:		
Decrease in GST receivable	(2,243)	(521)
Decrease in prepaid expenses	(22,800)	(2,177)
Increase in accounts payable and accrued liabilities	(421,238)	3,968
Cash used in operating activities	(557,728)	(9,508)
FINANCING ACTIVITIES		
Advances received from a related party		5,470
Share placements	576,840	
Obligation to issue shares		-
Cash provided by financing activities	576,840	5,470
Change in cash during the period	19,112	(4,038)
Cash, beginning of period	22,879	6,207
Cash, end of period	41,991	2,169

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

NOTE 1 – Nature of Operations and Going Concern

Natan Resources Ltd. (the "Company") was incorporated on August 18, 2010 under the *Business Corporations Act* of British Columbia. On January 31, 2013, the Company entered into an agreement to acquire all of the issued and outstanding common shares of Bethlehem Iron Ore Corp. ("Bethlehem"), a private company incorporated in Nevada having a significant land position within the historic Gentry hematite-iron district approximately 80 miles northeast of Phoenix, Arizona. On April 19, 2013, the Company completed its Qualifying Transaction, and as a result, the Company ceased to be a CPC and commenced trading as a Tier 2 Mining Issuer on the TSX-V under the new trading symbol "NRL.V".

The principal business of the Company is the acquisition, exploration and development of mineral properties located in Arizona, USA.

The Company's head office, principal address, and registered and records office is Suite 2000 – 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2K3.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at July 31, 2016, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. For the three months ended July 31, 2016, the Company incurred a loss of $170,576 (2015 - $58,028), and as at July 31, 2016, the Company had a working capital deficit of $4,602 (2015 - $346,228), and a cumulative deficit of $2,006,872 (2015 - $1,821,293).

The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. In order to continue as a going concern and meet its corporate objective, the Company will require additional financing through debt or equity issuances or other available means. However, there is no assurance that the Company will continue to be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated 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 as a going concern.

NOTE 2 – Significant Accounting Policies and Basis of Preparation

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements.

Statement of compliance

These consolidated financial statements, including comparatives, 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 Interpretations Committee ("IFRIC").

These consolidated financial statements of the Company for the three months ended July 31, 2016 were approved and authorized for issue by the Board of Directors on September 29, 2016.

Basis of presentation

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Bethlehem. All significant intercompany accounts and transactions between the Company and its subsidiary have been eliminated upon consolidation.

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period-end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in comprehensive loss.

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported revenues and expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant areas that require estimates in the preparation of these consolidated financial statements include the recoverability of exploration and evaluation assets, assumptions for the valuation of share-based payments, and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements are as follows:

NOTE 2 - Significant Accounting Policies and Basis of Preparation (continued)

Use of estimates and judgments (continued)

Economic recoverability and probability of future economic benefits of exploration and evaluation assets

The Company assesses its exploration and evaluation assets for possible impairment if there are events or changes in circumstances that indicate carrying that carrying values of the assets may not be recoverable, at each reporting period. The assessment of any impairment of exploration and evaluation assets is dependent upon estimates of recoverable amounts that take into account factors such as reserves, economic and market conditions, timing of cash flows, and the useful lives of assets and their related salvage values.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Valuation of share-based compensation

The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

New accounting policies

The following standards and amendments to existing standards have been adopted by the Company effective May 1, 2015:

IFRS 7, Financial instruments: disclosures
This standard was amended to require additional disclosures on the transition from IAS 39 and IFRS 9.

The adoption of this standard did not have an impact on the consolidated financial statements.

Accounting pronouncements not yet adopted

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the three months ended July 31, 2016 and have not been applied in preparing these financial statements. The Company is currently considering the possible effects of the new and revised standards which will be effective to the Company's financial statements for the year ending April 30, 2017 or later:

a) *IFRS 9 – Financial Instruments: Classification and Measurement* applies to classification and measurement of financial assets and liabilities as defined in IAS 39. This amendment is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company does not expect any effect on its financial statements from the adoption of this standard.

b) *IFRS 16 – Leases* specifies the recognition, measurement, presentation and disclosure of leases. This standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently assessing any effect on its financial statements from the adoption of this standard.

The Company has not yet assessed the potential impact of the application of this standard, nor determined whether it will adopt the standard early.

