CANADIAN OREBODIES

Financial Statements

January 31, 2016 and 2015

(expressed in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Canadian Orebodies Inc.

We have audited the accompanying financial statements of Canadian Orebodies Inc., which comprise the statements of financial position as at January 31, 2016 and 2015, and the statements of operations and comprehensive loss, changes in equity, 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Canadian Orebodies Inc. as at January 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
May 26, 2016

Canadian Orebodies Inc.
Statements of Financial Position
As at January 31, 2016 and 2015

	2016	2015
Assets		
Current assets		
Cash and cash equivalents *(note 2(d))*	$ 702,875	$ 199,778
Accounts receivable	5,219	3,510
Prepaid expenses	4,794	6,045
Marketable securities *(note 3)*	6,000	189,808
Total Assets	$ 718,888	$ 399,141
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 24,809	$ 37,006
Due to related party *(note 10)*	-	233,035
	24,809	270,041
Shareholders' Equity		
Share capital *(note 5)*	21,662,816	20,647,230
Contributed surplus *(note 6)*	4,898,210	4,898,210
Accumulated other comprehensive loss	-	(27,692)
Deficit	(25,866,947)	(25,388,648)
	694,079	129,100
Total Equity and Liabilities	$ 718,888	$ 399,141

Subsequent events *(note 12)*

See accompanying notes to the financial statements

Approved by the Board

Signed: *"Gordon McKinnon"*

Director

Signed: *"Chris Hodgson"*

Director

Canadian Orebodies Inc.
Statements of Operations and Comprehensive Loss
For the years ended January 31, 2016 and 2015

	2016	2015
Expenses		
Management and administrative services *(note 10)*	$ 234,670	$ 363,208
Share based compensation *(note 6 and 10)*	84,226	108,350
Professional and consulting fees	58,047	46,968
Office and administration	57,096	70,346
Investment loss	29,708	104,870
Shareholder information	27,873	31,640
Exploration expenditures *(note 4)*	13,678	18,202
Impairment of marketable securities	-	252,500
Representation and travel	-	4,616
Interest income	(499)	(2,429)
Recovery of exploration expenditures *(note 4)*	(2,500)	(8,471)
Recovery on sale of mineral property *(note 4)*	(24,000)	(400,000)
	478,299	589,800
Net loss for the year	(478,299)	(589,800)
Other comprehensive (loss) income		
Items that will subsequently be reclassified to profit or loss:		
Unrealized loss on available-for-sale marketable securities arising during the year	-	(132,692)
Items reclassified to profit or loss:		
Realized loss	27,692	52,500
Other than temporary loss	-	252,500
	27,692	172,308
Total comprehensive loss for the year	$ (450,607)	$ (417,492)
Basic and diluted net loss per share *(note 8)*	$ (0.013)	$ (0.018)

See accompanying notes to the financial statements

Canadian Orebodies Inc.
Statements of Cash Flows
For the years ended January 31, 2016 and 2015

		2016		2015
Operating Activities				
Net loss	$	(478,299)	$	(589,800)
Items not affecting cash and cash equivalents from operating activities:				
Interest income		(499)		(2,429)
Share based compensation		84,226		108,350
Investment loss		29,708		104,870
Shares issued for mineral properties		10,000		13,000
Marketable securities received from sale of mineral property		-		(400,000)
Impairment of marketable securities		-		252,500
Changes in non-cash working capital items				
Accounts receivable		(1,709)		47,816
Prepaids and deposits		1,251		5,160
Exploration advances		-		105,000
Accounts payable and accrued liabilities		(12,197)		(1,025)
		(367,519)		(356,558)
Financing Activities				
Issue of common shares		723,500		-
Share issue (costs) / recovery		(35,175)		4,550
		688,325		4,550
Investing Activities				
Sale of marketable securities		181,792		200,930
Interest income		499		2,429
		182,291		203,359
Net change in cash and cash equivalents		503,097		(148,649)
Cash and cash equivalents, beginning of year		199,778		348,427
Cash and cash equivalents, end of year	$	702,875	$	199,778
Supplementary cash flow information				
Shares issued for extinguishment of due to related party	$	233,035	$	-
Shares issued for extinguishment of accounts payable to key management personnel	$	84,226	$	-

