XIMEN
MINING CORP.

June 30, 2016 and 2015

Financial Statements

(Expressed in Canadian Dollars)

WDM

CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditors' Report

To the Shareholders of:
XIMEN MINING CORP.

We have audited the accompanying financial statements of Ximen Mining Corp., which comprise the statements of financial position as at June 30, 2016 and 2015, the statements of changes in shareholders' deficiency, comprehensive loss, and cash flows 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, 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 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 Ximen Mining Corp. as at June 30, 2016 and 2015, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter – Going Concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in Note 1 to the financial statements concerning the ability of Ximen Mining Corp. to continue as a going concern. The company incurred a net comprehensive loss of $1,390,674 during the year ended June 30, 2016, and as of that date, had an accumulated deficit since inception of $14,717,361. These conditions, along with the other matters explained in Note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if Ximen Mining Corp. were unable to continue as a going concern.

WDM

Chartered Professional Accountants

Vancouver, B.C.
October 25, 2016

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Ximen Mining Corp.

Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	June 30, 2016 $	June 30, 2015 $
ASSETS			
CURRENT			
Cash	2(c)	76,294	3,150
GST Recoverable		13,423	4,260
Prepaid Expenses		-	5,000
Mining Exploration Tax Credit Receivable		-	96,390
		89,717	108,800
NON-CURRENT			
Reclamation Bonds	7	39,000	39,000
Loans Receivable		10,650	12,250
Property and Equipment	5	61,139	76,419
		200,506	236,469
LIABILITIES			
CURRENT			
Accounts Payable and Accrued Liabilities		499,410	599,297
Due to Related Parties	10(a)	61,829	62,864
		561,239	662,161
NON-CURRENT			
Convertible Debentures – Interest Payable	8	50,630	-
Convertible Debentures	8	809,996	-
		1,421,865	662,161
SHAREHOLDERS' DEFICIENCY			
Share Capital	9	12,887,382	12,534,171
Equity Component of Convertible Debentures	8	191,859	-
Share-Based Payment Reserve		416,761	617,341
Deficit		(14,717,361)	(13,577,204)
		(1,221,359)	(425,692)
		200,506	236,469

Nature of Operations and Ability to Continue as a Going Concern (Note 1)
Exploration and Evaluation Assets (Note 6)
Commitment (Note 14)
Subsequent Events (Note 17)

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

Approved on Behalf of the Board:

"Chris Anderson"
Chris Anderson, Director

"Scott Kent"
Scott Kent, Director

Ximen Mining Corp.

Statements of Changes in Shareholders’ Deficiency

For the Years Ended June 30, 2016 and 2015

(Expressed in Canadian Dollars)

	Note	Number of Common Shares	Share Capital $	Equity Component of Convertible Debentures $	Subscription Received $	Shared-Based Payment Reserve $	Deficit $	Total Shareholders’ Equity (Deficiency) $
Balance, June 30, 2014		14,068,295	8,926,571	-	251,000	73,580	(9,135,563)	115,588
				-				
Shares Issued for Cash, Net of Share Issuance Costs	9(b)(i)	9,382,666	2,039,891	-	-	-	-	2,039,891
Exercise of Share Purchase Warrants	9(b)(i)	70,000	62,000	-	-	-	-	62,000
Exercise of Stock Options	9(b)(i)	38,000	22,482	-	-	(12,982)	-	9,500
Shares Issued for Settlement of Debts	9(b)(i)	3,399,053	834,620	-	-	-	-	834,620
Shares Issued for Exploration and Evaluation Assets	9(b)(ii)	2,405,768	683,462	-	-	-	-	683,462
Fair Value of Agents’ Warrants Issued	9(b)(i)	-	(34,855)	-	-	34,855	-	-
Expiry of Stock Options and Agents’ Warrants		-	-	-	-	(99,949)	99,949	-
Share-Based Payments	9(f)	-	-	-	-	621,837	-	621,837
Subscription Proceeds Received		-	-	-	(251,000)	-	-	(251,000)
Net Comprehensive Loss		-	-	-	-	-	(4,541,590)	(4,541,590)
Balance, June 30, 2015		29,363,782	12,534,171	-	-	617,341	(13,577,204)	(425,692)
Issuance of Convertible Debentures	8	-	-	191,859	-	-	-	191,859
Shares Issued for Exploration and Evaluation Assets	9(b)(iii)	6,993,124	353,211	-	-	-	-	353,211
Share-Based Payments		-	-	-	-	49,937	-	49,937
Expiry of Stock Options and Agents’ Warrants		-	-	-	-	(250,517)	250,517	-
Net Comprehensive Loss		-	-	-	-	-	(1,390,674)	(1,390,674)
Balance, June 30, 2016		36,356,906	12,887,382	191,859	-	416,761	(14,717,361)	(1,221,359)

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

Ximen Mining Corp.

Statements of Comprehensive Loss

For the Years Ended June 30, 2016 and 2015

(Expressed in Canadian Dollars)

	Note	2016 $	2015 $
EXPENSES			
Accounting, Audit and Legal		64,322	72,166
Advertising, Investor Relations and Promotion		25,679	429,222
Bank Charges and Interest		23,086	13,939
Consulting	10	16,153	356,069
Depreciation		15,280	31,775
Exploration	6, 10	1,133,589	2,647,681
Management	10	237,500	233,500
Office and Administration	10	135,124	135,327
Regulatory Fees and Transfer Agent		24,944	58,850
Stock-Based Compensation	9(f)	49,938	621,837
Travel and Accommodation	10	46,708	79,387
LOSS BEFORE OTHER ITEMS		(1,772,323)	(4,679,753)
Accretion on Debentures	8	(14,802)	-
Interest on Debentures	8	(50,630)	-
Gain on Settlement of Debts		7,242	3,543
Write-off Accounts Payable		93,118	81,412
Impairment Charge Property and Equipment		-	(78,182)
Reversal of Flow-Through Share Premium Liability	11	-	35,000
BC Mining Exploration Tax Credit		346,721	96,390
NET COMPREHENSIVE LOSS FOR THE YEAR		(1,390,674)	(4,541,590)
BASIC AND DILUTED LOSS PER SHARE		(0.04)	(0.21)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		33,059,789	22,103,744

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

Ximen Mining Corp.

Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015
(Expressed in Canadian Dollars)

	Note	2016 $	2015 $
CASH PROVIDED FROM (UTILIZED FOR):			
OPERATING ACTIVITIES			
Net Comprehensive Loss for the Year		(1,390,674)	(4,541,590)
Non-Cash Items			
Accretion		14,802	-
Depreciation		15,280	31,775
Stock-Based Compensation		49,938	621,837
Shares Issued for Exploration and Evaluation Assets		353,211	683,462
Shares Issued for Services		-	94,305
Gain on Settlement of Debts		(7,242)	(3,543)
Write-off Accounts Payable		(93,118)	(81,412)
Impairment Charge Property and Equipment		-	78,182
Reversal of Flow-Through Share Premium Liability		-	(35,000)
		(1,057,803)	(3,151,984)
Change in Non-Cash Working Capital Accounts			
GST Recoverable		(9,163)	91,431
Prepaid Expenses		5,000	153,389
Mining Exploration Tax Credit Receivable		96,390	-
Accounts Payables and Accrued Liabilities		51,102	794,788
Other Receivables		-	(96,390)
Due to/from Related Parties		20,105	195,377
		(894,369)	(2,013,389)
INVESTING ACTIVITIES			
Reclamation Bonds		-	(31,000)
Purchase of Property and Equipment		-	(55,000)
		-	(86,000)
FINANCING ACTIVITIES			
Proceeds from Issuance of Shares, Net of Share Issuance Costs		-	1,873,373
Loan Repayments (Net of Proceeds)		(19,540)	73,640
Convertible Debentures Issued		987,053	-
		967,513	1,947,013
INCREASE (DECREASE) IN CASH		73,144	(152,376)
Cash, Beginning of the Year		3,150	155,526
CASH, END OF THE YEAR		76,294	3,150

Supplementary Cash Flow Information (Note 13)

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

NOTE 1 – NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

Ximen Mining Corp. (the "Company") was incorporated under the Business Corporations Act in British Columbia on December 4, 2006, as Everett Resources Ltd. and changed its name to Elm Tree Minerals Inc. on March 19, 2012. On September 4, 2013, the Company changed its name to Ximen Mining Corp. In addition, on July 4, 2013, the Company consolidated its share capital, options and warrants on a five (old) to one (new) basis. These financial statements reflect the application of the share consolidation.

The Company is currently engaged in the acquisition, exploration, and evaluation of its mineral property interests located in British Columbia. The Company's shares are listed on the TSX Venture Exchange under the symbol XIM, on the Frankfurt Exchange under the symbol A1W2EG, and on the US OTCQX, under the symbol XXMMF. The head office, principal address, and registered office is located at 888 Dunsmuir Street, Suite 888, Vancouver, British Columbia, Canada.

These financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Accordingly, it does not give effect to adjustments that, if any, would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in the financial statements. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve future profitable operations.

As at June 30, 2016, the Company has an accumulated deficit of $14,717,361 and a working capital deficiency (excess of current liabilities over current assets) of $471,522. The Company's ability to continue operations is dependent upon the financial support from its shareholders and other related parties, its ability to obtain additional financing, the existence of economically recoverable reserves, and the attainment of profitable operations or sufficient proceeds from disposition of the properties. The outcome of these matters cannot be predicted at this time. While management has been successful in obtaining sufficient funding for its operating, capital, development, and exploration requirements from the inception of the Company to date, there is no assurance that additional future funding will be available to the Company or on terms that are acceptable to management.

The Company is in the process of exploring and developing its exploration and evaluation assets and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the development of those mineral reserves, and upon future production or proceeds from the disposition thereof.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

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

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value.

These audited financial statements were approved and authorized for issue by the Board of Directors on October 25, 2016.

b) Foreign Currency Translation

The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

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

c) Cash

Cash includes amounts held in banks and highly liquid investments with remaining maturities at point of purchase of 90 days or less. The Company places its cash with institutions of high-credit worthiness.

d) Reclamation Bonds

Reclamation bonds are recorded at amortized cost and held by Canadian government agencies or in trust.

e) Property and Equipment

Property and equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Depreciation is provided at rates calculated to write off the cost of equipment, less their estimated residual value, using the declining balance method of 20% per year.

The estimated useful lives, residual values, and depreciation method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Exploration and Evaluation Assets

Expenditures related to the acquisition, exploration, and development of exploration and evaluation assets are expensed and charged to earnings in the period in which they are incurred. Any option payments received by the Company from third parties or tax credits refunded to the Company are charged against exploration expenses in the statement of comprehensive loss.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest in accordance with general industry standards, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and, as such, title may be affected.

g) Impairment of Non-Current Assets

The carrying amounts of non-current assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indications of impairment, then the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Individual assets are grouped together as a cash generating unit for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are independent from other group assets.

The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. An impairment loss exists if the asset's or cash generating unit's carrying amount exceeds the recoverable amount and is recorded as an expense immediately. In assessing the value in use, the estimated future cash flows are adjusted for the risks specific to the cash generating unit and are discounted to their present value with a discount rate that reflects the current market indicators.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

h) Provisions

(i) Decommissioning and Restoration Provision

Future obligations to retire an asset, including dismantling, remediation, and ongoing treatment and monitoring of the site related to normal operations are initially recognized and recorded as a provision based on estimated future cash flows discounted at a credit-adjusted risk-free rate. This decommissioning and restoration provision is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows, and the discount rate. The provision is accreted to full value over time through periodic charges to profit. This unwinding of the discount is charged to financing expense in the statement of comprehensive income.

The amount of the decommissioning and restoration provision initially recognized is capitalized as part of the related asset's carrying value and depreciated to profit. The method of depreciation follows that of the underlying asset. The costs related to a decommissioning and restoration provision is only capitalized to the extent that the amount meets the definition of an asset and can bring about future economic benefit.

