# BLACK WIDOW RESOURCES INC.
# FINANCIAL STATEMENTS
# YEARS ENDED NOVEMBER 30, 2015 AND 2014
# (EXPRESSED IN CANADIAN DOLLARS)

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**INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of Black Widow Resources Inc.

**Report on the Financial Statements**

We have audited the accompanying financial statements of Black Widow Resources Inc., which comprise the statement of financial position as at November 30, 2015 and November 30, 2014 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flow for the years then ended and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Black Widow Resources Inc. as at November 30, 2015 and November 30, 2014, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

*Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Collins Barrow Toronto LLP

Chartered Professional Accountants
Licensed Public Accountants

March 15, 2016
Toronto, Ontario

# Black Widow Resources Inc.

**Statements of Financial Position**
**(Expressed in Canadian Dollars)**

| | As at November 30, 2015 | As at November 30, 2014 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash | **$ 14,682** | $ 25,613 |
| Sales tax receivable | **1,536** | 5,774 |
| Prepaid expenses | **1,945** | 1,945 |
| **Total assets** | **$ 18,163** | $ 33,332 |
| **LIABILITIES AND EQUITY** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities | **$ 164,906** | $ 81,170 |
| Promissory notes (notes 5 and 12) | **64,122** | - |
| **Total liabilities** | **229,028** | 81,170 |
| **Shareholders' Deficiency** | | |
| Share capital (note 7) | **1,877,120** | 1,744,812 |
| Shares to be issued | **10,000** | - |
| Reserves (notes 8 and 9) | **208,369** | 678,143 |
| Deficit | **(2,306,354)** | (2,470,793) |
| **Total shareholders' deficiency** | **(210,865)** | (47,838) |
| **Total liabilities and shareholders' deficiency** | **$ 18,163** | $ 33,332 |

Nature of operations and going concern (note 1)
Subsequent event (note 15)

**Approved on behalf of the Board:**

"Neil Novak", Director

"Allan Ringler", Director

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

## Black Widow Resources Inc.

**Statements of Loss and Comprehensive Loss**
**(Expressed in Canadian Dollars)**

| | Year ended November 30, 2015 | Year ended November 30, 2014 |
|---|---|---|
| **Operating expenses** | | |
| Exploration and evaluation expenditures (note 6) | **$ 143,662** | $ 216,809 |
| General and administrative (note 11) | **160,920** | 273,177 |
| Loss before income tax and interest income | **(304,582)** | (489,986) |
| Deferred income tax recovery (note 14) | **-** | 56,304 |
| Interest income | **-** | 752 |
| **Total loss and comprehensive loss for the year** | **$ (304,582)** | $ (432,930) |
| **Basic and diluted net loss per share** (note 10) | **$ (0.01)** | $ (0.02) |
| **Weighted average number of common shares outstanding - basic and diluted** | **27,369,814** | 24,322,325 |

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

# Black Widow Resources Inc.
**Statements of Cash Flows**
**(Expressed in Canadian Dollars)**

| | Year ended November 30, 2015 | Year ended November 30, 2014 |
|---|---|---|
| **Operating activities** | | |
| Net loss for the year | **$ (304,582)** | $ (432,930) |
| Adjustments for: | | |
| Share-based payments | **(753)** | 51,827 |
| Shares issued for exploration expenditures | **132,308** | 67,500 |
| Deferred income tax recovery | **-** | (56,304) |
| Interest expense accrued | **4,122** | 17 |
| Changes in non-cash operating capital: | | |
| Sales tax receivable | **4,238** | (1,976) |
| Prepaid expenses | **-** | 4,055 |
| Accounts payables and accrued liabilities | **83,736** | (6,692) |
| **Net cash used in operating activities** | **(80,931)** | (374,503) |
| **Financing activities** | | |
| Proceeds from issue of common shares | **-** | 193,960 |
| Cost of issuing common shares | **-** | (24,433) |
| Shares to be issued | **10,000** | - |
| Proceeds from promissory notes | **60,000** | - |
| **Net cash provided by financing activities** | **70,000** | 169,527 |
| **Investing activities** | | |
| Sale of short-term investments | **-** | 176,078 |
| **Net cash provided by investing activities** | **-** | 176,078 |
| **Net change in cash** | **(10,931)** | (28,898) |
| **Cash, beginning of year** | **25,613** | 54,511 |
| **Cash, end of year** | **$ 14,682** | $ 25,613 |