See accompanying notes to the financial statements

Canadian Orebodies Inc.
Statements of Changes in Equity
For the years ended January 31, 2016 and 2015

	Share Capital		Reserves			Deficit	
	(note 5) Number of shares	Amount	Contributed surplus	Warrants	Accumulated other comprehensive (loss) income	Deficit	Total
Balance, January 31, 2014	**32,634,059**	**$ 20,629,680**	**$ 4,552,962**	**$ 236,898**	**$ (200,000)**	**$(24,798,848)**	**$ 420,692**
Recovery of cost of issue of private placements	-	4,550	-	-	-	-	4,550
Issued for mineral properties	90,000	13,000	-	-	-	-	13,000
Fair value of warrants expired	-	-	236,898	(236,898)	-	-	-
Share-based compensation	-	-	108,350	-	-	-	108,350
Unrealized loss on marketable securities	-	-	-	-	(132,692)	132,692	-
Reclassification of realized loss and impairment on marketable securities	-	-	-	-	305,000	(305,000)	-
Comprehensive loss for the year	-	-	-	-	-	(417,492)	(417,492)
Balance, January 31, 2015	**32,724,059**	**$ 20,647,230**	**$ 4,898,210**	**$ -**	**$ (27,692)**	**$(25,388,648)**	**$ 129,100**
Private placements	36,175,000	723,500	-	-	-	-	723,500
Conversion of due to related party *(note 10)*	11,651,784	233,035	-	-	-	-	233,035
Cost of issue of private placements	-	(35,175)	-	-	-	-	(35,175)
Issued for mineral properties *(note 4)*	200,000	10,000	-	-	-	-	10,000
Share-based compensation	4,211,281	84,226	-	-	-	-	84,226
Reclassification of realized loss on marketable securities	-	-	-	-	27,692	(27,692)	-
Comprehensive loss for the year	-	-	-	-	-	(450,607)	(450,607)
Balance, January 31, 2016	**84,962,124**	**$ 21,662,816**	**$ 4,898,210**	**$ -**	**$ -**	**$(25,866,947)**	**$ 694,079**

See accompanying notes to the financial statements

1. Nature of Operations

Canadian Orebodies Inc. (the "Company") was incorporated pursuant to the provision of the Business Corporations Act (of Alberta) on January 28, 2008 ("Inception Date"). On July 21, 2008, the Company was authorized to continue its operations from the jurisdiction of Alberta to Ontario. Its principal business activity is the exploration of mineral properties. The address of the Company's registered office is 141 Adelaide Street West, Suite 301, Toronto, Ontario M5H 3L5. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amount expended on mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of such properties.

2. Significant Accounting Policies

(a) Basis of presentation

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

These financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business, and on a historical cost basis except for the revaluation of certain financial instruments. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The financial statements were approved by the Board of Directors on May 26, 2016.

(b) Significant accounting estimates and judgements

The preparation of these financial statements requires management to make judgments and estimates 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 judgments and estimates. The financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and 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 also in future periods when the revision affects both current and future periods.

2. Significant Accounting Policies - continued

(c) Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations and comprehensive loss.

Loans and receivables - These assets are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. 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.

Held to maturity investments - These assets are non derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations and comprehensive loss.

Available for sale - These assets are non derivative financial assets not included in the above categories. They are carried at fair value with changes in fair value recognized in other comprehensive income. Where a decline in the fair value of an available for sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at the end of each reporting period. Financial assets are impaired when there is any objective evidence that the future cash flows associated with a financial asset or a group of financial assets have been negatively impacted. Different criteria to determine impairment are applied for each category of financial assets described above.

2. Significant Accounting Policies - continued

(c) Financial instruments - continued

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the corresponding asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations and comprehensive loss.

Other financial liabilities - This category includes all other financial liabilities, all of which are recognized at amortized cost.