As at June 30, 2016 and 2015, the Company has no material decommissioning and restoration provision.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Provisions (continued)

(ii) Other Provisions

Provisions are recognized when a present legal or constructive obligation exists as a result of past events and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted using an appropriate current market-based pre-tax discount rate.

i) Share Capital

Share capital includes cash consideration received for share issuances, net of commissions and issue costs.

Proceeds from the issue of units, consisting of common shares and share purchase warrants, are first allocated to common shares based on the quoted market value of the common shares at the time the units are priced, and the balance, if any, is allocated to the attached warrants.

Shares issued for other than cash consideration are valued at the quoted price on the TSX Venture Exchange based on the date the shares are issued.

j) Flow-Through Shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchased the shares.

To account for flow-through units, on issuance, the Company allocates flow-through share proceeds into i) share capital, equal to the market value of the shares, ii) a flow-through share premium liability, equal to the estimated premium investors pay for the flow-through feature, and iii) reserve for warrants, equal to the remaining proceeds received.

The amount recorded as a liability relating to the sale of tax benefits is reversed when the tax benefits are renounced. The difference between the amount originally recorded as a liability and the estimated income tax benefits on date of renouncement is recognized in profit or loss. The tax effect of the renunciation is recorded at the time the Company makes the renunciation, which may differ from the effective date of renunciation.

k) Share-Based Payments

The fair value method of accounting is used for share-based payment transactions. Under this method, the cost of stock options and other share-based payments is recorded based on the estimated fair value using the Black-Scholes option pricing model at the grant date and charged to profit over the vesting period.

Upon the exercise of stock options and other share-based payments, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Loss per Share

Basic loss per share is calculated by dividing net loss by the weighted average number of common shares issued and outstanding during the reporting period. Diluted loss per share is the same as basic loss per share, as the issuance of shares on the exercise of stock options and share purchase warrants is antidilutive.

m) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's statement of financial position include 'Subscriptions Received', 'Share-based Payment Reserve', and 'Deficit'.

- 'Subscriptions Received' is used to recognize the value of cash received towards share subscriptions that have not been issued by year-end.

- 'Share-based Payment Reserve' is used to recognize the fair value of stock option grants and warrants prior to exercise, expiry or cancellation and the fair value of other share-based consideration paid at the date of payment.

- 'Deficit' is used to record the Company's change in deficit from earnings from period to period and to recognize the fair value of stock option grants and warrants after expiry or cancellation.

n) Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

i) Current Income Tax

Current income tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

ii) Deferred Income Tax

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Refundable Mining Tax Credits

The Company qualifies for refundable mining tax credits on eligible mining exploration expenditures incurred in the Province of British Columbia, Canada. This tax credit is applied against exploration expenditures incurred and recorded as tax credit receivable when the terms and conditions of the government mineral exploration assistance program have been complied with, the credit can be reasonably estimated, and collection is reasonably assured

p) Convertible Debenture

Convertible debentures are compound financial instruments that are recorded in part as a liability and in part as shareholders' equity. The Company uses the "residual valuation" method to determine the debt and equity components of the convertible debentures. Under the residual valuation method, the liability component is determined by estimating the present value of the future cash payments discounted at a rate of interest which the Company would be charged by the market for similar debt without the conversion option. The difference between the net proceeds of the debenture and the liability component is recorded as a separate component of shareholders' equity. Debentures payable is accreted to its face value at maturity over the term of the debt through a charge to operations.

q) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified at fair value through profit or loss) are added to, or deducted from, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets and financial liabilities are measured subsequently as described below. The Company does not have any derivative financial instruments.

i) Financial Assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments; and
- Available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

Different criteria to determine impairment are applied for each category of financial assets, which are described below.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Financial Instruments (Continued)

i) Financial Assets (Continued)

- ***Financial assets at fair value through profit or loss*** – Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The Company's cash and cash equivalents fall into this category of financial instruments.

- ***Loans and receivables*** – Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less any provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's amounts due to related parties and loans receivable fall into this category of financial instruments.

  Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is based on recent historical counterparty default rates for each identified group. The impairment losses are recognized in profit or loss.

- ***Held-to-maturity investments*** – Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity. The Company currently does not hold financial assets in this category.

- ***Available-for-sale financial assets*** – Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company currently does not hold financial assets in this category.

  Available-for-sale financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognized in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

  For financial assets measured at amortized cost, 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, then the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available-for-sale financial assets, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated in the investment revaluation reserve.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Financial Instruments (Continued)

ii) Financial Liabilities

For the purpose of subsequent measurement, financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities upon initial recognition.

- ***Financial liabilities at fair value through profit or loss*** – Financial liabilities at fair value through profit or loss include financial liabilities that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. Liabilities in this category are measured at fair value with gains or losses recognized in profit or loss. The Company currently does not hold financial liabilities in this category.

- ***Other financial liabilities*** – Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method amortization process. The Company’s accounts payable and accrued liabilities, convertible debentures, and amounts due to related parties fall into this category of financial instruments.

A financial liability is derecognized when it is extinguished, discharged, cancelled, or expired.

NOTE 3 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Company’s accounting policies which are described in Note 2, management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements are described as follows.

a) Useful Lives of Property and Equipment

Management reviews the useful lives of property and equipment at each reporting date, based on the expected utility of these assets to the Company. Actual useful lives of these assets may differ from the estimate.

b) Impairment of Non-Current Assets

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. In addition, when determining the applicable discount rate, estimation is involved in determining the appropriate adjustments to market risk and asset-specific risk factors.

Actual results may vary and may cause significant adjustments to the Company’s assets within the next financial year.

NOTE 3 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

c) Deferred Tax Assets

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

The Company has recorded a full valuation allowance against its deferred tax assets due to the uncertainty in the realization of these assets.