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

# Black Widow Resources Inc.
**Statements of Changes in Shareholders' Equity**
**(Expressed in Canadian Dollars)**

| | | | Reserves | | | |
|---|---|---|---|---|---|---|
| | Share capital | Shares to be issued | Contributed surplus | Warrants reserve | Deficit | Total |
| **Balance, November 30, 2013** | **$ 1,618,791** | **$ -** | **$ 87,106** | **$ 469,021** | **$ (2,037,863)** | **$ 137,055** |
| Common shares issued | 35,847 | - | - | - | - | 35,847 |
| Flow-through shares issued | 158,113 | - | - | - | - | 158,113 |
| Warrants issued | (61,774) | - | - | 61,774 | - | - |
| Cost of issue - cash | (24,433) | - | - | - | - | (24,433) |
| Cost of issue - broker warrants | (8,415) | - | - | 8,415 | - | - |
| Premium on flow-through shares | (40,817) | - | - | - | - | (40,817) |
| Common shares issued for exploration expenditure | 67,500 | - | - | - | - | 67,500 |
| Share-based payments | - | - | 51,827 | - | - | 51,827 |
| Net loss for the year | - | - | - | - | (432,930) | (432,930) |
| **Balance, November 30, 2014** | **$ 1,744,812** | **$ -** | **$ 138,933** | **$ 539,210** | **$ (2,470,793)** | **$ (47,838)** |
| Shares to be issued | - | 10,000 | - | - | - | 10,000 |
| Expiry of warrants | - | - | - | (469,021) | 469,021 | - |
| Common shares issued for exploration expenditure | 132,308 | - | - | - | - | 132,308 |
| Share-based payments | - | - | (753) | - | - | (753) |
| Net loss for the year | - | - | - | - | (304,582) | (304,582) |
| **Balance, November 30, 2015** | **$ 1,877,120** | **$ 10,000** | **$ 138,180** | **$ 70,189** | **$ (2,306,354)** | **$ (210,865)** |

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

## 1. Nature of operations and going concern

Black Widow Resources Inc. (the “Company” or "Black Widow"), incorporated on January 20, 2011, is engaged in the exploration of precious and base metal properties. Black Widow is a public company, quoted for trading on the TSX Venture Exchange under the symbol “BWR”. The Company's principal properties are the Santa Maria Project, the Shunsby Project and the Sakoose Mine Property, all of which are located in Northern Ontario. In addition, in August 2015 the Company acquired the Vendôme Sud Property located in Southern Quebec, which it will begin to assess. The head office of the Company is located at 36 Toronto Street, Suite 1000, Toronto, Ontario, M5C 2C5, Canada.

The financial statements of Black Widow for the years ended November 30, 2015 and 2014 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on March 15, 2016.

As at November 30, 2015, the Company had a working capital deficit of $210,865 (November 30, 2014 - $47,838) and a deficit of $2,306,354 (November 30, 2014 - $2,470,793). Management of the Company believes that it will be able to pay its ongoing administrative expenses and to meet its liabilities for the ensuing twelve months as they fall due through additional financing. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity’s ability to continue as a going concern. The Company's ability to continue operations and fund its exploration and evaluation expenditures is dependent on management's ability to generate cash and manage its cash resources.

Management believes the going concern assumption to be appropriate for these financial statements. If the going concern assumption was not appropriate, adjustments might be necessary to the carrying value of the assets and liabilities, reported revenues and expenses, and the balance sheet classifications used in the financial statements. These adjustments could be material.

The recoverability of exploration and evaluation expenditures is dependent upon the discovery of economically recoverable reserves, the preservation of the Company's interest in the underlying mineral claims, the ability to obtain necessary financing, obtain government approval and attain profitable production, or alternatively, upon the Company's ability to dispose of its interest on an advantageous basis.

## 2. Summary of significant accounting policies

### *(a) Basis of presentation and statement of compliance*

The Company applies 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”) as of November 30, 2015.

These audited financial statements have been prepared on a historical cost basis except for cash carried at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These audited financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

## 2. Summary of significant accounting policies (continued)

### *(b) Exploration and evaluation expenditures*

The Company expenses exploration and evaluation expenditures as incurred in mineral properties not commercially viable and technically feasible. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

### *(c) Finance income and finance costs*

Interest received and interest paid are classified under operating activities in the statements of cash flows.

### *(d) Income taxes*

Income tax comprises current and deferred tax. Income tax is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to taxable temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### *(e) Flow-through shares*

The Company has adopted a policy whereby proceeds from flow-through issuance are allocated between the offering of shares and the sale of tax benefits based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A liability is recognized for this difference and is extinguished by crediting income tax recovery on renunciation to the tax authorities and the entity has made the required expenditures.

## 2. Summary of significant accounting policies (continued)

### *(f) Share issue costs*

All costs related to the issuance of the common shares are recorded as a reduction of share capital.

### *(g) Loss per share*

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share, which is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares.

### *(h) Financial instruments*

The Company's financial instruments consist of the following:

| Financial assets: | Classification: |
|---|---|
| Cash | At fair value through profit or loss ("FVTPL") |

| Financial liabilities: | Classification: |
|---|---|
| Accounts payable and accrued liabilities | Other financial liabilities |
| Promissory notes | Other financial liabilities |

Fair value through profit or loss
This category comprises assets acquired or incurred for the purpose of selling or repurchasing it in the near future. The Company measures financial assets at FVTPL at fair value, recognizing any gains or losses arising from this measurement in the statement of loss.

