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KESSELRUN RESOURCES LTD.
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED – PREPARED BY MANAGEMENT
(expressed in Canadian Dollars)
FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2016 & 2015

NOTICE OF NO AUDITOR REVIEW
OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2016 & 2015

The accompanying unaudited condensed interim financial statements of Kesselrun Resources Ltd. (the "Company") for the period ended April 30, 2016, have been prepared by, and are the responsibility of, the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of the condensed interim statements by an entity's auditor. These unaudited condensed interim financial statements include all adjustments, consisting of normal and recurring items, that management considers necessary for a fair presentation of the financial position, results of operations and cash flows.

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KESSELRUN RESOURCES LTD.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note		April 30, 2016 (unaudited)		July 31, 2015
ASSETS					
Current					
Cash		$	333,379	$	135,558
GST receivable			7,777		1,761
Prepaid expenses			10,160		10,000
Total current			351,316		147,319
Exploration and evaluation assets	3,6		244,060		240,000
Debentures receivable	4		1		1
Total assets		$	595,377	$	387,320
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Accounts payable		$	15,739	$	339
Accrued liabilities			174		12,400
Due to related parties	6		16,040		70
Total liabilities			31,953		12,809
Shareholders' equity					
Share capital	5		4,476,197		4,255,313
Share-based payment reserve	5		307,593		289,232
Deficit			(4,220,366)		(4,170,034)
Total shareholders' equity			563,424		374,511
Total liabilities and shareholders' equity		$	595,377	$	387,320

Nature and continuance of operations (Note 1)

Approved on behalf of the Board of Directors:

/s/ Joao (John) da Costa
Director

/s/ Michael John Thompson
Director

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

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STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

	Note	Three Months Ended April 30, 2016	Three Months Ended April 30, 2015	Nine Months Ended April 30, 2016	Nine Months Ended April 30, 2015
Expenses:					
Accounting and audit	6	$ 6,000	$ 7,500	$ 16,140	$ 21,970
Administration	6	6,000	6,000	18,000	18,000
Advertising and promotion	6	6,622	2,295	6,622	3,639
Consulting	6	36,000	21,000	78,000	63,000
Filing fees		9,562	9,064	15,628	19,450
Legal fees		(618)	500	(618)	3,574
Meals and entertainment		2,063	1,067	2,063	2,879
Office and miscellaneous		3,571	1,286	5,603	3,676
Project investigation costs	6	-	-	-	7,200
Share-based compensation		5,399	10,834	6,745	10,834
Travel		4,049	2,008	4,049	6,025
Total expenses		(78,648)	(61,554)	(152,232)	(160,247)
Other income					
Interest income		-	-	101,900	38,164
Loss and comprehensive loss for the period		$ (78,648)	$ (61,554)	$ (50,332)	$ (122,083)
Loss per share, basic and diluted		$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding:		26,057,972	24,835,750	25,238,680	24,835,750

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

KESSELRUN RESOURCES LTD.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Nine Months Ended April 30, 2016	Nine Months Ended April 30, 2015
Cash flows used in operating activities		
Loss for the period	$ (50,332)	$ (122,083)
Items not affecting cash used in operations		
Share-based compensation	6,745	10,834
Interest income earned	(101,900)	(38,164)
Changes in non-cash working capital items		
GST receivables	(6,016)	(1,143)
Prepaid expenses	(160)	(5,000)
Accounts payable	15,400	(947)
Accrued liabilities	(12,226)	(14,481)
Due to related parties	15,970	5,934
Net cash used in operating activities	(132,519)	(165,050)
Cash flows provided by investing activities		
Exploration and evaluation assets	(4,060)	(6,668)
Interest received from debentures	101,900	38,164
Net cash provided by investing activities	97,840	31,496
Cash flows provided by financing activities		
Issuance of common shares for cash, net of issuance costs	232,500	-
Net cash provided by financing activities	232,500	-
Increase (decrease) in cash	197,821	(133,554)
Cash, beginning	135,558	308,989
Cash, ending	$ 333,379	$ 175,435

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

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KESSELRUN RESOURCES LTD.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