NOTE 4 – ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new accounting standards, amendments to standards, and interpretations have been issued but not yet effective up the date of issuance of the Company's consolidated financial statements. The Company intends to adopt the following standards when they becomes effective.

a) IFRS 9 – Financial Instruments

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard was initially effective for annual period beginning on or after January 1, 2013, but amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to January 1, 2018. The Company has not yet determined the impact of this standard on its consolidated financial statements.

b) IFRS 15 – Revenue from Contracts with Customers

IFRS 15 clarifies the principles for recognizing revenue from contracts with customers. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively, and improve guidance for multiple-element arrangements. The standard is effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively. The Company has not yet determined the impact of this standard on its consolidated financial statements.

(Expressed in Canadian Dollars)

NOTE 5 – PROPERTY AND EQUIPMENT

	Computer $	Mining Equipment $	Office Furniture $	Total $
COST				
Balance, June 30, 2014	5,217	140,476	4,000	149,693
Additions	-	55,000	-	55,000
Balance, June 30, 2015	5,217	195,476	4,000	204,693
Additions	-	-	-	-
Balance, June 30, 2016	5,217	195,476	4,000	204,693
ACCUMULATED DEPRECIATION				
Balance, June 30, 2014	3,910	11,190	3,217	18,317
Depreciation	261	31,358	156	31,775
Impairment Charge	-	78,182	-	78,182
Balance, June 30, 2015	4,171	120,730	3,373	128,274
Depreciation	208	14,948	124	15,280
Balance, June 30, 2016	4,379	135,678	3,497	143,554
NET BOOK VALUE				
Balance, June 30, 2015	1,046	74,746	627	76,419
Balance, June 30, 2016	838	59,798	503	61,139

(Expressed in Canadian Dollars)

NOTE 6 – EXPLORATION AND EVALUATION ASSETS

Cumulative acquisition and exploration costs incurred by the Company to June 30, 2016 on its mineral properties are summarized below.

	Brett	Gold Drop	Treasure Mountain	Bouleau	Dentonia	General Exploration	Total
	$	$	$	$	$	$	$
Balance, June 30, 2014	915,593	376,771	200,015	-	-	143,237	1,635,616
Acquisition Costs	475,077	348,000	-	345,470	51,000	-	1,219,547
Exploration Costs	1,073,344	346,933	5,708	-	-	2,149	1,428,134
	1,548,421	694,933	5,708	345,470	51,000	2,149	2,647,681
Balance, June 30, 2015	2,464,014	1,071,704	205,723	345,470	51,000	145,386	4,283,297
Acquisition Costs	634,406	70,000	-	236,657	-	-	941,063
Exploration Costs	54,715	88,927	93,611	-	-	5,273	242,526
Option payment received		(50,000)					(50,000)
	689,121	108,927	93,611	236,657	-	5,273	1,133,589
Balance, June 30, 2016	3,153,135	1,180,631	299,334	582,127	51,000	150,659	5,416,886

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing. All properties are located in Canada.

a) Brett Property, British Columbia, Canada

On December 3, 2013, the Company entered into an option agreement to acquire a 100% interest in the Brett Gold Project situated in the North Okanagan region of southwest British Columbia approximately 29 kilometers west of Vernon. Under the terms of the agreement, the Company may acquire a 100% undivided interest by making cash option payments totalling $1,000,000, issuing 1,000,000 shares, and issuing additional common shares of the Company with an aggregate deemed value of $350,000 as follows:

		Number of Shares	Cash
			$
On execution of agreement	(Paid)	-	50,000
By December 18, 2013	(Paid)	-	50,000
By December 23, 2013	(Issued)	1,000,000	-
By January 17, 2014	(Paid)	-	200,000
By January 05, 2015	(Paid)	-	300,000
By January 05, 2015	(Issued – fair valued at $126,000)	700,000	-
By December 03, 2015	(Paid)	-	400,000
By December 03, 2015	(Issued - fair valued at $166,667)	3,333,333	-
		5,033,333	1,000,000

(Expressed in Canadian Dollars)

NOTE 6 – EXPLORATION AND EVALUATION ASSETS (Continued)

a) Brett Property, British Columbia, Canada (Continued)

On January 24, 2014, the Company entered into an option agreement to acquire a 100% interest in the 2% net smelter royalty ("NSR") on the Brett Gold Project. Under the terms of the agreement, the Company may acquire 100% of the NSR, for one cash payment of $1,350,000 and by issuing common shares of the Company with an aggregate deemed value of $145,000 as follows:

		Number of Shares	Cash $
By February 20, 2014	(Issued – fair valued at $30,000)	100,000	-
By February 20, 2015	(Issued – fair valued at $49,077)	258,300	-
By February 20, 2016	(Issued - fair valued at $67,746)	1,129,000	-
By February 20, 2017	(To be paid)	-	1,350,000
		1,487,300	1,350,000

During the year ended June 30, 2016, the Company paid $400,000 (2015 - $300,000) and issued 4,462,333 common shares (2015 – 958,300 common shares) pursuant to the terms of the agreements.

b) Gold Drop Property, British Columbia, Canada

On November 27, 2013, the Company entered into an option agreement to acquire a 100% interest in the Gold Drop Property located about 9 kilometers northeast from Greenwood, British Columbia, in the Greenwood Gold Mining district. Under the terms of the option agreement, the Company may acquire a 100% undivided interest by making cash option payments totalling $170,000, and issuing an aggregate of 750,000 common shares as follows:

		Number of Shares	Cash $
On November 27, 2013	(Paid)	-	25,000
On February 23, 2014	(Issued – fair valued at $49,500, and paid)	150,000	15,000
By February 24, 2015	(Issued – fair valued at $120,000, and paid)	250,000	60,000
By February 24, 2016	(Issued – fair valued at $168,000, and paid)	350,000	70,000
		750,000	170,000

During the year ended June 30, 2016, the Company paid $70,000 (2015 - $60,000) and issued nil common shares (2015 – 600,000 common shares) pursuant to the terms of the agreement. On November 25, 2015, the Company earned a 100% undivided interest by fulfilling the terms of the agreement.