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 any impairment losses.

Held-to-maturity
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has positive intention and ability to hold to maturity. These investments are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of financial assets. After initial recognition, held-to maturity are measured at amortized cost using the effective interest method, which is discussed below.

Other financial liabilities
Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

## 2. Summary of significant accounting policies (continued)

### *(h) Financial instruments (continued)*

**Impairment of financial assets:**

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. It may not be possible to identify a single, discrete event that caused the impairment. Rather the combined effect of several events may have caused the impairment. Losses expected as a result of future events, no matter how likely, are not recognized.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

**Financial instruments recorded at fair value:**

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

### *(i) Provisions*

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows to present value at pre-tax rate.

### *(j) Share-based payment transactions*

The fair value of share options granted to employees is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

**2. Summary of significant accounting policies (continued)**

***(j) Share-based payment transactions (continued)***

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each statement of financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Stock option expense incorporates an expected forfeiture rate.

The fair value of share based payments to non-employees and other share-based payments are based on the fair value of the goods or services received. If the Company cannot estimate reliably the fair value of the goods or services received, the Company measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted at the date the Company receives the goods or services.

***(k) Interest in joint arrangements***

A joint arrangement is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control; that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

The Company has an interest in a joint arrangement, which is a joint operation, whereby the Company and the other venturer have a contractual arrangement that establishes joint control over its share of future economic benefits through its share of a jointly controlled asset. The arrangement requires unanimous agreement for financial and operating decisions among the venturers. The Company recognizes in its financial statements its share of assets and liabilities that it has incurred and any expenses that it has incurred in respect of its interest in the joint arrangement or operation.

***(l) Restoration, rehabilitation and environmental obligations***

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the company's exploration and evaluation activities. Discount rates using a pretax rate that reflects the risk and the time value of money are used to calculate the net present value. These costs are charged against profit or loss as exploration and evaluation expenditures and the related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

The Company has no restoration, rehabilitation and environmental costs as at November 30, 2015 and November 30, 2014.

***(m) Significant accounting judgments and estimates***

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## 2. Summary of significant accounting policies (continued)

### *(m) Significant accounting judgments and estimates (continued)*

Critical accounting estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- all inputs used in the Black-Scholes model for determining the fair value of share based payment transactions in statement of loss;
- the assumptions used for determining the amount of deferred income taxes and deferred income tax assets and liabilities including future income tax rate; and
- the assumptions used in the determination of the fair value of warrants.

Critical accounting judgments

- the Company's assumption of no material restoration, rehabilitation and environmental provisions, based on the facts and circumstances that existed during the period;
- the recoverability of deferred income tax assets and liabilities; and
- going concern presentation of the financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

### *(n) Future accounting standards*

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for annual periods beginning on or after December 1, 2015 or later periods. Many are not applicable to or do not have a significant impact on Black Widow and have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine their impact on  Black Widow.

(i) IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009, October 2010 and other dates thereafter. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. IFRS 9 will be effective January 1, 2018, with earlier adoption permitted.

## 3. Capital risk management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, which comprises share capital, reserves and deficit, which at November 30, 2015 had a deficiency of $210,865 (November 30, 2014 - $47,838).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the year ended November 30, 2015.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX-V which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of November 30, 2015, the Company is not compliant with Policy 2.5. The impact of this violation is not known and is ultimately dependent on the discretion of the TSX-V.

## 4. Financial risk management

### Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate and foreign currency risk).

Risk management is carried out by the Company's management team under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Cash is held with a major Canadian chartered bank, from which management believes the risk of loss to be minimal.

**(Expressed in Canadian Dollars)**

## 4. Financial risk management (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. A significant decrease in commodity prices can have an adverse impact on the Company's ability to raise funds through the equity market. The Company generates cash flow primarily from its financing activities. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As of November 30, 2015, the Company had working capital deficit of $210,865.

(iii) Market risk

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

(a) Interest rate risk

The Company currently does not have any short-term or long-term debt that is interest bearing at variable rates. As such, the Company's current exposure to interest rate risk is minimal.

(b) Foreign currency risk

The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

**Fair value hierarchy and liquidity risk disclosure**

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at November 30, 2015:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Cash | $ 14,682 | $ - | $ - | $ 14,682 |

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at November 30, 2014:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Cash | $ 25,613 | $ - | $ - | $ 25,613 |

The carrying value of financial assets and liabilities approximates their carrying amounts due to the relatively short period to maturity.

## 5. Promissory notes

On February 1, 2015, the Company issued promissory notes totalling $60,000 to a director and a director and officer of the Company. The notes bear interest at 8% per annum and are payable on demand.