(Expressed in Canadian Dollars)

NOTE 3 – Exploration and Evaluation Assets

The Company's interest in exploration and evaluation assets consists of:

	Bethlehem Property
	$
Balance April 30, 2014	116,853
Write-down of exploration and evaluation assets	(116,852)
Balance, April 30, 2016 and July 31, 2016	1

Bethlehem Property
This property is located in Gila County, Arizona in the United States and was acquired on April 9, 2013 as part of a qualifying transaction. The Company also assumed a 2% net smelter royalty ("NSR") and a $1 per tonne direct shipping ore royalty in connection with the acquisition of Bethlehem.

During the year ended April 30, 2015, management identified indicators of impairment under IFRS 6 *Exploration for and Evaluation of Mineral Resources* with respect to the Bethlehem property. Given that management suspended all future exploration plans on the property, the Company wrote-down the property to $1, in line with Level 3 of the fair value hierarchy. As at April 30, 2016, management determined there was no change to the value of the Bethlehem property.

Duval Property
On July 6, 2016, the Company and Critical Elements Corporation entered into an option agreement that gives the Company the option to acquire up to a 70% interest in the Duval project, located south-west of and contiguous to the Nemaska Lithium Whabouchi Deposit. Under the Agreement, Natan will earn its interest in Duval by way of a farm-in arrangement. The key terms of the agreement are detailed as follows:

Grant of first option
Critical Elements hereby grants to Natan the exclusive right and option to acquire, on or before Dec. 31, 2017, an initial 50-per-cent earned interest in the property by issuing to Critical Elements an aggregate of 19.9 per cent of the common shares of Natan, by paying $15,000 cash, and by incurring or financing exploration expenditures for a total amount of $750,000 on the property, as follows:

- Paying to Critical Elements $15,000 cash within a delay of five days following the execution of this agreement (non-refundable);
- Issuing to Critical Elements 19.9 per cent common shares of Natan Resources immediately following the receipt of the required approvals from the exchange;
- Incurring or financing exploration expenditures aggregating not less than $750,000 on the property, of which an amount of $350,000 must be incurred or financed before Dec. 31, 2016, and an amount of $400,000 before Dec. 31, 2017.

Grant of second option
Subject to Natan having exercised the first option in accordance with the agreement, Critical Elements hereby also grants to Natan the exclusive right and option to increase its undivided interest in and to the property from 50 per cent to 70 per cent by paying to Critical Elements an additional amount of $350,000, incurring or financing additional exploration expenditures of $1.25-million, and by delivering a NI 43-101-compliant resource estimate on the property prepared by a qualified person independent of Natan and Critical Elements, for the period commencing on the delivery of notice of the exercise of the first option by Natan and ending Dec. 31, 2018, as follows:

- On the date of delivery of the first option exercise notice, paying to Critical Elements an amount of $350,000, in cash or in common shares of Natan, at the sole discretion of Natan;
- On or before Dec. 31, 2018, incurring or financing additional exploration expenditures for an amount of $1.25-million;

- On or before Dec. 31, 2018, delivering the resource estimate to Critical Elements.

Milestone payments
Subject to Natan's right to withdraw from and terminate the first option, Natan agrees to make the following milestone payments to Critical Elements, payable at any time following the exercise of the first option:

- On the estimation of a drilled defined resource (NI 43-101-compliant) of five million tonnes at a cut-off grade of 0.6 per cent lithium oxide (all categories), a payment of $500,000, payable in cash or in common shares of Natan at the sole discretion of Natan;
- On the estimation of a drilled defined resource (NI 43-101-compliant) of 10 million tonnes at a cut-off grade of 0.6 per cent lithium oxide (all categories), a payment of $750,000, payable in cash or in common shares of Natan at the sole discretion of Natan;
- On the estimation of a drilled defined resource (NI 43-101-compliant) of 15 million tonnes at a cut-off grade of 0.6 per cent lithium oxide (all categories), a payment of $1-million, payable in cash or in common shares of Natan at the sole discretion of Natan;
- On the estimation of a drilled defined resource (NI 43-101-compliant) of 20 million tonnes at a cut-off grade of 0.6 per cent lithium oxide (all categories), a payment of $1.5-million, payable in cash or in common shares of Natan at the sole discretion of Natan.

Royalty
Following the exercise of the first option by Natan and in addition to the amounts paid, common shares issued, and exploration expenditures incurred or financed by Natan under the first option and thereafter under the second option, as applicable, Critical shall receive a 2-per-cent net smelter return royalty resulting from the extraction and production of any minerals on the property. Natan has the right to purchase a portion of the royalty (1 per cent).