The Company's financial instruments consist of the following:

Financial assets:	**Classification:**
Cash and cash equivalents	Fair value through profit and loss
Accounts receivable	Loans and receivables
Marketable securities - equity securities	Available for sale
Marketable securities - share purchase warrants	Fair value through profit and loss
Financial liabilities:	**Classification:**
Accounts payable and accrued liabilities	Other financial liabilities
Due to related party	Other financial liabilities

Fair value hierarchy

The Company classifies its financial instruments according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- Level 3 - Inputs for assets or liabilities that are not based on observable market data.

The Company's cash and cash equivalents and equity securities held as marketable securities are classified within level 1 of the fair value hierarchy.

2. Significant Accounting Policies - continued

(d) Cash and cash equivalents

Cash and cash equivalents include money market instruments which are readily convertible into cash or have maturities at the date of purchase of less than ninety days. The breakdown of cash and cash equivalents was:

	January 31, 2016	**January 31, 2015**
Cash	$ 636,797	$ 39,620
Money market instruments	66,078	160,158
	$ 702,875	**$ 199,778**

(e) Mineral properties and exploration expenditures

The Company expenses all costs relating to the acquisition of, exploration for and development of mineral claims and credits all revenues received against the exploration expenditures. Such costs include, but are not limited to geological, geophysical studies, exploratory drilling and sampling.

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.

(f) Income taxes

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

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized either in profit or loss and comprehensive income or loss or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent their future recovery is probable. At the end of each reporting period, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

2. Significant Accounting Policies - continued

(g) Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resources property exploration expenditures. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

(h) Share issue costs

Costs incurred for the issue of common shares and warrants are deducted from share capital and warrants respectively.

(i) Share-based payment transactions

The share option plan allows the Company’s employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share based payment expense 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.

The fair value is measured at grant date and each tranche is recognized on a graded vesting basis 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 the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

(j) Asset retirement obligation

The operations of the Company are subject to regulations governing the environment, including future site restoration costs for mineral properties. The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred when a reasonable estimate of fair value can be made. If a reasonable estimate of fair value cannot be made in the period the asset retirement obligation is incurred, the liability is recognized when a reasonable estimate of fair value can be made.

2. Significant Accounting Policies - continued

(j) Asset retirement obligation - continued

The Company has determined that there are no asset retirement obligations or any other environmental obligations with respect to its mineral properties, and therefore no liability has been recognized in these financial statements.

(k) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted loss per share is computed using the treasury stock method. Stock options and warrants outstanding are not included in the computation of diluted loss per share if their inclusion would be anti dilutive.

(l) Future changes in accounting standards not yet adopted

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The Company intends to adopt those standards when they become effective.

IFRS 9 - Financial Instruments

IFRS 9, Financial Instruments ("IFRS 9") was issued in its final form by the IASB in July 2014 and will replace *IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39")*. IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

3. Marketable Securities

During the year ended January 31, 2016 the Company sold the majority of its equity securities for gross proceeds of $181,792. The following is a summary of the Company's marketable securities:

	January 31, 2016	January 31, 2015
Equity securities	$ 6,000	$ 189,808

4. Mineral Properties and Exploration Expenditures

The total cumulative expenditures, net of recoveries, on each active property in the Company's mineral property portfolio are as follows:

	Belcher Islands Iron Project	Farley Lake Project	Lithium and Rare Metals Project	Trump & Hawkins Projects	Total
January 31, 2014	**$ 14,202,007**	**$ 800,000**	**$ 1,275,724**	**$ 745,484**	**$ 17,023,215**
Expenditures	2,702	-	10,000	5,500	18,202
Recoveries	(8,471)	(400,000)	-	-	(408,471)
Disposals *	-	(400,000)	-	-	(400,000)
January 31, 2015	**14,196,238**	**-**	**1,285,724**	**750,984**	**16,232,946**
Expenditures	3,678	-	10,000	-	13,678
Recoveries	(2,500)	-	-	(24,000)	(26,500)
January 31, 2016	**$ 14,197,416**	**$ -**	**$ 1,295,724**	**$ 726,984**	**$ 16,220,124**