**(Expressed in Canadian Dollars)**

## 6. Mineral properties

| | Year ended November 30, 2015 | Year ended November 30, 2014 |
|---|---|---|
| Acquisition costs | **$ 137,308** | $ 67,500 |
| Claim staking | **-** | 3,278 |
| Meals and accommodations | **-** | 2,897 |
| Travel | **-** | 2,802 |
| Geological consultants | **4,273** | 66,592 |
| Geophysics | **-** | 4,480 |
| Drilling | **-** | 55,760 |
| Administrative | **54** | - |
| Leases and taxes | **2,027** | 1,258 |
| Assay | **-** | 12,242 |
| | **$ 143,662** | $ 216,809 |

Shunsby Property

On February 21, 2012, as amended in March 2013, Black Widow and Hage Corporate Services Inc. (“Hage”), a related party (see Note 12), entered into an agreement whereby Black Widow acquired from Hage, acting in trust, a 59.8% interest in 20 patented mineral claims located in Cunningham Township, Porcupine Mining Division, Province of Ontario of which the mineral claims remain in full force and effect (collectively, the "Shunsby Property").

In consideration of the purchase, Black Widow agreed to provide to Hage:

(1) the amount of $50,000 representing the amount paid by Hage to date for lease payments, consulting fees and administrative services which shall be satisfied by the issuance to Hage of 500,000 common shares of Black Widow (issued in 2012) valued at $0.10 per share;

(2) the amount of $450,000 representing the purchase price for the Hage's Ownership Interest in the Shunsby Property to be paid in three equal installments as follows:

a) $150,000 within 30 days of the signing of the agreement, to be satisfied by the issuance to Hage of 1,500,000 common shares of Black Widow (issued in 2012) valued at $0.10 per share;
b) $150,000 on the six month anniversary of Black Widow becoming listed for trading on a recognized public stock exchange (“Going Public”), to be satisfied by the issuance to Hage of that number of common shares equal to $150,000 divided by the market price (1,250,000 common shares issued in 2013); and
c) $150,000 on the twelve month anniversary of Going Public, to be satisfied by the issuance to Hage of that number of common shares equal to $150,000 divided by the market price (750,000 common shares issued in 2014).
d) Notwithstanding subsections (b) and (c) above, the number of common shares payable pursuant to subsections (b) and (c) shall not exceed an aggregate maximum of 2,000,000 common shares.

**6. Mineral properties (continued)**

Shunsby Property (continued)

(3) a 1.5% Net Smelter Royalty to be retained by Hage on the terms and conditions as outlined in a previous agreement of which 0.5% shall be reserved for Rally Energy Ltd. ("Rally"), the owner of the 35.3% of the Shunsby Property, in the event of a dilution of interest by Rally as anticipated to be provided for in an agreement to be settled in the future between Black Widow and Rally and, with respect to the remaining 1.0% Net Smelter Royalty, Black Widow shall have the right to buy 0.5% at the time of production for a net present value determination of the Net Smelter Royalty as provided for in a previous agreement and the other 0.5% shall remain with Hage.

On October 15, 2013, the Company announced that it has received a National Instrument 43-101 report on its Shunsby Property. The report is entitled "Technical Report on the Shunsby Base Metal Property, Cunningham Township, Ontario, for Black Widow Resources Inc." by Paul Sobie, P.Geo. of MPH Consulting Ltd., of Toronto Ontario dated September 30, 2013.

Gremlin Claims

On June 8, 2011, the Company entered into an agreement (the "Sale Agreement") with Cliffs Chromite Far North Inc., formerly Spider Resources Inc., ("CCFNI") for the sale by CCFNI to the Company of its interest in an option agreement made as of May 25, 2010 between Greenstone Exploration Co. Ltd. ("Greenstone") and CCFNI, amended to be the Gremlin option agreement (the "Gremlin Option Agreement") regarding the Gremlin claims which consisted of 2 unpatented mining claims in Ontario (6 claims were allowed to expire in 2014 and 21 were allowed to expire in 2015).

Pursuant to the Sales Agreement, CCFNI sells, assigns and transfers to the Company its interests for the following consideration:

a) The issuance by the Company to CCFNI of 855,000 common shares in the capital of the Company at a fair value of $0.10 per share; (issued in 2011) and
b) The assumption of specific liabilities by the Company in connection with the Gremlin claims.

Pursuant to the Gremlin Option Agreement, the Company was required to make an option payment of $45,000 to Greenstone on or before June 25, 2011 and $45,000 to Greenstone on or before April 6, 2012. The Company made the option payments as follows:

i) Cash payment of $15,000 (paid in 2011);
ii) Issuance of 300,000 common shares (fair valued $30,000) (issued in 2011) of the Company with share price of $0.10 per share; and
iii) Issuance of 450,000 common shares (fair valued $45,000) (issued in 2012) of the Company with share price of $0.10 per share.

In addition, 10 claims were acquired through staking in December 2011. During the year, these claims were allowed to expire.