On June 21, 2016, the Company entered into an option agreement with Revolver Resources Inc. ("Revolver') to sell its 100% in the Gold Drop Property. Upon the signing of the Agreement, and to earn an undivided 100% interest in the property, Revolver is required to make cash option payments totalling $400,000, issue an aggregate of 1,750,000 common shares, and incur exploration expenditures on the property as follows:

Cash Payments:

- CAD$50,000 in cash on the date of execution of the agreement (received);
- CAD$50,000 within five business day following the approval by TSX Venture; and
- CAD $100,000 on or before the second, third and fourth anniversaries of the approval by TSX Venture.

NOTE 6 – EXPLORATION AND EVALUATION ASSETS (Continued)

b) Gold Drop Property, British Columbia, Canada (Continued)

Shares Payment:

- 1,000,000 common shares within five business day following the approval by TSX Venture; and
- 250,000 common shares on or before the second, third and fourth anniversaries of the approval by TSX Venture.

Exploration Expenditures:

- A minimum of CAD$1,000,000 on the property on or before the fourth anniversary of the approval by TSX Venture, but not less that CAD$150,000 on the property on or before the first, second and the third anniversaries of the approval by TSX Venture.

The Company will retain a 2.5% net smelter return royalty (the "NSR Royalty") which Revolver may buy down 1% of the NSR Royalty by paying $1,000,000 to the Company. Upon the completion of the sale of the Property, the Company will have a right for nine months thereafter to elect to form a joint venture with Revolver by paying to Revolver the amount of money equal to 30% of the total amount expended on the Property by Revolver. If the Company exercises this joint-venture right, the Company and Revolver will enter into a joint venture for the exploration and development of the Property

The sale transaction has been approved by TSX Venture.

Revolver has a common director and officer of the Company.

c) Treasure Mountain Property, British Columbia, Canada

In March 2014, the Company entered into an option agreement whereby the Company acquired a 100% interest in the Treasure Mountain property located 30 kilometres east of Hope, British Columbia by making cash payments as follows: $75,000 cash upon signing of the agreement (paid) and $50,000 cash due 90 days after the signing of the agreement (paid).

In 2014, the Company also acquired a 100% interest in three surrounding mineral claims for cash payments of $70,000 (paid).

d) Bouleau Property, British Columbia, Canada

On July 15, 2014, the Company entered into a property option agreement to acquire a 100% interest in the Bouleau Property which is adjacent to the Company's Brett property located near Vernon, British Columbia. Under the terms of the option agreement, the Company may acquire a 100% undivided interest by making cash option payments totalling US$250,000, and issuing additional common shares of the Company with an aggregate deemed value of $300,000 as follows:

(Expressed in Canadian Dollars)

NOTE 6 – EXPLORATION AND EVALUATION ASSETS (Continued)

d) Bouleau Property, British Columbia, Canada (Continued)

		Number of Shares	Cash US$
On September 05, 2014	(Paid)	-	100,000
On September 05, 2014	(Issued – fair valued at $102,174)	217,391	-
By March 05, 2015	(Paid)	-	50,000
By March 05, 2015	(Issued – fair valued at $67,211)	480,077	-
By September 30, 2015	(Paid)	-	50,000
By September 30, 2015	(Issued– fair valued at $46,260)	1,321,700	-
By March 05, 2016	(Paid)	-	50,000
By March 05, 2016	(Issued – fair valued at $72,545)	1,209,094	-
By September 05, 2016	(Paid)	-	50,000
By September 05, 2016	(Issued subsequent to year-end – valued at $50,000)	535,125	-
		3,763,387	300,000

e) Dentonia Property, South, British Columbia, Canada

On August 29, 2014, the Company entered into a property option agreement whereby the Company acquired a 100% interest in the Dentonia South Property, located 10 miles south of Greenwood, British Columbia, by issuing 150,000 common shares (issued – fair valued at $51,000).

NOTE 7 – RECLAMATION BONDS

The Company posts non-interest bearing reclamation bonds against any potential land restoration costs that may be incurred in the future on its mineral properties. The funds are held in trust and may be released after required reclamation is satisfactorily completed.

As at June 30, 2016, the amount on deposit was $39,000 (2015 - $39,000), with respect to the Brett Property ($31,000), and Gold Drop Property ($8,000).

NOTE 8 – CONVERTIBLE DEBENTURES

	Carrying Value		
	Liability Component $	Equity Component $	Net Shares Value $
Balance, June 30, 2015	-	-	-
Issuance of Debentures (Net of $12,947 Transaction Costs)	795,194	191,859	987,053
Accretion	14,802	-	14,802
Balance, June 30, 2016	809,996	191,859	1,001,855

NOTE 8 – CONVERTIBLE DEBENTURES (Continued)

During the year ended June 30, 2016, the Company issued $800,000 and $200,000 of convertible debentures (the "Debentures") respectively. The principal amount of the Debentures may be converted into units comprised of one common share and one common share purchase warrant of the Company at the option of the holder, at any time prior to the maturity dates on December 24, 2020 and January 14, 2021 respectively (the "Maturity Dates"), at $0.05 per unit in the first year after issuance, and $0.10 per Unit thereafter. Each warrant will have an exercise term of two years from the date of conversion, with an exercise price of $0.05 per warrant for warrants acquired as part of debentures converted within the first year of issuance, and $0.10 per warrant thereafter. The Debentures may be redeemed by the Company at any time prior to the Maturity Dates upon 10 days prior written notice.

The Debentures are subject to an interest rate of 10% per annum payable on the Maturity Dates and are secured by certain mineral tenures comprising a portion of the Brett Gold Property.

The convertible debentures are recorded in part as a liability and in part as shareholders' equity. The Company uses the "residual valuation" method to determine the debt and equity components of the convertible debentures. Under the residual valuation method, the liability component is determined by estimating the present value of the future cash payments discounted at a rate of interest which the Company would be charged by the market for similar debt without the conversion option. The difference between the net proceeds of the debenture and the liability component is recorded as a separate component of shareholders' equity.

The debentures payable are accreted to their face value at maturity over the term of the debt through a charge to operations. The amount charged as accretion expense for the year ended June 30, 2016 was $14,802.

For the year ended June 30, 2016, the Company recorded interest expense of $50,630. As at June 30, 2016, debenture interest payable was $50,630.