	Note	Number of Shares	Share Capital	Share-based Payment Reserve	Deficit	Total
Balance, July 31, 2014		24,835,750	$ 4,255,313	$ 274,617	$ (3,546,509)	$ 983,421
Share-based compensation		-	-	10,834	-	10,834
Net and comprehensive loss for the period		-	-	-	(122,083)	(122,083)
Balance, April 30, 2015		24,835,750	4,255,313	285,451	(3,668,592)	872,172
Share-based compensation		-	-	3,781	-	3,781
Net and comprehensive loss for the period		-	-	-	(501,442)	(501,442)
Balance, July 31, 2015		24,835,750	4,255,313	289,232	(4,170,034)	374,511
Private placements	5	5,000,000	250,000	-	-	250,000
Share issuance costs – cash	5	-	(17,500)	-	-	(17,500)
Share issuance costs – warrants	5	-	(11,616)	11,616	-	-
Share-based compensation	6	-	-	6,745	-	6,745
Net and comprehensive loss for the period		-	-	-	(50,332)	(50,332)
Balance, April 30, 2016		29,835,750	$ 4,476,197	$ 307,593	$ (4,220,366)	$ 563,424

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Kesselrun Resources Ltd. (the "Company"), was incorporated under the *Business Corporations Act* (British Columbia) on May 18, 2011. The Company is engaged in the acquisition, exploration, and development of mineral properties. The Company's shares are listed on the TSX Venture Exchange ("TSX-V").

These interim condensed 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. As at April 30, 2016, the Company has not advanced its mineral properties to commercial production and is not able to finance day to day activities through operations. 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. These factors indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

The Company's head office and principal address is 1158 Russell Street, Unit D, Thunder Bay, ON P7B 5N2.

2. BASIS OF PRESENTATION

a) Statement of Compliance

The unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard IAS 34 – Interim Financial Reporting. The unaudited condensed interim financial statements, prepared in conformity with IAS 34, follow the same accounting principles and methods of application as the most recent audited annual financial statements. Since the unaudited condensed interim financial statements do not include all disclosures required by the International Financial Reporting Standards ("IFRS") for annual financial statements, they should be read in conjunction with the Company's audited annual financial statements for the year ended July 31, 2015.

b) Accounting standards issued but not yet effective

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

3. EXPLORATION AND EVALUATION ASSETS

Bluffpoint Project

Through series of option agreements, the Company has exercised an option to acquire a 100% interest in certain mining claims located in Bluffpoint Lake Township, with portions extending into the townships of Lawrence Lake, Napanee Lake and Barker Bay in the Kenora Mining Division of Northwestern Ontario (the "Bluffpoint Project"). Upon closing, the optionor was appointed a director and officer of the Company. The significant terms of the option agreements are as follows:

The Company was required to make cash payments and issue common shares as follows:

- On July 18, 2012 (the "Closing Date") issue 2,000,000 common shares (issued with a fair value of $200,000); and

(Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS (Continued)

Bluffpoint Project (continued)

- Make cash payment of $200,000 (paid) and issue 2,000,000 common shares (issued with a fair value of $100,000) on or before April 30, 2014 (Note 9).

The optionor assigned two thirds of his interest in the agreements to two other individuals – one of these individuals is a director of the Company.

The Bluffpoint Project is subject to a royalty payable to the optionors equal to a 2% Net Smelter Royalty ("NSR"), of which 1% may be purchased by the Company at any time for the payment of $1,000,000; leaving the optionors with a final 1% NSR. If the optionors decide to dispose of their remaining 1% NSR, the Company has the first right of refusal to acquire the remaining 1% NSR on the same terms and conditions that the optionors propose to dispose of their NSR.

The following acquisition and deferred exploration costs were incurred on the Company's Bluffpoint Project at April 30, 2016 and July 31, 2015:

	April 30, 2016	July 31, 2015
Acquisition costs, beginning:	$ 592,170	$ 592,170
Additions	4,060	-
Acquisition costs, closing	596,230	592,170
Deferred exploration costs, beginning:	1,641,921	1,634,353
Camp and travel	-	517
Geology	-	7,051
Deferred exploration costs, closing	1,641,921	1,641,921
Impairment	(1,994,091)	(1,994,091)
Total exploration and evaluation assets	$ 244,060	$ 240,000

4. DEBENTURES RECEIVABLE

On August 15, 2014, the Company sold its 10% interest in the Goldlund Project for a $2,000,000 senior unsecured convertible debenture (the "Debenture") of Tamaka Gold Corporation ("Tamaka"), parent company of the Vendor of the Goldlund Project. The Debenture was recorded as $1, its estimated fair value.