As at the three months ended July 31, 2016, the Duval Property Option was subject to TSX Venture Exchange review and had not yet closed.

Title to exploration and evaluation assets
Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its interests are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers and rights of ownership may be affected by undetected defects.

Realization of assets
The investment in and expenditures on mineral property interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, obtaining of permits, satisfaction of governmental requirements and possible aboriginal claims, and attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards of an ore body if discovered can be substantial, few properties that are explored are ultimately developed into producing mines.

Environmental
The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

(Expressed in Canadian Dollars)

NOTE 4 – Accounts Payable and Accrued Liabilities

	July 31, 2016	July 31, 2015
	$	$
Accounts payable	38,793	1,903
Accrued liabilities	7,800	19,500
	46,593	21,403

NOTE 5 – Loan Payable

On February 4, 2013, the Company issued an interest-free unsecured promissory note of $104,000 (due on or before December 31, 2014) to an optionor in connection with the termination of a previous option agreement. The Company repaid $50,000 of the loan in fiscal 2014.

The remaining balance of $54,000 relating to the loan was due December 31, 2014 and the Company was in discussion to extend the terms of the promissory note as at April 30, 2015.

During the year ended April 30, 2016, the outstanding loan balance was acquired by a related party of the Company and is currently payable on demand (Note 7).

During the three months ended July 31, 2016, the Company settled the loan payable for $25,000 and recorded an unrealized gain on debt settlement for $29,000.

NOTE 6 – Share Capital and Reserves

Authorized share capital	Number of Shares Issued and Outstanding
Unlimited number of common shares without par value	13,416,000
Unlimited Class A preferred shares with a par value of $1.00	Nil
Unlimited Class B preferred shares with a par value of $5.00	Nil

On May 10, 2016, the Company has consolidated its capital on a one-new-for-10-old basis. The consolidation reduced the outstanding shares of the Company from 17,592,001 to 1,759,200 shares issued and outstanding. The exercise price and number of common shares pursuant to all outstanding stock options and warrants will also be adjusted in accordance with the consolidation ratio.

On May 16, 2016, the Company closed the first tranche of its non-brokered private placement (the "First Tranche") previously announced on April 20, 2016. Pursuant to the First Tranche, a total of 7,050,000 common shares were issued at a price of $0.05 per share for a gross proceeds of $352,500. All securities issued in connection with the First Tranche are subject to a four-month hold period that expires on September 17, 2016. In connection with the Placement, the Company has agreed to pay finder's fees of $3,000 cash and 60,000 shares to arm's length parties.

On May 24, 2016, the Company closed its second and final tranche of the Financing oversubscribed for additional gross proceeds of $224,340, bringing the total amount raised to $576,840. All securities issued in connection with the Second Tranche are subject to a four-month hold period that expires on September 25, 2016. Pursuant to the Financing, a total of 11,536,800 common shares were issued at $0.05 per share. The Company paid an additional finder's fee of $3,000 and 60,000 compensation shares to registered dealers pursuant to the second tranche.

(Expressed in Canadian Dollars)

Escrow shares

As at July 31, 2016, the Company has Nil (July 31, 2015 – 198,322) common shares subject to escrow.

Share purchase warrants

A summary of share purchase warrant activities is as follows:

	Number of Warrants	Weighted Average Exercise Price
		$
Outstanding and exercisable at April 30, 2013 and April 30, 2014	17,600	2.00
Expired	(17,600)	2.00
Outstanding and exercisable at April 30, 2016 and July 31, 2016	-	

Stock options
The Company has adopted a stock option plan (the "Option Plan"), which provides that the Board of Directors of the Company may, from time to time, grant to directors, officers, employees and technical consultants of the Company, non-transferable options to purchase common shares. The expiry date for each option shall be set by the Board of Directors at the time of issue and shall not exceed ten years. A vesting schedule may be imposed at the discretion of the Board of Directors at the time of issue. During any twelve-month period, the number of shares issuable to any one optionee shall not exceed 5% of the total number of issued and outstanding shares of the Company. The number of shares that may be reserved for issuance shall not exceed 20% of the total number of issued and outstanding shares of the Company.

During the three months ended July 31, 2016, the Company consolidated its capital on a one-new-for-10-old basis. The exercise price and number of common shares pursuant to all outstanding stock options and warrants will also be adjusted in accordance with the consolidation ratio (Note 11).

