88 CAPITAL CORP.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
MARCH 31, 2016 AND 2015

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
88 Capital Corp.

We have audited the accompanying financial statements of 88 Capital Corp. which comprise the statements of financial position as at March 31, 2016 and 2015, and the statements of comprehensive loss, cash flow and changes in equity (deficiency) for the years then ended, and the related notes comprising 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 as issued by the International Accounting Standards Board, 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.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider 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 88 Capital Corp. as at March 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 2(b) in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of 88 Capital Corp. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
July 28, 2016

88 CAPITAL CORP.

STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2016 AND 2015

(Expressed in Canadian dollars)

		2016		**2015**
ASSETS				
CURRENT				
Cash	$	6,180	$	242,662
Amounts receivable		-		15,512
Deposit and prepaid expense		-		23,825
	$	6,180	$	281,999
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	$	63,896	$	40,821
Loans payable (Note 6)		65,345		66,145
		129,241		106,966
SHAREHOLDERS' EQUITY (DEFICIENCY)				
Share capital (Note 8)		1,266,264		1,209,064
Contributed surplus		259,946		259,946
Deficit		(1,649,271)		(1,293,977)
		(123,061)		175,033
	$	6,180	$	281,999

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)
GOING CONCERN (Note 2(b))
SUBSEQUENT EVENT (Note 14)

Approved on behalf of the Board:

"Signed"	"Signed"
Elston Johnston, Director	Anthony Jackson, Director

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

88 CAPITAL CORP.

STATEMENTS OF COMPREHENSIVE LOSS

FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

(Expressed in Canadian dollars)

	2016	2015
Expenses		
Bank charges	$ 304	$ 765
Consulting	75,000	31,200
Investor relations	105	5,193
Management fees (Note 7)	92,625	227,500
Office and administration	9,930	2,002
Professional fees (Note 7)	24,348	41,117
Rent	6,500	33,000
Share-based payments (Note 7)	-	63,596
Transfer agent and filing fees	11,640	22,424
Travel	-	16,803
Loss before other items	(220,452)	(443,600)
OTHER ITEMS		
Impairment of exploration and evaluation assets (Note 5)	(119,330)	-
Write down of amounts receivable (Note 13)	(15,512)	-
NET LOSS AND COMPREHENSIVE LOSS	(355,294)	(443,600)
LOSS PER SHARE, basic and diluted	$ (0.28)	$ (0.45)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	1,284,577	992,794

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

88 CAPITAL CORP.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

(Expressed in Canadian dollars)

	2016	2015
OPERATING ACTIVITIES		
Net loss for the year	$ (355,294)	$ (443,600)
Items not affecting cash:		
Impairment of exploration and evaluation assets	119,330	-
Write-down of amounts receivable	15,512	-
Share-based payments	-	63,596
	(220,452)	(380,004)
Changes in non-cash working capital items:		
Amounts receivable	-	(14,231)
Deposit and prepaid expense	23,825	(17,325)
Accounts payable and accrued liabilities	22,275	23,044
Cash used in operating activities	(174,352)	(388,516)
INVESTING ACTIVITIES		
Acquisition costs and expenditures on exploration and evaluation assets	(36,130)	-
Cash used in investing activities	(36,130)	-
FINANCING ACTIVITIES		
Loans received (repaid)	-	66,145
Shares issued (cancelled) for cash	(26,000)	543,000
Share issuance costs	-	(58,120)
Cash from (used in) financing activities	(26,000)	551,025
CHANGE IN CASH DURING THE YEAR	(236,482)	162,509
CASH, BEGINNING OF YEAR	242,662	80,153
CASH, END OF YEAR	$ 6,180	$ 242,662
SUPPLEMENTAL INFORMATION		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -
NON-CASH TRANSACTION		
Shares issued for exploration and evaluation assets	$ 83,200	$ -

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

88 CAPITAL CORP.

STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)

FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

(Expressed in Canadian dollars)