NOTE 9 – SHARE CAPITAL

a) Authorized Share Capital

Unlimited common shares without par value

b) Issued and Outstanding Share Capital

As at June 30, 2016, there were 36,356,906 (2015 – 29,363,782) common shares issued and outstanding.

(i) Shares Issued for Cash and Settlement of Debts in 2015

In September 2014, the Company completed a private placement of $898,971 ($549,450 in cash and $349,521 in settlement of debts) by issuing 1,634,492 units at a price of $0.55 per unit. Each unit consisted of one common share and one-half non-transferable share purchase warrant, with one warrant entitling the holder to acquire one additional common share at a price of $1.00 per share for a period of 12 months. Finders' fees of $3,250 were paid and 5,036 agents' warrants were granted. The agents' warrants were valued at $458 using the Black-Scholes model (Note 9(f)) and have the same terms as the warrants issued in the offering.

In October 2014, the Company completed a private placement of $711,600 ($581,100 in cash and $130,500 in settlement of debts) by issuing 2,371,999 units at a price of $0.30 per unit. Each unit consisted of one common share and one non-transferable share purchase warrant, with one warrant entitling the holder to acquire one additional common share at a price of $0.40 per share for a period of 24 months. Finders' fees of $11,208 were paid and 37,360 agents' warrants were granted. The agents' warrants were valued at $9,132 using the Black-Scholes model (Note 9(f)) and have the same terms as the warrants issued in the offering.

NOTE 9 – SHARE CAPITAL (Continued)

b) Issued and Outstanding Share Capital (Continued)

(i) Shares Issued for Cash and Settlement of Debts in 2015 (Continued)

In December 2014, the Company completed a private placement of $105,000 ($105,000 in cash) by issuing 700,000 units at a price of $0.20 per unit. Each unit consisted of one flow-through common share and one non-transferable share purchase warrant, with one warrant entitling the holder to acquire one additional common share at a price of $0.25 per share for a period of 24 months. Finders' fees of $9,600 were paid. Flow-through tax premium in the amount of $35,000 was recorded.

In December 2014, the Company completed a private placement of $267,000 ($257,000 in cash and $10,000 in settlement of debt) by issuing 1,780,000 units at a price of $0.15 per unit. Each unit consisted of one common share and one non-transferable share purchase warrant, with one warrant entitling the holder to acquire one additional common share at a price of $0.25 per share for a period of 24 months. Finders' fees of $1,800 were paid.

In December 2014, the Company issued 177,150 common shares to settle accounts payable totaling $35,430. Based on the closing quoted market price, the fair value recognized was $31,887, resulting in a gain of $3,543.

In February 2015, the Company completed a private placement of $547,500 ($532,500 in cash and $15,000 in settlement of debt) by issuing 3,650,000 units at a price of $0.15 per unit. Each unit consisted of one common share and one non-transferable share purchase warrant, with one warrant entitling the holder to acquire one additional common share at a price of $0.25 per share for a period of 24 months. Finders' fees of $31,800 were paid and 212,000 agents' warrants were granted. The agents' warrants were valued at $25,265 using the Black-Scholes model (Note 9(f)) and have the same terms as the warrants issued in the offering.

In April 2015, the Company completed a private placement of $172,500 ($72,500 in cash and $100,000 in settlement of debt) by issuing 1,150,000 units at a price of $0.15 per unit. Each unit consisted of one common share and one non-transferable share purchase warrant, with one warrant entitling the holder to acquire one additional common share at a price of $0.25 per share for a period of 24 months.

In April 2015, the Company issued 1,318,078 common shares to settle accounts payable totaling $197,712.

During the year 2015, the Company issued 70,000 common shares upon the exercise of share purchase warrants. Cash proceeds received totaled $62,000.

During the year 2015, the Company issued 38,000 common shares upon the exercise of stock options. Cash proceeds received totaled $9,500.

ii) Shares Issued for Mineral Properties in 2015

In August 2014, the Company issued 600,000 common shares pursuant to an option agreement for the Gold Drop Property (Note 6(b)). The fair value recognized of $288,000 was based on the closing quoted market price of the Company's shares on August 18, 2014

In September 2014, the Company issued 217,391 common shares pursuant to an option agreement for the Bouleau Property (Note 6(d)). The fair value recognized of $102,174 was based on the closing quoted market price of the Company's shares on September 9, 2014

NOTE 9 – SHARE CAPITAL (Continued)

b) Issued and Outstanding Share Capital (Continued)

ii) Shares Issued for Mineral Properties in 2015

In October 2014, the Company issued 150,000 common shares pursuant to an option agreement for the Dentonia Property (Note 6(e)). The fair value recognized of $51,000 was based on the closing quoted market price of the Company's shares on October 3, 2014.

In January 2015, the Company issued 700,000 common shares pursuant to an option agreement for the Brett Property (Note 6(a)). The fair value recognized of $126,000 was based on the closing quoted market price of the Company's shares on January 1, 2015.

In February 2015, the Company issued 258,300 common shares pursuant to an option agreement for the Brett Property net smelter royalty (Note 6(a)). The fair value recognized of $49,077 was based on the closing quoted market price of the Company's shares on February 23, 2015.

In March 2015, the Company issued 480,077 common shares pursuant to an option agreement for the Bouleau Property (Note 6(d)). The fair value of $67,211 was based on the closing quoted market price of the Company's shares on March 12, 2015.

iii) Shares Issued for Mineral Properties in 2016

On September 29, 2015, the Company issued 1,321,700 common shares pursuant to an option agreement for the Bouleau Property (Note 6(d)). The fair value recognized of $46,260 was based on the closing quoted market price of the Company's shares on September 29, 2015.

On December 3, 2015, the Company issued 3,333,333 common shares pursuant to an option agreement for the Brett Property (Note 6(a)). The fair value recognized of $166,667 was based on the closing quoted market price of the Company's shares on December 3, 2015.

On February 18, 2016 the Company issued 1,129,000 common shares pursuant to an option agreement for the Brett Property (Note 6(a)). The fair value recognized of $67,740 was based on the closing quoted market price of the Company's shares on February 18, 2016.