Subsequent to November 30, 2015, the remaining 2 claims of The Gremlin Property were allowed to expire.

## 6. Mineral properties (continued)

Santa Maria Project

On November 14, 2011, the Company entered into an option and joint venture agreement with New Klondike Exploration Ltd. ("NKE") to earn a 70% interest in NKE's wholly-owned Santa Maria claims, located in the Dryden area, Ontario. The option granted by NKE gives Black Widow the right to earn a 70% interest in the project by making a payment to NKE of $10,000 (paid in 2011) and incurring expenditures of $90,000 (incurred in 2012) on the claims.

Upon the Company earning its 70% interest, Black Widow became the operator with a 70% interest and NKE having a 30% interest. The parties will fund their respective pro rata interest for approved programs and expenditures or be subject to dilution of their interest. In the event that a party's interest is reduced to 10%, their interest will automatically be converted to a 1.5% net smelter royalty interest, with the other party earning a 100% participating interest in the project. Black Widow has retained the right, pursuant to the option and joint venture agreement, to acquire 1% of this royalty from NKE for $500,000 at any time.

The Company also holds a 0.5% net smelter royalty interest in 19 claims 100% owned by NKE which are within a two kilometre radius of each point on the outermost boundary of the Santa Maria claims.

In addition, 6 claims were acquired through staking in the year ended November 30, 2012.

Sakoose Mine Property

On November 1, 2013, the Company entered into an option agreement with Rubicon Minerals Corporation ("Rubicon") to acquire 100% interest in the Sakoose Mine (also known as the Golden Whale), located in the Tabor Lake area of Kenora Mining Division of the Province of Ontario. The Sakoose Mine Property consists of 22 unpatented mining claims (2 claims were allowed to expire during the year ended November 30, 2015).

The option granted by Rubicon gives Black Widow the right to earn a 100% interest in the project by making the option payments as follows:

i) Cash payment of $5,000 on signing of agreement (paid in 2013);
ii) $20,000 to be satisfied by the issuance of common shares equal to $20,000 divided by the market price within 10 days of the receiving regulatory approval (153,846 common shares issued in 2013);
iii) Cash payment of $10,000 on or before November 1, 2014 ($5,000 paid and $5,000 extended to May 2015, which is currently under negotiations to extend further) and $40,000 to be satisfied by the issuance of common shares equal to $40,000 divided by the market price within 10 days of November 1, 2014 (307,692 commons shares issued in 2015);
iv) Cash payment of $50,000 on or before November 1, 2015 and $50,000 to be satisfied by the issuance of common shares equal to $50,000 divided by the market price within 10 days of November 1, 2015 (currently under negotiations to extend);
v) $150,000 on or before November 1, 2016 to be satisfied by the issuance of cash, common shares or a combination of both at Black Widow's option; and
vi) $250,000 on or before November 1, 2017 to be satisfied by the issuance of cash, common shares or a combination of both at Black Widow's option.

After all payments have been paid, Rubicon retains a 2% net smelter return production royalty of which 50% can be purchased by Black Widow for the payment of $1 million. In the event Black Widow elects not to continue with the option after the initial payment has been made and all conditions to the point of the decision not to proceed have been met, Black Widow's interest is converted to a 0.25% net smelter return production royalty.

4 additional claims were acquired through staking and added to the Sakoose Mine Property in the year ended November 30, 2014.

**(Expressed in Canadian Dollars)**

## 6. Mineral properties (continued)

Vendôme Sud Property

In August 2015, the Company acquired a 100% interest in 49 map designated cells ("claims") in Fiedmont township within the Abitibi region of Quebec, located north of the town of Val-D'Or near the town of Barraute.

The claims were acquired through the issuance of 6,000,000 common shares (fair valued $120,000) to four separate arms length parties, one of which retained a 2% net smelter return production royalty of which 50% can be purchased by Black Widow for the payment of $1 million within 20 years of signing the agreement.

## 7. Share capital

a) Authorized share capital

The authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

| | Number of common shares | | Amount |
|---|---|---|---|
| **Balance - November 30, 2013** | **22,581,769** | **$** | **1,618,791** |
| Common shares issued (i), (ii), (iii) | 450,000 | | 35,847 |
| Flow-through shares issued (i), (ii), (iii) | 1,620,500 | | 158,113 |
| Warrants issued (i), (ii), (iii) | - | | (61,774) |
| Cost of issue - cash (i), (ii) | - | | (24,433) |
| Cost of issue - broker warrants (i) | - | | (8,415) |
| Premium on flow-through shares issued (i) | - | | (40,817) |
| Common shares issued for property acquisition (note 6) | 750,000 | | 67,500 |
| **Balance - November 30, 2014** | **25,402,269** | **$** | **1,744,812** |
| Common shares issued for property acquisition (note 6) | 6,307,692 | | 132,308 |
| **Balance - November 30, 2015** | **31,709,961** | **$** | **1,877,120** |

(i) On December 24, 2013, the Company closed a non-brokered private placement. Under the placement, the Company issued 833,000 flow-through units at a price of $0.12 per unit and 100,000 common share units at a price of $0.10 per unit for gross proceeds of $109,960. The premium on the flow-through shares issued was calculated to be $40,817. As at November 30, 2015, $nil of the flow-through premium remains in liabilities.