** Disposal indicates the Company no longer holds an interest in the respective property and, as such, the cumulative expenditure has been eliminated.*

Belcher Islands Iron Project

On February 14, 2011 the Company entered into a non-arm's length Purchase Agreement (the "Agreement") to acquire up to a 100% legal and beneficial interest in the Inuit Owned Lands Mineral Exploration Agreement (the "NTI Agreement") with Nunavut Tunngavik Incorporated ("NTI") which covers the Haig Inlet Iron Project with an area of approximately 1,226 hectares, located on the Belcher Islands, Nunavut, Canada (the "Property"). The Company now holds a 100% interest in the NTI Agreement and the vendors retain a 3% gross overriding royalty, of which one-third can be purchased by the Company for a maximum of $3,000,000. In addition to the lands acquired under the Agreement, the Company staked 29 claims covering 21,816 hectares of Municipal Land.

Lithium & Rare Metals

Falcon Lake Property

On November 20, 2009, the Company entered into an option agreement to acquire a 100% interest in various mining claims known as the Falcon Lake and Barbara Lake Properties that make up its lithium and rare metals properties. The vendor retains a 2% Net Smelter Return Royalty ("NSR") on the property, one-half of which can be purchased for $1,000,000.

4. Mineral Properties and Exploration Expenditures - continued

Lithium & Rare Metals - continued

Zig Zag Property

On March 3, 2010, the Company signed a property acquisition agreement with Ultra Lithium Inc. ("Ultra") and the underlying property owners (the "Owners") to acquire an 80% interest in the Zig Zag Property located approximately 60 kilometers northeast of Armstrong, Ontario. On October 15, 2013, the Company acquired Ultra's remaining 20% interest in the Zig Zag Property. The Owners retain a 2% NSR, one-half of which can be purchased by the Company for $1,000,000. Commencing on the fourth anniversary, the Company will be required to pay $10,000 per annum in pre-production royalties in either cash or shares. During the year ended January 31, 2016, the Company issued 200,000 shares to the Owners, valued at $10,000, to pay the pre-production royalty.

Hawkins Property

The Hawkins property is comprised of 96 claim units covering 1,536 hectares located in the Hawkins and Walls Townships, approximately 200 kilometers east of Timmins. On November 12, 2015 the Company entered into an option agreement with Pavey Ark Minerals Inc. ("Pavey Ark"), whereby Pavey Ark could acquire a 100% interest in the Hawkins Property by making 13 monthly option payments of $8,000, for total consideration of $104,000 in cash. Pavey Ark has the option to reduce the total consideration to $96,000 by paying that amount in full on or before February 12, 2016 (see note 12).

Trump Property (Webequie)

On July 8, 2008, the Company announced it had entered into a letter of intent with Rainy Mountain Royalty Corp. ("Rainy Mountain", formally East West Resource Corporation) granting the Company the option to acquire an 80% legal and beneficial interest in 96 claim units comprising more than 1,536 hectares in the James Bay Lowlands. In order to earn its 80% legal and beneficial interest, the Company was required to:

1. Pay to Rainy Mountain $10,000 (paid);
2. Issue to Rainy Mountain an aggregate amount of 280,000 common shares of Orebodies (issued);
3. Commission a VTEM airborne survey on the property (completed);
4. Rainy Mountain will hold a 20% carried interest in the property until a Bankable Feasibility study is produced.

5. Share Capital

Authorized share capital

On March 3, 2015, the Company issued 200,000 common shares valued at $10,000 as part of the Zig Zag property agreement (note 4).

On July 9, 2015, the Company completed a share consolidation on the basis of one post-consolidation common share for every five pre-consolidation common shares (the "Share Consolidation"). The exercise price of outstanding share options, and the number of such options, were also proportionately adjusted based upon the Share Consolidation. All historical information presented in the financial statements has been adjusted to reflect the Share Consolidation.