On March 14, 2016, the Company issued 1,209,091 common shares pursuant to an option agreement for the Bouleau Property (Note 6(d)). The fair value recognized of $72,545 was based on the closing quoted market price of the Company's shares on March 10, 2016.

c) Stock Options

The Company has a stock option plan under which it is authorized to grant options to directors, employees, and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the market price, minimum price, or a discounted price of the Company's shares as calculated on the date of grant. The options can be granted for a maximum term of 5 years. Vesting terms are determined by the board of directors at the time of grant.

(Expressed in Canadian Dollars)

NOTE 9 – SHARE CAPITAL (Continued)

c) Stock Options (Continued)

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Stock Options	Weighted Average Exercise Price $
Balance, June 30, 2014	201,450	0.27
Granted	2,934,000	0.50
Cancelled	(275,000)	0.50
Exercised	(38,000)	0.25
Balance, June 30, 2015	2,822,450	0.24
Expired	(143,450)	0.25
Cancelled	(620,000)	0.47
Issued	1,000,000	0.05
Balance, June 30, 2016	3,059,000	0.14

The following stock options were outstanding and exercisable at June 30, 2016:

Expiry Date	Number of Stock Options	Exercise Price $	Number of Stock Options Exercisable
August 21, 2016	275,000	0.50	275,000
September 8, 2016	34,000	0.50	34,000
June 4, 2017	1,750,000	0.12	1,750,000
April 29, 2020	1,000,000	0.05	1,000,000
	3,059,000		3,059,000

d) Share Purchase Warrants

	Number of Warrants	Weighted Average Exercise Price $
Balance, June 30, 2014	738,440	0.63
Issued	10,469,245	0.34
Exercised	(70,000)	0.89
Expired	(668,440)	0.60
Balance, June 30, 2015	10,469,245	0.34
Expired	(817,246)	1.00
Balance, June 30, 2016	9,651,999	0.29

(Expressed in Canadian Dollars)

NOTE 9 – SHARE CAPITAL (Continued)

d) Share Purchase Warrants (Continued)

The following share purchase warrants were outstanding at June 30, 2016:

	Number of Warrants	Exercise Price
		$
September 22, 2016	2,371,999	0.40
December 23, 2016	1,830,000	0.25
January 17, 2017	650,000	0.25
February 03, 2017	3,650,000	0.25
April 20, 2017	1,150,000	0.25
	9,651,999	

e) Agents' Warrants

	Number of Warrants	Weighted Average Exercise Price
		$
Balance, June 30, 2014	24,160	0.60
Issued	254,396	0.29
Expired	(24,160)	0.60
Balance, June 30, 2015	254,396	0.29
Expired	(5,036)	1.00
Balance, June 30, 2016	249,360	0.27

The following agents' warrants were outstanding at June 30, 2016:

	Number of Warrants	Exercise Price
		$
September 16, 2016	37,360	0.40
February 3, 2017	212,000	0.25
	249,360	

f) Share-Based Payments

Stock-based compensation costs have been determined based on the fair value of the stock options and agents' warrants at the grant date using the Black-Scholes option-pricing model.

During the year ended June 30, 2016, the Company granted 1,000,000 (2015 – 2,934,000) stock options and nil (2015 – 254,396) agents' warrants. Stock-based compensation expense using the Black-Scholes option pricing model was $49,938 (2015 – $621,837), and $nil (2015 - $34,855), respectively for stock options and agents' warrants. The weighted average fair value was $0.05 (2015 – $0.26) per option for stock options granted and $nil (2015 – $0.14) per warrant for agents' warrants issued.

(Expressed in Canadian Dollars)

NOTE 9 – SHARE CAPITAL (Continued)

f) Share-Based Payments

The following assumptions were used for the Black-Scholes valuation of stock options granted:

	June 30, 2016	June 30, 2015
Risk-free interest rate	0.58%	0.74% to 1.11%
Expected life of stock options	5 years	2 to 5 years
Annualized volatility	288.08%	155.88% to 247.31%
Dividend rate	0.00%	0.00%

The following assumptions were used for the Black-Scholes valuation of agents' warrants granted:

Risk-free interest rate	-	0.74% to 1.11%
Expected life of agents' warrants	-	2 years
Annualized volatility	-	172.00%
Dividend rate	-	0.00%

NOTE 10 – RELATED PARTY TRANSACTIONS

Key management includes directors (executive and non-executive) and senior management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). The amounts paid by the Company for the services provided by related parties have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements. These transactions are in the normal course of operations. Details of transactions between the Company and related parties, in addition to those transactions disclosed elsewhere in these financial statements, are described below.

a) Amount Due From/To Related Party

Amounts due to related parties are in the normal course of business, unsecured, non-interest bearing, and have no specific terms of repayment.

b) Compensation of Key Management Personnel

All related party transactions were in the ordinary course of business and were measured at their exchange amount.

	2016 $	2015 $
Consulting Fees	5,310	19,500
Management Fees	197,500	233,500
Exploration	405	44,630
Office Administration and Support Fees	74,388	121,312
	277,603	418,942

c) During the year ended June 30, 2016, the Company incurred $275,471 (2015 – $384,437) in management and consulting fees, and reimbursements of travel and other expenses to a director and officer (and a company controlled by the director) of the Company.

(Expressed in Canadian Dollars)

NOTE 10 – RELATED PARTY TRANSACTIONS (Continued)

d) During the year ended June 30, 2016, the Company incurred $Nil (2014 – $27,004) in management and consulting fees, and reimbursements of travel and other expenses to a former officer and director of the Company.

e) During the year ended June 30, 2016, the Company incurred $24,810 (2015 – $36,000) in rent and office charges for use of the shared office space to a company under common control.

f) During the year ended June 30, 2016, the Company incurred consulting fees of $5,310 (2015 - $7,500) to a director of the Company.

g) During the year ended June 30, 2016, the Company incurred accounting fees of $28,000 (2015 - $nil) to an officer of the Company.

h) During the year ended June 30, 2016, the Company incurred stock-based compensation of $18,726 (2015 - $220,147) to directors, a former director, and officers of the Company.