Each flow-through unit consists of one flow-through common share and one half of one common share purchase warrant and each common share unit consists of one common share and one common share purchase warrant. Each whole warrant entitles the holder to acquire a further common share of the Company at a price of $0.15 per share for the first year from the closing, $0.20 per share for the second year from the closing, and $0.25 per share for the third year from the closing. The fair value of the warrants was estimated at $30,135 using the Black-Scholes option pricing formula with the following weighted average assumptions: expected dividend yield - 0%, expected volatility - 118%, risk-free interest rate - 1.20% and an expected average life of 3 years.

**7. Share capital (continued)**

b) Common shares issued (continued)

(i) (continued) In connection with the placement, the Company paid $7,997 for the agent's commission. The Company also issued broker warrants for the purchase of up to 66,640 common share units at a price of $0.10 per unit, expiring December 24, 2015. The fair value of the broker warrants was estimated at $8,415 using the Black-Scholes option pricing formula with the following assumptions: expected dividend yield - 0%, expected volatility - 118%, risk-free interest rate - 1.13% and an expected average life of 2 years. The broker warrants were valued based on the equity instrument granted as no value could be determined for the service.

(ii) On July 17, 2014, the Company closed the first tranche of a non-brokered private placement. Under the placement, the Company issued 25 units at a price of $2,400 per unit for gross proceeds of $60,000.

Each unit consisted of ten thousand common shares of the Company, twenty-two thousand five hundred flow-through common shares and one purchase warrant of the Company for each share purchased, or thirty-two thousand five hundred warrants. Each warrant issued will expire twenty four months from the date of issue and will entitle the holder thereof to purchase one additional common share at a price of $0.10 per share. The fair value of the warrants was estimated at $22,733 using the Black-Scholes option pricing formula with the following assumptions: expected dividend yield - 0%, share price of $0.08, expected volatility - 131%, risk-free interest rate - 1.07%, exercise price of $0.10 and an expected average life of 2 years. The premium on the flow-through shares issued was calculated to be $nil.

The $60,000 raised involved six subscribers and did not involve a broker or agent. Of the six subscribers, two insiders; Neil Novak and Earl Coleman, participated in this offering subscribing to 9 of the 25 units purchased.

(iii) On September 9, 2014, the Company closed the second and final tranche of a non-brokered private placement. Under the placement, the Company issued 10 units at a price of $2,400 per unit for gross proceeds of $24,000.

Each unit consisted of ten thousand common shares of the Company, twenty-two thousand five hundred flow-through common shares and one purchase warrant of the Company for each share purchased, or thirty-two thousand five hundred warrants. Each warrant issued will expire twenty four months from the date of issue and will entitle the holder thereof to purchase one additional common share at a price of $0.10 per share. The fair value of the warrants was estimated at $8,906 using the Black-Scholes option pricing formula with the following assumptions: expected dividend yield - 0%, share price of $0.08, expected volatility - 126%, risk-free interest rate - 1.14%, exercise price of $0.10 and an expected average life of 2 years. The premium on the flow-through shares issued was calculated to be $nil.

The $24,000 raised involved one subscriber and did not involve a broker or agent. The sole subscriber is Carmen Diges, the Corporate Secretary of the Company.

**(Expressed in Canadian Dollars)**

## 8. Warrants

The following summarizes the warrant activity for the years ended November 30, 2015 and 2014:

| | Number of warrants | Weighted average exercise price |
|---|---|---|
| **Balance - November 30, 2013** | **6,801,410** | **$ 0.20** |
| Issued (Note 7(b)(i), (ii), (iii)) | 1,720,640 | 0.12 |
| **Balance - November 30, 2014** | **8,522,050** | **$ 0.18** |
| Expired | (6,801,410) | (0.20) |
| **Balance - November 30, 2015** | **1,720,640** | **$ 0.13** |

As of November 30, 2015, the following warrants were outstanding:

| Expiry Date | Number of warrants | Exercise price ($) | Black-Scholes value on grant($) |
|---|---|---|---|
| December 24, 2015 (1) | 66,640 | 0.10 | 8,415 |
| July 17, 2016 | 812,500 | 0.10 | 22,733 |
| September 9, 2016 | 325,000 | 0.10 | 8,906 |
| December 24, 2016 | 516,500 | 0.20 (2) | 30,135 |
| | **1,720,640** | **0.13** | **70,189** |

(1) Expired subsequent to November 30, 2015
(2) Exercisable at a price of $0.15 per share for the first year, $0.20 per share for the second year, and $0.25 per share for the third year.