	Number of Shares		Share Capital		Contributed Surplus		Deficit		Total
Balance, March 31, 2014	146,218	$	832,184	$	88,350	$	(850,377)	$	70,157
Shares issued for cash and subscriptions receivable	1,000,000		600,000		-		-		600,000
Subscriptions receivable	-		(57,000)		-		-		(57,000)
Share issue costs	-		(166,120)		108,000		-		(58,120)
Share-based payments	-		-		63,596		-		63,596
Comprehensive loss for the year	-		-		-		(443,600)		(443,600)
Balance, March 31, 2015	1,146,218		1,209,064		259,946		(1,293,977)		175,033
Shares issued for exploration and evaluation assets	208,000		83,200		-		-		83,200
Shares cancelled	(43,333)		(26,000)		-		-		(26,000)
Comprehensive loss for the year	-		-		-		(355,294)		(355,294)
Balance, March 31, 2016	1,310,885	$	1,266,264	$	259,946	$	(1,649,271)	$	(123,061)

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

1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

88 Capital Corp. (the "Company") was incorporated under the Business Corporations Act in British Columbia on January 27, 2011. On April 23, 2012, the Company completed a mineral property option transaction as its Qualifying Transaction and became a Tier 2 issuer listed on the TSX Venture Exchange ("TSXV") with shares trading under the symbol "EEC". The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired.

The head office, principal address, registered address, and records office of the Company are located at 1199 W. Hastings Street, Suite 800, Vancouver, British Columbia, V6E 3T5.

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were approved and authorized for issuance by the Board of Directors on July 28, 2016.

b) Going concern

These financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. The Company incurred a loss of $355,294 (2015: $443,600) for the year ended March 31, 2016. At March 31, 2016, the Company had an accumulated deficit of $1,649,271 (2015: $1,293,977), which has been funded primarily by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs in the future, which indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business at amounts different from those reflected in the accompanying financial statements.

On June 7, 2016, the Company completed the consolidation of all of the issued and outstanding common shares on the basis of one new common share for every ten existing common shares. All number of shares presented have been retroactively restated.

c) Basis of presentation

These financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out in Note 3(g). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All amounts are expressed in Canadian dollars unless otherwise stated.

d) Functional currency

The functional and presentation currency of the Company is the Canadian dollar.

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION (continued)

e) Significant accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Judgments made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in Note 3(i).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Exploration and Evaluation Assets

i. Exploration and evaluation expenditures

All direct costs relating to the exploration and evaluation of the mineral interests including acquisition costs for interests in mineral claims are capitalized as exploration and evaluation assets. General exploration costs that are not related to specific mineral properties are expensed as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, capitalized costs of the related property are reclassified as mining assets and upon commencement of commercial production, are amortized using the units of production method over estimated recoverable reserves.

The Company has not established any NI 43-101 compliant proven or probable reserves on any of its mineral properties which have been determined to be economically viable.

ii. Impairment

Exploration and evaluation assets are assessed for impairment when indicators and circumstances suggest that the carrying amount may exceed its recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. 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 value using a pre-tax discount rate that reflects current market assessments of the

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Exploration and Evaluation Assets (continued)

ii. Impairment (continued)

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.

Industry-specific indicators for an impairment review arise typically when one of the following circumstances applies:

- Substantive expenditure or further exploration and evaluation activities is neither budgeted nor planned;
- Title to the asset is compromised, has expired or is expected to expire;
- Adverse changes in the taxation, regulatory or political environment;
- Adverse changes in variables in commodity prices and markets making the project unviable; and
- Variations in the exchange rate for the currency of operation.

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.

b) Restoration, Rehabilitation, and Environmental Obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arise from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions, and when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss. The Company has no restoration, rehabilitation and environmental obligations as at March 31, 2016.

c) Cash

Cash in the statement of financial position is comprised of cash held at major financial institutions and short term investments which are readily convertible into a known amount of cash. The Company's cash is invested in business accounts which are available on demand by the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income of loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for unused tax loss carry-forwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 enactive or substantively enacted at the end of the reporting period applicable to the period of expected realization or settlement.

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.

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 tax authority and the group intends to settle its current tax assets and liabilities on a net basis.

e) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

f) Earnings (Loss) Per Share

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial Instruments

Financial assets are classified into one of four categories:

- Fair value through profit or loss;
- Held-to-maturity;
- Available for sale and;
- Loans and receivables

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if:

- It has been acquired principally for the purpose of selling in the near future;
- It is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or;
- It is a derivative that is not designated and effective as a hedging instrument.