The Debenture is due on August 15, 2021, earns interest at a fixed rate of 10% per annum compounded annually and is unsecured. At the election of Tamaka, up to 50% of the interest may be paid by the issuance of additional debentures of Tamaka. The Debenture is subject to certain restrictions on transfer and a right of first refusal in favour of Tamaka. Subject to certain exceptions, the Debenture is not redeemable prior to the third anniversary of the date of issuance, unless agreed to by the Company, after which it will be redeemable, in cash, at the option of Tamaka, at the principal amount including all accrued and unpaid interest.

The Debentures are automatically convertible in case of a liquidity event (the "Liquidity Event"), which is defined as (i) the receipt by Tamaka of a final decision document (a "Decision Document") from a Canadian securities regulator for a final prospectus in relation to an initial public offering of common shares or units of Tamaka or any subsidiary of Tamaka (an "Initial Public Offering"); (ii) the filing on SEDAR of a disclosure document in relation to a reverse take-over, whereby a publicly listed company acquires, directly or indirectly, all the issued and outstanding common shares of Tamaka (an "RTO Filing"); or (iii) the sale of a majority of the issued and outstanding common shares, representing a change of control of Tamaka or any of its subsidiary (a "Change of Control").

4. DEBENTURES RECEIVABLE (continued)

On December 31, 2015, the Company received a second interest payment on the Debenture. The total interest accumulated as at December 31, 2015 was calculated to be $203,800 (December 31, 2014 - $76,164). Tamaka elected to exercise its option to substitute 50% of the interest with its senior unsecured convertible debenture; as such, the Company received a cash payment of $101,900 (December 31, 2014 - $38,164) and a senior unsecured convertible debenture totalling $101,900 (December 31, 2014 - $38,000) (the "Interest Debentures").

Since Tamaka is a private corporation, the value of the original Debenture and the Interest Debentures, which the Company received on December 31, 2014 and December 31, 2015 (collectively, the "Debentures") cannot be reasonably estimated; therefore, the Debentures are carried on the statement of financial position at their fair value, which the Company estimated to be $1. Due to uncertainty in collectability of the future interest payments, the Company does not accrue the interest income associated with the Debentures and records it upon receipt of funds.

Subsequent to April 30, 2016, the Company became aware of a Change of Control of Tamaka, when all Tamaka's issued and outstanding common shares were acquired by First Mining Corp. (the "Transaction"). As such, the Company expects the full value of Debentures, being $2,139,900 plus accrued interest up to the date of the Liquidity Event, to be converted into common shares of Tamaka based on the value of Tamaka's common shares immediately prior to the closing of the Transaction.

5. SHARE CAPITAL

Authorized Share Capital

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

Share Issuances

On April 8, 2016, the Company completed a non-brokered private placement financing (the "Offering") by issuing 4,400,000 non-flow-through units (the "NFT Units") at a price of $0.05 per NFT Unit and 600,000 flow-through shares (the "FT Shares") at $0.05 per FT share for gross proceeds of $250,000. Each NFT Unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into an additional common share at a price of $0.10 per share for a period of two years expiring April 8, 2018. In connection with the Offering, the Company paid finders' fees comprised of $17,500 in cash and 196,000 warrants (the "Finder's Warrants"). Each Finder's Warrant entitles the holder to purchase one common share at a price of $0.10 for a period of two years expiring April 8, 2018. The fair value of $11,616 was estimated for the finders' warrants using the Black-Scholes option pricing model with the following assumptions: expected life of two years; a volatility of 168%; a risk free interest rate of 0.56%; and a dividend yield of Nil.

Subsequent to April 30, 2016, on June 14, 2016, the Company completed a non-brokered private placement financing (the "June Offering") by issuing 2,849,333 flow-through units (the "FT Units") at a price of $0.15 per FT Unit for gross proceeds of $427,400. Each FT Unit is comprised of one flow-through common share and one-half of one non-flow-through common share purchase warrant. Each whole warrant is exercisable into an additional non-flow-through common share at a price of $0.20 per share for a period of twelve months expiring June 14, 2017. In connection with the June Offering, the Company paid cash finder's fee totaling $38,990.

Stock Options

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may, from time to time, in its discretion and in accordance with TSX-V requirements, grant options to directors, officers and consultants for up to 10% of the issued and outstanding common shares of the Company. Such options will be exercisable for a period of up to five years from the date of grant. Vesting terms are determined at the time of grant by the Board of Directors.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

Stock Options (continued)

On March 26, 2015, the Company granted 700,000 stock options to its directors, officers and a consultant at a price of $0.05 per share expiring March 26, 2020. 300,000 of these options vested immediately and 400,000 vested over a period of 12 months in equal portions of 100,000 options. During the nine month period ended April 30, 2016, the Company recorded a share-based compensation of $4,358 associated with these options.