On December 31, 2015, the Company closed a first tranche of a non-brokered private placement raising gross proceeds of $702,500 through the sale of 35,125,000 common shares at a price of $0.02 per share. In connection with the private placement, the Company paid finders fees of $35,175. Also on December 31, 2015, the Company repaid the related party loan through the issuance of 11,651,784 common shares and paid deferred salaries totalling $84,226 through the issuance of 4,211,281 common shares.

On January 5, 2016, the Company closed a second tranche of a non-brokered private placement raising gross proceeds of $21,000 through the sale of 1,050,000 common shares at a price of $0.02 per share.

At January 31, 2016, the authorized share capital consisted of an unlimited number of common shares and the issued share capital amounted to $21,662,816. The common shares do not have a par value. All issued shares are fully paid.

6. Share Options

The Company has a Share Option Plan (the "Plan") under which it is authorized to grant options to purchase common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The aggregate number of shares of the Company which may be issued and sold under the Plan will not exceed 10% of the total number of common shares issued and outstanding from time to time. Share options are granted with a maximum term of five years with vesting requirements at the discretion of the Board of Directors.

The Company records a charge to the statements of operations and comprehensive loss using the Black-Scholes fair valuation option pricing model with respect to a share option grant. The valuation is dependent on a number of estimates, including the risk free interest rate, the level of share volatility, together with an estimate of the level of forfeiture. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

6. Share Options - continued

The following table reflects the continuity of share options for the period ended January 31, 2016:

	Options	Weighted Avg. Exercise Price
Balance, January 31, 2014	1,755,000	0.81
Granted	985,000	0.25
Expired	(280,000)	0.71
Balance, January 31, 2015	2,460,000	0.59
Expired	(325,000)	0.50
Cancelled	(2,135,000)	0.61
Balance, January 31, 2016	**-**	**-**

7. Warrants

A summary of the Company's outstanding warrants, for the years ended January 31, 2016 and 2015 are as follows:

	2016	2015
Balance, beginning of year	-	1,614,000
Expired	-	(1,614,000)
Balance, end of year	**-**	**-**

8. Loss Per Common Share

The following table sets forth the computation of basic and diluted earnings per share for the years ended January 31, 2016 and 2015.

	2016	2015
Loss attributable to common shareholders	$ (478,299)	$ (589,800)
Weighted-average common shares outstanding - basic and diluted	37,311,812	32,679,059
Basic and diluted loss per common share	**$ (0.013)**	**$ (0.018)**

Diluted loss per share did not include the effect of the share options and warrants outstanding respectively as their effect was anti-dilutive.

9. Income Taxes

Deferred taxes have not been recognized in respect of the deductible temporary differences set out below:

	2016	2015
Non-capital losses	$ 4,628,860	$ 3,995,840
Capital losses	181,170	-
Exploration expenditures	12,646,750	12,667,070
Mining tax credits	510,880	510,880
Share issue costs	73,510	294,930
Marketable securities	78,000	255,190
Property, plant, and equipment	2,460	4,960

The non-capital losses carried foward will expire between 2029 and 2036. The capital losses, exploration expenditures, and property, plant, and equipment may be carried forward indefinitely. The mining tax credits expire between 2032 and 2033. The share issue costs will be deducted for tax purposes over the next four years. The investment tax credits will expire between 2032 and 2033.

10. Related Party Transactions and Balances

(a) Director and Executive Management Compensation

Directors and executive management's compensation for the years ended January 31, 2016 and 2015 consisted of the following:

	2016	2015
Cash compensation	$ 234,670	$ 355,800
Stock compensation	84,226	-
Fair value of stock options	-	106,700
	$ 318,896	**$ 462,500**

During the year ended January 31, 2016, the Company's executive management voluntarily deferred a portion of their salaries to conserve capital. On December 31, 2015, in conjunction with the private placement financing closed on the same day, deferred salary payable totalling $84,226 was extinguished through the issuance of 4,211,281 common shares valued at $0.02 per share.