## 9. Stock options

The following summarizes the stock option activity for the years ended November 30, 2015 and 2014:

| | Number of stock options | Weighted average exercise price |
|---|---|---|
| **Balance - November 30, 2013** | **1,350,000** | **$ 0.20** |
| Granted (i), (ii) | 850,000 | 0.10 |
| **Balance - November 30, 2014** | **2,200,000** | **$ 0.16** |
| Forfeited | (200,000) | 0.10 |
| **Balance - November 30, 2015** | **2,000,000** | **$ 0.17** |

(i) On August 20, 2014, the Company granted 650,000 stock options to certain officers, directors and consultants at an exercise price of $0.10, fully vested on issuance, with an expiry date of August 11, 2019. The fair value of these stock options was estimated at $43,615 using the Black-Scholes option pricing formula with the following assumptions: expected dividend yield - 0%, expected volatility - 129%, risk-free interest rate - 1.56% and an expected average life of 5 years. The stock options were valued based on the equity instrument granted as no value could be determined for the service.

**(Expressed in Canadian Dollars)**

## 9. Stock options (continued)

(ii) On August 20, 2014, the Company granted 200,000 stock options to a consultant to purchase common shares of the Company at an exercise price of $0.10 per share, vesting 25% in three months and at the end of six, nine and twelve months, with an expiry date of August 11, 2019. The fair value of these stock options was estimated at $13,420 using the Black-Scholes option pricing formula with the following weighted average assumptions: expected dividend yield - 0%, expected volatility - 129%, risk-free interest rate - 1.56% and an expected average life of 5 years. The stock options were valued based on the equity instrument granted as no value could be determined for the service.

As of November 30, 2015, the following stock options were outstanding:

| Expiry Date | Exercise price ($) | Number of stock options | Number of exercisable stock options | Weighted average contractual life (years) | Grant date fair value ($) |
|---|---|---|---|---|---|
| June 6, 2018 | 0.20 | 1,350,000 | 1,350,000 | 2.52 | 87,750 |
| August 11, 2019 | 0.10 | 650,000 | 650,000 | 3.70 | 43,615 |
| | **0.17** | **2,000,000** | **2,000,000** | **2.90** | **131,365** |

The weighted average exercise price of the exercisable options at November 30, 2015 is $0.17 (November 30, 2014 - $0.16).

## 10. Loss per share

| | Year ended November 30, 2015 | Year ended November 30, 2014 |
|---|---|---|
| Net loss per share: | | |
| - basic | **$ (0.01)** | $ (0.02) |
| - diluted | **$ (0.01)** | $ (0.02) |
| Net loss for the year | **$ (304,582)** | $ (432,930) |
| Weighted average outstanding - basic | **27,369,814** | 24,322,325 |
| Dilutive warrants and stock options (i) | **-** | - |
| Weighted average outstanding - diluted | **27,369,814** | 24,322,325 |

(i) Basic loss per share is computed by dividing net loss (the numerator) by the weighted average number of outstanding common shares for the period (the denominator). In computing diluted loss per share, an adjustment is not made for the dilutive effect of outstanding warrants and outstanding stock options as they are anti-dilutive.

**(Expressed in Canadian Dollars)**

## 11. General and administrative expenses

| | Year ended November 30, 2015 | Year ended November 30, 2014 |
|---|---|---|
| Consulting fees (Note 12) | **$ 60,000** | $ 60,000 |
| Accounting and corporate secretarial fees (Note 12) | **45,685** | 49,902 |
| Professional fees (Note 12) | **10,300** | 19,504 |
| Office and general (Note 12) | **31,345** | 42,663 |
| Travel and accommodation | **-** | 5,152 |
| Investor relations and shareholder information (Note 12) | **14,343** | 44,129 |
| Share-based payments (Note 12) | **(753)** | 51,827 |
| | **$ 160,920** | $ 273,177 |

## 12. Related party transactions

The Chief Financial Officer is a senior employee of Marrelli Support Services Inc. ("MSSI"), a firm providing accounting services and office space. During the year ended November 30, 2015, the Company incurred $35,352, (year ended November 30, 2014 - $37,440) for accounting services rendered by MSSI and $9,900 for rent expense (year ended November 30, 2014 - $4,125). As at November 30, 2015, MSSI was owed $44,823 (November 30, 2014 - $18,914) and this amount was included in accounts payable and accrued liabilities.

DSA Corporate Services Inc. and DSA Filing Services Inc. (together as "DSA"), two firms providing corporate secretarial and filing services, are affiliated with MSSI through a common officer. During the year ended November 30, 2015, the Company incurred $11,742, (year ended November 30, 2014 - $15,381) for services rendered by DSA. As at November 30, 2015, DSA was owed $9,830 (November 30, 2014 - $5,328) and this amount was included in accounts payable and accrued liabilities.