The Company classifies it's cash as FVTPL.

Held-to-maturity ("HTM")

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as HTM.

Available-for-sale financial assets ("AFS")

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (i) loans and receivables, (ii) held-to-maturity investments or (iii) financial assets as FVTPL.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS monetary items, are recognized in other comprehensive income or loss. When an investment is derecognized, the cumulative gain or loss in the investment revaluation reserve is transferred to profit or loss. The Company does not have any assets classified as AFS.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less and impairment losses. The Company does not have any assets classified as loans and receivables.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial Instruments (continued)

Derecognition of financial assets

A financial asset is derecognized when:

- The contractual right to the asset's cash flows expires; or
- If the Company transfers the financial assets and substantially all risks and rewards of ownership to another entity.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets is directly reduced by the impairment loss. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss.

On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue cost.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company has classified accounts payable and loans as other financial liabilities.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

i) Critical Accounting Estimates and Judgements

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

Judgements

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Critical Accounting Estimates and Judgements (continued)

Going Concern

Assessment of the Company's ability to continue as a going concern requires estimates of future cash flows and includes the consideration of other factors, the outcomes of which are uncertain.

Estimates

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 8.

Deferred taxes

The Company recognizes the deferred tax benefit related to deferred tax assets to the amount that is probable to be realized. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profits. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions from deferred tax assets.

4. NEW ACCOUNTING PRONOUNCEMENTS

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for accounting periods beginning after April 1, 2015, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

Accounting standards adopted and effective April 1, 2015

As of April 1, 2015, the company adopted several new IFRS standards and amendments in accordance with the transitional provisions of each standard. The adoption of these standards did not have a significant impact on the financial statements of the Company:

i. Amendments to IAS 32 – Financial instruments, presentation
ii. Amendments to IAS 36 – Impairment of assets
iii. Amendments to IAS 39 – Financial instruments, recognition and measurement
iv. IFRIC 21 – Levies

New accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning on or after April 1, 2016, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

4. NEW ACCOUNTING PRONOUNCEMENTS (continued)

New accounting standards issued but not yet effective (continued)

New accounting standards effective April 1, 2016

IAS 16 – Property, plant and equipment
In May 2014, the IASB amended IAS 16, which is effective for annual periods beginning on or after January 1, 2016. The amendment clarifies that a depreciation method for property, plant and equipment that is based on revenue that is generated by an activity that includes the use of an asset is not allowed. The Company is evaluating the effect, if any, the amendment to IAS 16 will have on the Company's financial statements.

New accounting standards effective April 1, 2018

IFRS 9 – Financial instruments, classification and measurement
IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 was subsequently amended in November 2013 to add new general hedge accounting requirements. The final version of IFRS 9 was issued in July 2014 and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

The Company has not yet begun the process of assessing the impact that this new standard will have on its financial statements or whether to early adopt the standard.

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

Columbia Queen Property, British Columbia

On December 3, 2014 the Company entered into an assignment and assumption agreement (the "Agreement") with Donnybrook Capital Corp. (the "Assignor") and the original optionors (the "Optionors") to obtain an option to acquire a 100% undivided interest in the Columbia Queen Property, subject to a 2.0% NSR. The Company was required to issue 208,000 common shares to the Assignor within ten days of TSXV approval of the Agreement and a further 100,000 common shares within one year of the TSXV approval of the Agreement. In order to exercise the option, the Company was required to pay $160,000 cash over a four-year period, incur at least $2,600,000 in exploration expenditures over a four-year period with at least $150,000 to be incurred within the first 18 months, and issue 60,000 common shares common shares over a four year period. On June 2, 2015, the TSXV approved the Agreement and the Company issued 208,000 common shares with a fair value of $83,200 and paid $15,000 cash to the Assignor. In addition, the Company incurred $21,130 in exploration expenditures.

Subsequent to the year ended March 31, 2016, the Company was in default of the Agreement as it had not made the required cash payments or issuance of common shares. As a result, the Agreement was terminated and the Company provided for an impairment charge of $119,330 on the property.

6. LOANS PAYABLE

During the year-ended March 31, 2015, the Company received advances from a shareholder of the Company. During the year ended March 31, 2016, the advances were assigned to an unrelated party. There were no specific terms of interest, security or repayment on these advances.

