

NAVY RESOURCES CORP.

Condensed Interim Financial Statements

March 31, 2016

(Expressed in Canadian Dollars - Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the 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 interim consolidated financial statements of the Company 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 financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by the entity's auditor.

NAVY RESOURCES CORP.

Condensed Interim Statements of Financial Position

(Expressed in Canadian dollars - Unaudited)

	March 31, 2016	December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	\$ 65,771	\$ 111,343
Receivable	2,120	2,275
Total current assets	67,891	113,618
Non-current assets		
Exploration and evaluation assets – Mineral property (Note 3)	45,000	25,000
Total assets	\$ 112,891	\$ 138,618
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 10,413	\$ 15,985
Total liabilities	10,413	15,985
Shareholders' equity		
Share capital (Note 4)	1,006,852	986,852
Share-based payment reserve (Note 4)	135,817	135,817
Deficit	(1,040,191)	(1,000,036)
Total shareholders' equity	102,478	122,633
Total liabilities and shareholders' equity	\$ 112,891	\$ 138,618

Nature of and continuance of operations (Note 1)

Approved on behalf of the Board on May 30, 2016:

/s/ "Robert Meister"

Robert Meister, Director

/s/ "Martin Bajic"

Martin Bajic, Director

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

NAVY RESOURCES CORP.

Condensed Interim Statements of Comprehensive Loss

(Expressed in Canadian dollars - Unaudited)

	Three Months Ended March 31, 2016	Year Ended December 31, 2014
Expenses		
General and administrative	\$ 9,863	\$ 1,416
Professional fees	3,904	1,429
Consulting fees (Note 5)	19,500	20,000
Transfer agent and filing fees	6,888	3,518
Net and comprehensive loss	\$ 40,155	\$ 26,363
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding – basic and diluted	15,134,444	11,400,000

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

NAVY RESOURCES CORP.

Condensed Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars - Unaudited)

	Note	Share capital Number	Amount	Share-based payment reserve	Deficit	Total shareholders' equity
Balance, December 31, 2014		11,400,000	\$ 764,852	\$ 135,817	\$ (863,286)	\$ 37,383
Net and comprehensive loss for the period		-	-	-	(26,363)	(26,363)
Balance, March 31, 2015		11,400,000	\$ 764,852	\$ 135,817	\$ (889,649)	\$ 11,020
Balance, December 31, 2015		15,100,000	\$ 986,852	\$ 135,817	\$ (1,000,036)	\$ 122,633
Share issued for property		100,000	20,000	-	-	20,000
Net and comprehensive loss for the period		-	-	-	(40,155)	(40,155)
Balance, March 31, 2016		15,200,000	\$ 1,006,852	\$ 135,817	\$ (1,040,191)	\$ 102,478

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

NAVY RESOURCES CORP.

Condensed Interim Statements of Cash Flows

(Expressed in Canadian dollars - unaudited)

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Cash provided by (used in):		
Operating activities		
Net loss	\$ (40,155)	\$ (26,363)
Changes in non-cash working capital items:		
Receivable	155	(323)
Prepaid expenses	-	(3,900)
Accounts payable and accrued liabilities	(5,572)	(1,297)
Net cash used in operating activities	(45,572)	(31,883)
Increase (decrease) in cash	(45,572)	(31,883)
Cash and cash equivalents, beginning	111,343	48,460
Cash and cash equivalents, ending	\$ 65,771	\$ 16,577

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

NAVY RESOURCES CORP.

Notes to Condensed Interim Financial Statements
For the three months ended March 31, 2016 and 2015
(Expressed in Canadian dollars - unaudited)

1. Nature and continuance of operations

Navy Resources Corp. (the "Company") was incorporated in the province of British Columbia on May 5, 2011. The Company is currently engaged in the exploration and evaluation of resource properties in British Columbia and Alberta. The Company's registered office is #1328-885 West Georgia Street, Vancouver, British Columbia, V6C 3E8. The Company's shares are traded on the TSX Venture Exchange under the symbol "NVY".