NOTE 11 – FLOW-THROUGH SHARE PREMIUM LIABILITY

	2016	2015
	$	$
Flow-Through Share Premium Liability	-	35,000

The Company entered into flow-through share subscription agreements in December 2014 whereby it committed to incur a total of $140,000 of qualifying Canadian exploration expenditures. The value of the flow-through units in excess of the quoted market value of shares on the date of issuance and the fair value of share purchase warrants issued was set up as a liability at the time these shares were issued. Funds raised through the issuance of flow-through shares are required to be expended on qualifying Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation.

In February 2015, the Company renounced $140,000 of qualifying exploration expenditures to the shareholders with an effective date of December 31, 2014. The effect of this renunciation and the reversal of the flow-through share premium liability has been reflected in the financial statements for the year ended June 30, 2015. The Company has incurred qualifying expenditures of $140,000 with respect to exploration activities at the Brett Property.

NOTE 12 – INCOME TAXES

a) Provision for Income Taxes

The income tax recovery of the Company is reconciled to the net loss for the year as reported in the statements of comprehensive loss by applying the combined federal and provincial income tax rate of 26.0% (2015 – 26.0%) as follows:

Loss before Income Tax	(1,390,674)	(4,541,590)
Expected income tax recovery	(362,000)	(1,181,000)
Non-deductible expenditures	18,000	175,000
Change in unrecognized deductible temporary difference	348,000	998,000
Share issuance costs	(3,000)	15,000
Other	(1,000)	(7,000)
Income Tax Expense	-	-

(Expressed in Canadian Dollars)

NOTE 12 – INCOME TAXES (Continued)

b) Deferred Tax Assets and Liabilities

As at June 30, 2016 and 2015, the Company has temporary differences between the carrying value of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Company's deferred tax assets not recognized consist of the following amounts:

	2016 $	2015 $
Property and Equipment	37,000	33,000
Exploration and Evaluation Assets	1,666,000	1,461,000
Non-Capital Losses	1,931,000	1,783,000
Share Issue Costs	17,000	26,000
Net Deferred Tax Assets	3,651,000	3,303,000

As at June 30, 2016, the Company has non-capital losses of approximately $7,426,000 and share issuance costs of approximately $64,000 that may be applied against future income for Canadian income tax purposes. Share issuance costs expire through to 2021.

The non-capital losses expire as follows:

	$
2027	96,000
2028	481,000
2029	538,000
2030	478,000
2031	691,000
2032	763,000
2033	395,000
2034	2,081,000
2035	1,333,000
2036	570,000
	7,426,000

NOTE 13 – SUPPLEMENTAL CASH FLOW INFORMATION

a) Significant Non-Cash Financing Activities

	2016 $	2015 $
Shares Issued for Mineral Properties	353,211	683,462
Shares Issued for Settlement of Debts	-	834,620
	353,211	1,518,082

b) Other Items

Income Taxes Paid	-	-
Interest Paid	23,086	13,939

NOTE 14 – COMMITMENT

On December 1, 2013, the Company entered into a three-year agreement with an officer and a director for consulting services for consideration of $10,000 per month, plus reimbursement of all traveling and direct expenses. The rate will increase to $15,000 per month if the Company reaches a market capitalization of $10,000,000. In addition, the agreement stipulates payment of an annual bonus for the second and third year, such amount to be determined by the board of directors, but not to be less than $25,000.

NOTE 15 – CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration, and development of resource properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company manages its share capital as capital, which as at June 30, 2016, was $12,887,382 (2015 – $12,534,171). Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended June 30, 2016.

NOTE 16 – FINANCIAL INSTRUMENTS

The fair value of the Company's loan receivable, accounts payable and accrued liabilities, convertible debentures payable, and amounts due to related parties approximate their carrying value, which is the amount recorded on the consolidated statement of financial position. The Company's other financial instruments and cash under the fair value hierarchy are recorded at fair value based on level one quoted prices in active markets for identical assets or liabilities.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a) Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Management believes that its credit risk is not significant.

b) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2016, the Company had a cash balance of $76,294 to settle current liabilities of $561,239. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. Management expects to fund those liabilities through the issuance of capital stock and loans from related parties over the coming year.

c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's loans receivable and payable are non-interest bearing. Interest on the Company's debentures payable are based on fixed rates, and as such, the Company is not exposed to significant interest rate risk.

NOTE 16 – FINANCIAL INSTRUMENTS (Continued)

d) Foreign Currency Risk

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents and accounts payable and accrued liabilities that are denominated in U.S. Dollars. The Company's financial instruments denoted in U.S. Dollars are insignificant and any fluctuation in foreign currency exchange rates would have an insignificant impact on net loss for the year.

e) Commodity Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Management closely monitors commodity prices to determine the appropriate course of actions to be taken in its investing and financing activities. As the Company has not yet developed commercial mineral interests, it is not exposed to significant commodity price risk.

NOTE 17 – SUBSEQUENT EVENTS

a) Issuance of Common Shares

Subsequent to year-end, the Company announced a non-brokered private placement of 4,400,000 units at a price of $0.075 cents per unit for gross proceeds of $330,000. The units of the financing comprise one common share and one full share purchase warrant, which may be exercised for a period of five years at a price of $0.10 cents per share. The private placement is subject to the acceptance of the TSX Venture Exchange.

Subsequent to year-end, the Company issued 535,125 common shares pursuant to the option agreement relating to the acquisition of the Bouleau property (note 6(d)).

Subsequent to year-end, the Company issued 300,310 common shares pursuant to debt settlement agreements with various creditors for accounts payable totaling $36,036.

b) Mineral Property Exclusivity Agreement

On August 18, 2016, the Company entered into an exclusivity agreement with New Destiny Mining Corp. ("Destiny") whereby Destiny may conduct due diligence on certain mineral claims comprising the Treasure Mountain property located in British Columbia, Canada with a view to negotiate the terms of a definitive agreement for Destiny's proposed acquisition of these claims.

As at the date of the auditors' report, the companies have not yet formalized the terms of the proposed sale.