7. RELATED PARTY TRANSACTIONS AND BALANCES

Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the amount established and agreed upon by the related parties. The Company incurred and paid fees to directors for management and professional services as follows:

	2016	2015
Management fees paid to a director of the Company	$ 30,000	$ 12,500
Accounting fees paid to a former director of the Company	-	7,500
Accounting fees paid to a director of the Company	6,000	-
	$ 36,000	$ 20,000

Key Management Compensation

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer. The remuneration of key management personnel included $36,000 (2015 – $20,000) in management and accounting fees as noted above and $Nil (2015 – $6,000) in share-based payments in connection with options granted to the President and Chief Executive Officer.

8. SHARE CAPITAL

a) Share capital

Authorized: Unlimited common shares without par value

Issued and outstanding: As at March 31, 2016, the issued share capital comprised of 1,310,885 common shares.

Share consolidation

On June 7, 2016, the Company completed the previously announced consolidation of its common shares on the basis of one post-consolidation common share for every ten pre-consolidation common shares.

On June 16, 2015, the Company cancelled 43,333 common shares and 43,333 warrants.. These shares and warrants were issued erroneously and were returned to the Company.

On June 2, 2015, the Company received TSXV approval for the acquisition of the Columbia Queen Property. In accordance to the assignment and assumption agreement (Note 5), the Company issued 208,000 common shares and paid $5,000 in cash.

On May 21, 2014, the Company completed a private placement of 1,000,000 units at $0.60 per unit for gross proceeds of $600,000, of which $57,000 have been recorded as subscriptions receivable. Each unit consisted of one common share and one transferable common share purchase warrant. Each share purchase warrant allows the holder to purchase one common share of the Company at a price of $0.80 per share for a period of five years. In connection with the private placement, the Company paid cash finders' fees of $54,020, legal fees of $4,100, and issued 90,033 share purchase warrants exercisable for a period of five years at a price of $0.80 for the purchase of one commons share per warrant (see Note 8(d)).

b) Escrow shares

As of March 31, 2016, no common shares (2015 - 3,750) were held in escrow.

c) Stock options

The Company adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Such options will be exercisable for a period of up to 5 years from the date of grant, and must comply with the rules of the Exchange.

During the year ended March 31, 2015, the Company granted 106,000 stock options to officers, directors and consultants in accordance with the policies of the exchange. The stock options are exercisable at a price of $0.60 per share and expire 5 years from the date of grant.

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

c) Stock options (continued)

The fair value of the stock options was estimated at $63,596. The fair value of the stock options was determined using the Black-Scholes pricing model and the following assumptions: share price of $0.60, estimated volatility of 299%, expected life of 5 years, expected forfeiture rate of 0%, and risk free interest rate of 2.38%. The estimated volatility used in valuating options was based on volatility observed in historical periods. The weighted average fair value per option at the grant date was $0.60.

As at March 31, 2016, the Company had options outstanding enabling holders to acquire the following:

	Options Outstanding		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (years)
Balance, March 31, 2014	8,438	$	8.00	2.7
Options granted	106,000		0.60	9.19
Outstanding and Exercisable, March 31, 2015	114,438		1.20	8.63
Options expired	(2,813)		8.00	-
Outstanding and Exercisable, March 31, 2016	111,625	$	0.99	7.80

Details of stock options outstanding at March 31, 2016 are as follows:

Number of Stock Options		Exercise Price	Remaining Contractual Life (years)	Expiry Date
5,625	$	8.40	1.05	April 19, 2017
106,000		0.60	8.16	June 4, 2024
111,625	$	0.99	7.80	

d) Warrants

A summary of the status of the Company's outstanding and exercisable warrants as at March 31, 2016 and the changes during the year then ended are as follows:

	Warrants Outstanding		Weighted Average Exercise Price	Weighted Average Remaining years
Balance, March 31, 2014	92,344	$	12.40	2.05
Warrants granted	1,090,033		0.80	3.83
Balance, March 31, 2015	1,182,377		1.71	3.99
Warrants cancelled	(43,333)		-	-
Balance, March 31, 2016	1,139,044	$	1.75	3.09

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

d) Warrants (continued)

Details of stock warrants outstanding at March 31, 2016 are as follows:

Number of Warrants		Exercise Price	Remaining Contractual Life (years)	Expiry Date
92,344	$	12.40	1.05	April 19, 2017
1,046,700		0.80	3.13	May 20, 2019
1,139,044	$	1.75	3.09	

On May 21, 2014, the Company issued 1,000,000 share purchase warrants in connection with the private placement units described above exercisable for the purchase of one common share at $0.80 per common share for a period of five years. No value was allocated to the warrants issued with private placement units.