10. Related Party Transactions and Balances - continued

(b) Director and Executive Management Transactions

The aggregate value of transactions and outstanding balances relating to entities over which directors and executive management have control or significant influence were as follows:

		Transaction value		Balance outstanding	
		Year ended January 31,		as at January 31,	
Account	**Note**	**2016**	**2015**	**2016**	**2015**
Private placements	(i)	$ 16,000	$ -	$ -	$ -
Due to related party	(ii)	$ (233,035)	$ -	$ -	$ 233,035

(i) On January 6, 2016, Gordon McKinnon, the Chief Executive Officer and a director of the Board, purchased 500,000 common shares in the private placement financing at a price of $0.02 per share for a total of $10,000. Fraser Laschinger, the Chief Financial Officer, purchased 300,000 common shares in the private placement financing at a price of $0.02 per share for a total of $6,000.

(ii) The Company had a loan from 695202 Ontario Limited, a corporation controlled by a relative of Gordon McKinnon, the Chief Executive Officer and a director of the Board, in the amount of $233,035 that was converted to 11,651,784 common shares of the Company at a price of $0.02 per share on December 31, 2015.

11. Capital Risk Management

The Company's capital is composed of shareholders' equity. 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 mineral 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 properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended January 31, 2016. The Company is not subject to externally imposed capital requirements.

11. Capital Risk Management - continued

Financial Risk Factors

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

(a) Credit risk

The Company's credit risk is primarily attributable to accounts receivable which consist primarily of Harmonized Sales Tax receivable. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is remote.

(b) Liquidity risk

The Company is currently in the exploration stage and has not commenced commercial operations. As at the date of issue of these financial statements, the Company had an accumulated deficit of $25,866,947. As at January 31, 2016, the Company was not yet generating operating cash flows, but had working capital of $694,079. Within this amount, it had a cash balance of $702,875 (January 31, 2015: $199,778) to settle current liabilities of $ 24,809 (January 31, 2015: $270,041).

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to fund its liabilities as they become due. All of the Company's financial liabilities have contractual maturities of less than 60 days and are subject to normal trade terms. The Company may be required to obtain additional capital to continue its progress toward recovering the amount expended on its mineral properties, and although success in this regard is not assured, management is of the opinion that additional capital can be raised as required for the foreseeable future.

(c) Market risk

(i) Interest rate risk

The Company has cash balances and no interest-bearing debt. Interest rate risk is remote.

(ii) Price risk

The Company is indirectly exposed to price risk with respect to the price of base metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Price risk is remote since the Company is not a producing entity.

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. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

11. Capital Risk Management - continued

Financial Risk Factors - continued

(d) Fair Value

The fair values of the Company's cash and cash equivalents, accounts receivable and accounts payables approximate their carrying values because of the short term-nature of these instruments.

(e) Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve month period. The Company's investments in public companies are sensitive to a plus or minus 50% change in Canadian equity prices which would affect comprehensive income (loss) by approximately $ 3,000.

12. Subsequent Events

On February 23, 2016, the Company completed the sale of the Hawkins Property to Pavey Ark Minerals Inc. and received a final payment of $72,000 for total cash consideration of $96,000. In addition, the Company was granted a 0.5% NSR.

On March 3, 2016, the Company issued 500,000 shares, valued at $10,000, to the underlying owners of the Zig Zag Property as payment of the pre-production royalty.

On March 4, 2016, the Company announced the signing of an option agreement to sell its 100% interest in the Zig Zag and Falcon Lake Properties to Sunrise International Resources Ltd., a subsidiary of Argonaut Resources NL, for cash payments totalling $420,000 by November 30, 2016. In addition, the Company may receive milestone payments upon the completion of a maiden resource estimate and a decision to mine the properties.

On April 28, 2016, the Company sold its 100% interest in the Greenbush Property, which was staked on March 22, 2016, to Sunrise Canada Inc., a subsidiary of Argonaut Resources NL, in exchange for a cash payment of $100,000 on closing and the granting of a 2% NSR.

On May 24, 2016, the Company acquired a 100% interest in 135 claim units located near Hemlo, Ontario from two vendors in exchange for a cash payment totalling $25,000, the issuance of 500,000 common shares of the Company, and the granting of a 1.0% NSR.