On April 13, 2016, the Company granted 300,000 stock options to its consultant at a price of $0.06 per share expiring April 13, 2021. The options vest over a period of 12 months at a rate of 75,000 options per quarter beginning on July 13, 2016. At April 30, 2016, the Company recorded a share-based compensation of $2,387 associated with these options.

A summary of the changes in the number of stock options outstanding during the nine month period ended April 30, 2016, and for the year ended July 31, 2015 is as follows:

	Nine months ended April 30, 2016		Year ended July 31, 2015	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Options outstanding, beginning	2,000,000	$ 0.15	1,935,000	$ 0.18
Options granted	300,000	0.06	700,000	0.05
Options cancelled	-	-	(635,000)	(0.16)
Options outstanding, ending	2,300,000	$ 0.13	2,000,000	$ 0.15
Options exercisable, ending	2,000,000	$ 0.15	1,700,000	$ 0.16

Details of options outstanding as at April 30, 2016 are as follows:

Exercise price	Expiry date	Remaining life (years)	Number of options outstanding	Number of options exercisable
$0.10	December 7, 2016	0.61	160,000	160,000
$0.10	July 18, 2017	1.22	890,000	890,000
$0.60	December 5, 2017	1.60	250,000	250,000
$0.05	March 26, 2020	3.91	700,000	700,000
$0.06	April 13, 2021	4.96	300,000	-
			2,300,000	2,000,000

At April 30, 2016, the weighted average remaining contractual life of the stock options outstanding was 2.52 years.

Subsequent to April 30, 2016, the Company cancelled options to acquire up to 150,000 shares at $0.60 per share, which were previously granted to a consultant of the Company. On May 3, 2016, the Company granted 150,000 stock options to its consultant at a price of $0.08 per share expiring May 3, 2018. These options vested immediately. On May 31, 2016, the Company granted 595,000 options exercisable at a price of $0.11 per common share for a period of five years to its consultant. The options vest over a period of 12 months at a rate of 148,750 options per quarter beginning on August 31, 2016.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

Share Purchase Warrants

The changes in the number of warrants outstanding during the nine month period ended April 30, 2016, and during the year ended July 31, 2015 are as follows:

	Nine months ended April 30, 2016		Year ended July 31, 2015	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	-	$ -	1,533,600	$ 0.68
Warrants issued	2,396,000	0.10	-	-
Warrants expired	-	-	(1,533,600)	(0.68)
Warrants outstanding, ending	2,296,000	$ 0.10	-	$ -

Details of options outstanding as at April 30, 2016 are as follows:

Exercise price	Expiry date	Remaining life (years)	Number of warrants outstanding
$0.10	April 8, 2018	0.10	2,396,000
			2,396,000

At April 30, 2016, the weighted average remaining contractual life of the share purchase warrants outstanding was 1.94 years.

Reserves

The share-based payment reserve includes items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amounts are transferred to share capital.

6. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, officers, key management personnel, close family members and enterprises that are controlled by these individuals. Key management personnel are those having authority and responsibility for planning and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The Company incurred the following transactions with related parties that are not disclosed elsewhere in the financial statements:

	Nine months ended April 30, 2016	2015
Exploration and evaluation expenditures incurred to a private company controlled by certain directors and officers of the Company	$ 4,060	$ 6,668
Project investigation costs incurred to a private company controlled by certain directors and officers of the Company	$ -	$ 7,200
Corporate communication costs incurred to a private company controlled by certain directors and officers of the Company	$ 5,896	$ 2,843
Accounting, consulting, and administrative fees incurred to a private company controlled by an officer of the Company	$ 54,000	$ 54,000

6. RELATED PARTY TRANSACTIONS (continued)

Amounts due to related parties consist of amounts owed directly to the officers and directors of the Company and to private companies controlled by the officers and directors of the Company. These amounts are unsecured, non-interest bearing and due on demand. At April 30, 2016 the amount payable to related parties was $16,040 (July 31, 2015 - $70).

During the comparative period ended April 30, 2015, the Company granted options to acquire up to 300,000 shares of its common stock to its directors and officers. The Company recorded share-based compensation expense of $6,505 associated with this grant. The Company did not have similar transactions during the nine month period ended April 30, 2016.