On May 21, 2014, the Company issued 90,033 share purchase warrants as finders' fees in connection with the private placement completed then exercisable for the purchase of one common share at $0.80 per common share for a period of five years.

The fair value of the warrants was estimated at $108,000. The fair value of the warrants was determined using the Black-Scholes pricing model and the following assumptions: share price of $1.20, estimated volatility of 298%, expected life of 5 years, expected forfeiture rate of 0%, and risk free interest rate of 1.61%. The estimated volatility used in valuating warrants is based on volatility observed in historical periods. The weighted average fair value per warrant at the grant date was $1.20.

9. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended March 31, 2016 and 2015 was based on the loss attributable to common shareholders of $355,294 (2015 – $443,600) and the weighted average number of common shares outstanding of 1,284,577 (2015 – 992,794).

(Expressed in Canadian dollars)

10. INCOME TAXES

The following table reconciles the amount of income taxes recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

		2016		**2015**
Combined statutory tax rate		26%		26%
Income tax recovery at combined statutory rate	$	(92,400)	$	(115,300)
Non-deductible expenses and others		-		2,000
Tax benefits not recognized		92,400		113,300
Provision for income taxes	$	-	$	-

Significant components of the Company's deferred income tax assets (liabilities) after applying enacted corporate income tax rates are as follows:

		2016		**2015**
Non-capital loss carry forward	$	341,900	$	272,400
Share issuance costs		12,000		20,200
Exploration and evaluation assets		75,800		44,700
Less: tax benefits not recognized		(429,700)		(337,300)
Total deferred income tax assets	$	-	$	-

As at March 31, 2016, the Company has $1,314,600 (2015 – $1,047,600) of non-capital losses carry forwards available to reduce taxable income for future years. The non-capital losses expire as follows:

Taxation years		
2031	$	55,600
2032		106,300
2033		229,900
2034		246,900
2035		408,900
2036		267,000
Total	$	1,314,600

11. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of mineral properties. The Company does not have any externally imposed capital requirements to which it is subject.

As at March 31, 2016, the Company considers capital to be all components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company will continue to rely on capital markets to support continued growth.

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk of potential loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as described in Note 11.

The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed deposits.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the Company's significant commitments and corresponding maturities:

	<1 year	1 – 3 Years	Total
Accounts payable	$ 63,896	-	$ 63,896
Loans	65,345	-	65,345
Total	$ 129,241	-	$ 129,241

Foreign Exchange Risk

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal. The Company currently does not have significant foreign exchange risk as all of its transactions are in Canadian dollars.

Interest Rate Risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

Commodity Price Risk

The Company's ability to raise capital to fund exploration activities is subject to risks associated with fluctuations in the market price of mineral resources. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

(Expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Fair Value Measurements

The Company's financial instruments consist of cash, accounts payable and loans payable. The fair values of these financial instruments approximate their carrying values because of their current nature.

The following table summarizes the carrying values of the Company's financial instruments as at March 31, 2016:

FVTPL (i)	$	6,180
Other financial liabilities (ii)	$	129,241

(i) Cash
(ii) Loans payable and accounts payable

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 fair value of cash is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. As at March 31, 2016, the Company believes that the carrying values of accounts payable approximate its fair value because of their nature and relatively short maturity dates or durations.

13. AMOUNTS RECEIVABLE

During the year ended March 31, 2016, the Company received a notice of assessment from Canada Revenue Agency that it did not meet the criteria to claim the sales tax credit and consequently it has written down the amounts receivable of $15,512 in the year.

14. SUBSEQUENT EVENT

On April 11, 2016, the Company closed a non-brokered private placement which consisted of the issuance of 500,000 common shares at a price of $0.20 per share for gross proceeds of $100,000. The common shares issued under the private placement are subject to a hold period expiring on August 13, 2016.