The Company received legal services from Miller Thomson LLP ("Miller Thomson"), where the Company's Corporate Secretary was formerly a partner. During the year ended November 30, 2015, the Company incurred legal fees of $nil (year ended November 30, 2014 - $21,291) to Miller Thomson for legal services. Included in the November 30, 2015 accounts payable and accrued liabilities is $5,277 due to Miller Thomson (November 30, 2014 - $8,277).

The Company received consulting services from Nominex Ltd. ("Nominex"), a company controlled by the President and Chief Executive Officer ("CEO"). The fees consisted of consulting fees of $60,000 during the year ended November 30, 2015 (year ended November 30, 2014 - $60,000) for CEO services and exploration and evaluation expenditures of $4,125, during the year ended November 30, 2015 (year ended November 30, 2014 - $24,613) for geological consulting. As at November 30, 2015, Nominex was owed $83,250 (November 30, 2014 - $22,600) and this amount was included in accounts payable and accrued liabilities.

On February 1, 2015, the Company issued promissory notes totalling $60,000 ($64,122 including accrued interest at November 30, 2015) to a director and a director and officer of the Company. The notes bear interest at 8% per annum and are payable on demand.

The above noted transactions are in the normal course of business.

To the knowledge of the directors and senior officers of the Company, as at November 30, 2015, no person or corporation beneficially owns or exercises control over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company other than as set out below. None of the Company's major shareholders have different voting rights than other holders of the Company's common shares.

**(Expressed in Canadian Dollars)**

## 12. Related party transactions (continued)

As of November 30, 2015, 4,000,000 of the common shares of the Company or approximately 13% are held by Hage, acting in trust for two directors of the Company. Each director has a 50% interest in Hage.

As of November 30, 2015, a director of the Company, who has 50% interest in Hage, directly controls 2,600,100 common shares of the Company or approximately 8% of the total common shares outstanding.

As of November 30, 2015, a director of the Company, who has the remaining 50% interest in Hage, directly controls 400,000 common shares of the Company or approximately 1% of the total common shares outstanding.

As of November 30, 2015, directors and officers with control of less than 10% of the common shares of the Company collectively control 5,302,700 common shares of the company or approximately 17% of the total common shares outstanding.

Remuneration of key management personnel of the Company, other than consulting fees, was as follows:

| | **Year ended November 30, 2015** | **Year ended November 30, 2014** |
|---|---|---|
| Share-based payments | **$ -** | $ 43,615 |

## 13. Segmented information

The Company operates in one reportable operating segment, being the acquisition and exploration and evaluation of mineral properties located in Canada.

## 14. Income taxes

The income tax expense differs from the amount resulting from the application of the combined Canadian income tax rate as follows:

| | **November 30, 2015** | **November 30, 2014** |
|---|---|---|
| Loss before income taxes | **$ (304,582)** | $ (489,234) |
| Combined statutory income tax rate | **26.50%** | 26.50% |
| Income tax (recovery), resulting from: | | |
| Income tax at the statutory income tax rate | **(80,714)** | (129,647) |
| Share issue costs and other | **(5)** | (7,588) |
| Exploration expenditures | **38,070** | 57,455 |
| Permanent differences | **(16,513)** | 115 |
| Exploration expenditures renounced on flow-through shares | **63,000** | - |
| Discharge of flow-through shares liability | **-** | (56,304) |
| Losses not tax-benefited | **(3,838)** | 79,665 |
| Deferred income tax recovery | **$ -** | $ (56,304) |

**(Expressed in Canadian Dollars)**

## 14. Income taxes (continued)

The significant components of the deferred tax assets and liabilities not recognized are as follows:

| | November 30, 2015 | November 30, 2014 |
|---|---|---|
| **Deferred tax assets** | | |
| Non-capital loss carry forwards | **$ 405,324** | $ 346,168 |
| Share issue costs | **32,697** | 49,010 |
| Mineral resource expenditures | **131,950** | 178,631 |
| Other | **200** | 200 |
| | **570,171** | 574,009 |
| Impairment allowance | **(570,171)** | (574,009) |
| Net deferred income tax assets | **$ -** | $ - |

The Company has Canadian non-capital losses of approximately $1,473,200 available to apply against the future taxable income, and these expire as follows:

| | |
|---|---|
| 2031 | $ 98,500 |
| 2032 | 389,900 |
| 2033 | 481,200 |
| 2034 | 280,400 |
| 2035 | 223,200 |
| | $ 1,473,200 |

## 15. Subsequent events

(i) As at December 31, 2015, the Company was unable to meet their flow-through expenditure requirements. As a result of this, certain directors and officers agreed to convert their flow-through shares to common shares.

(ii) On February 29, 2016, the Company issued additional promissory notes totaling $60,000 to a director and a director and officer of the Company. The notes bear interest at 8% per annum and are payable on demand.