A summary of stock option activities are as follows:

	Number of Options	Weighted Average Exercise Price
		$
Outstanding and exercisable at April 30, 2014	174,000	1.00
Forfeited	(41,000)	1.00
Outstanding and exercisable at April 30, 2015	133,000	1.00
Forfeited	(133,000)	1.00
Outstanding and exercisable at April 30, 2016, and July 31, 2016	-	

(Expressed in Canadian Dollars)

NOTE 7 – Related Party Transactions

During the three months ended July 31, 2016, the Company entered into the following transactions with related parties, not disclosed elsewhere in these consolidated financial statements:

Summary of key management personnel compensation:

	For the three months ended July 31, 2016	2015
	$	$
Management fees paid or accrued to Brett Matich, former CEO of the Company	6,840	30,000
Management fees paid or accrued to Sean McGrath, former CFO of the Company.	7,500	15,000
Management fees paid or accrued to Michael Blady, CEO of the Company	25,000	-
Professional fees paid or accrued to Brendan Purdy, Director of the Company	16,950	-
	56,290	45,000

NOTE 8 – Capital Disclosure and Management

The Company considers its capital structure to include the components of shareholders' equity and debt. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As an exploration stage company, the Company is currently unable to self-finance its operations.

Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable.

The Company's share capital is not subject to any external restrictions and the Company did not change its approach to capital management during the three months ended July 31, 2016.

NOTE 9 – Segmented Information

The Company has one operating segment, being the acquisition and exploration of exploration and evaluation assets, and two geographic segments, being Canada and the United States. As at July 31, 2016, the Company's non-current assets consist of $1 (2015 - $1) in the United States and $Nil (2015 - $Nil) in Canada.

NOTE 10 – Financial Instruments and Risk Management

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. 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's financial instruments consist of cash, GST receivable, accounts payable and accrued liabilities, and loan payable. The fair value of these financial instruments, other than cash, approximates their carrying values due to the short-term nature of these instruments. Cash is measured at fair value using Level 1 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate and liquidity risk.

a) Currency risk

The Company also holds a bank account denominated in United States dollars; therefore, it is subject to risk in fluctuations in the exchange rate of the United States dollar. However, as at April 30, 2016, the Company had a minimal balance in its US bank balance; therefore, any change in the Canadian dollar versus the United States would be insignificant.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held in large Canadian financial institutions and is not exposed to significant credit risk.

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to limited interest rate risk, as it only holds cash and does not have any interest-bearing debt.

d) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

As at July 31, 2016, the Company had cash of $41,991 (July 31 2015 - $2,169) to settle current liabilities of $46,593(July 31, 2015 - $353,873). The Company is exposed to liquidity risk as it does not have sufficient cash to settle its current liabilities.

NOTE 11 – Subsequent Events

On August 31, the Company closed the first tranche of its previously announced non-brokered private placement by issuing 2,653,000 units ("Units"), and 1,380,000 flow through units (“FT Units”) for aggregate gross proceeds of $875,600 (the "Offering"). Each Hard Unit will consist of one common share in the capital of the Company and one half of one common share purchase warrant (each whole common share purchase warrant, a "Hard Unit Warrant"), with each Hard Unit Warrant being exercisable to acquire one common share of the Company at a price of $0.30 for a period of 36 months following the closing date of the Offering. Each FT Unit will consist of one "flow-through" common share in the capital of the Company and one-half of one common share purchase warrant (each whole common share purchase warrant, a "FT Unit Warrant"), with each FT Unit Warrant being exercisable to acquire one common share of the Company at a price of $0.30 for a period of 36 months following the closing date of the Offering.

Proceeds of the Offering will be used for the Company's 2016 work program on its Duval Property (the "Property"), located south-west of and contiguous to the Nemaska Lithium Whabouchi Deposit, Quebec, and will focus on the Property's lithium pegmatite prospects. All securities issued in connection with the Offering are subject to a four-month hold period that expires on January 1, 2016.

Additionally, on August 31, 2016, the Company issued 2,669,784 common shares (the “Shares”) to Critical Elements Corporation (“Critical”) pursuant to the Duval Property Option Agreement (the “Agreement”). Upon the issuance of the Shares, Natan was granted the exclusive right and option to acquire, on or before December 31, 2017 an initial 50% Earned Interest in the Property (the “First Option”) by incurring or funding Exploration Expenditures for a total amount of $750,000 on the Property.