These condensed interim 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 March 31, 2016, the Company has not generated any revenue and has incurred a loss since inception. The Company's continuation as a going concern is dependent on its ability to generate future cash flows and/or obtain additional financing. Management intends to finance operating costs over the next twelve months with cash on hand and loans from directors and companies controlled by directors and/or private placements of common stock. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These conditions indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant accounting policies

(a) Basis of preparation

These interim financial statements have been prepared in accordance with International Accounting Standard ("IAS 34") Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company's financial statement as at and for the period ended December 31, 2015. Accounting policies applied in the preparation of these unaudited interim financial statements are the same as those applied in the preparation of the company's annual financial statements for the period ended December 31, 2015. The unaudited interim financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities, which are stated at fair value.

New or amended accounting standards that have been issued by the IASB but are not yet effective and have not been applied by the Company are as outlined in Note 2 of the 2015 annual financial statements.

These unaudited interim financial statements were authorized for issue by the Board of Directors on May 30, 2016.

(b) Use of estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

NAVY RESOURCES CORP.

Notes to Condensed Interim Financial Statements
For the three months ended March 31, 2016 and 2015
(Expressed in Canadian dollars - unaudited)

2. Significant accounting policies (continued)

(b) Use of estimates and assumptions (continued)

Significant areas requiring the use of estimates include the recoverability of exploration and evaluation assets and the measurement and recognition of deferred income tax assets.

(c) Accounting standards issued but not yet effective

The following standard is not yet effective for the year ended.

New standard IFRS 9, "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. 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.

The Company has not early adopted this new standard and is currently assessing the impact that will have on the financial statements.

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

3. Exploration and evaluation asset – Mineral

On December 22, 2015, the Company entered into a Purchase Agreement whereby it acquired a 100% interest in the Fae Project. Consideration for the acquisition is \$15,000 cash (paid) and 100,000 common shares (issued with a fair value of \$20,000).

	Three months ended March 31, 2016
Balance, December 31, 2015	\$ 25,000
Acquisition cost	20,000
Balance, March 31, 2016	\$ 45,000

4. Share capital

Authorized share capital:

Unlimited common shares without par value.

NAVY RESOURCES CORP.

Notes to Condensed Interim Financial Statements
For the three months ended March 31, 2016 and 2015
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4. Share capital (continued)

Issued and outstanding:

At March 31, 2016, there were 15,200,000 common shares issued and fully paid common shares outstanding (December 31, 2015 – 15,100,000).

On October 15, 2015, the Company completed a private placement of 3,700,000 common shares at a price of \$0.06 per share for gross proceeds of \$222,000.

On February 29, 2016, the Company closed the acquisition of the Fae Projects and issued 100,000 common shares with a fair value of \$20,000 (Note 3).

Options:

On April 12, 2012, the directors of the Company adopted a Stock Option Plan (the "Plan"). The plan provides that, subject to the requirements of the Exchange, the aggregate number of securities reserved for issuance, set aside and made available for issuance under the Plan may not exceed 10% of the issued and outstanding shares of the Company at the time of granting of options. The number of common shares which may be reserved in any 12 month period for issuance to any one individual upon exercise of all stock options held by that individual may not exceed 5% of the issued and outstanding common shares of the Company at the time of grant. The number of common shares which may be reserved in any 12 months period for issuance to any one consultant may not exceed 2% of the issued and outstanding common shares and the maximum number of common shares which may be reserved in any 12 month period for the issuance to all persons engaged in investor relation activities may not exceed 2% of the issued and outstanding common shares of the Company. The Plan provides that options granted to any person engaged in investor relations activities will vest in stages over 12 months with no more than $\frac{1}{4}$ of the stock options vesting in any three month period.

Stock option transactions are summarized as follows:

	Number of shares	Exercise Price
Outstanding at December 31, 2014	800,000	\$ 0.15
Cancelled	(800,000)	\$ 0.15
Outstanding at December 31, 2015 and March 31, 2016	-	

Warrants:

The Company does not have any warrants outstanding as at March 31, 2016

Reserves:

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

5. Related party transactions

During the three months ended March 31, 2016 the Company paid an officer and director \$4,500 (2015 - \$5,000) for financial services.

During the three months ended March 31, 2016 the Company paid a director \$15,000 (2015 - \$15,000) for consulting fees.