

Copper Reef Mining Corporation

FINANCIAL STATEMENTS

YEARS ENDED FEBRUARY 29, 2016 AND 2015

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed, interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

The accompanying unaudited, condensed interim financial statements of Copper Reef Mining Corp. for the three months ended February 29, 2016 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors. The accompanying unaudited, condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Copper Reef Mining Corporation
Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	February 29, 2016 \$	November 30, 2015 \$
Assets			
Current assets			
Cash		16,624	50,623
Marketable securities	4	20,896	100,514
Amounts receivable	5	6,606	10,648
Total current assets		44,126	161,785
Non-current assets			
Equipment	6	1,894	2,047
Exploration and evaluation assets	7, 11	9,087,970	9,030,611
Total Assets		9,133,989	9,194,443
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	8	206,094	153,771
Non-current liabilities			
Deferred income taxes		1,190,000	1,190,000
Total Liabilities		1,396,094	1,343,771
Shareholders' equity			
Share capital	9(b)	13,374,415	13,374,415
Stock option reserve	9(c)	284,900	284,900
Warrant reserve	9(d)	41,500	57,500
Deficit		(5,962,920)	(5,866,143)
Total Shareholders' Equity		7,737,895	7,850,672
Total Liabilities and Shareholders' Equity		9,133,989	9,194,443

Going concern (Note 1)

Commitments and contingencies (Notes 7 and 12)

Subsequent events (Note 16)

Approved on behalf of the Board of Directors

"Stephen L. Masson"

"Robert Granger"

Chief Executive Officer & Director

Director

The accompanying notes are an integral part of these financial statements

Copper Reef Mining Corporation
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Notes	3-Months Ended	
		February 29	2015
		2016	
Expenses			
Amortization	6	153	216
General and administrative		58,171	44,159
Investor relations		575	962
Generative exploration		17,616	31,557
Total expenses		76,515	76,894
Other Income/(loss)			
Unrealized/ realized gain (loss) on marketable securities	4	(36,263)	(78,461)
Total other income (loss)		(36,263)	(78,461)
(Loss) before income taxes		(112,777)	(155,355)
Net (loss) and comprehensive (loss) for the year		(112,777)	(155,355)
(Loss) per share, basic and diluted		(0.001)	(0.001)
Weighted average shares outstanding, basic and diluted		120,761,300	115,805,744

Copper Reef Mining Corporation
Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Number of Shares #	Amount \$	Stock Option Reserve \$	Warrant Reserve \$	Deficit \$	Total Shareholder's Equity \$
Balance as at November 30, 2014	115,281,300	13,181,915	472,637	16,000	(5,627,798)	8,042,754
Units issued for cash, private placement	800,000	40,000	–	–	–	40,000
Shares issued under property purchase agreement	500,000	15,000	–	–	–	15,000
Value of warrants issued	–	(12,000)	–	12,000	–	–
Net loss and comprehensive loss for the 3-months ended February 28, 2015	–	–	–	–	(155,355)	(155,355)
Balance as at February 28, 2015	116,581,300	13,224,915	472,637	28,000	(5,783,153)	7,942,400
Units issued for cash, private placement	1,180,000	59,000	–	–	–	59,000
Shares issued under property purchase agreement	3,000,000	120,000	–	–	–	120,000
Value of warrants issued	–	(29,500)	–	29,500	–	–
Options cancelled	–	–	(187,737)	–	187,737	–
Net loss and comprehensive loss for the year	–	–	–	–	(270,726)	(270,726)
Balance as at November 30, 2015	120,761,300	13,374,415	284,900	57,500	(5,866,142)	7,850,672
Value of warrants expired	–	–	–	(16,000)	16,000	–
Net loss and comprehensive loss for the 3-months ended February 29, 2016	–	–	–	–	(112,777)	(76,515)
Balance as at February 29, 2016	120,761,300	13,374,415	284,900	41,500	(5,962,920)	7,737,895

The accompanying notes are an integral part of these financial statements

Copper Reef Mining Corporation
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Notes	3-Months Ended February 29 (28)	
		2016	2015
		\$	\$
Net (loss) for the year		(112,777)	(155,355)
Unrealized/ realized (gain) loss on marketable securities		79,618	76,098
Amortization		153	216
(Increase)/decrease in amounts receivable		4,044	1,052
Increase/(decrease) in accounts payable and accrued liabilities		36,982	(9,622)
Cash (used in) operating activities		8,021	(87,611)
Cash Flows from Financing Activities			
Proceeds from share and warrant issuance		–	40,000
Advance from related party		–	0
Cash provided from financing activities		–	40,000
Cash Flows from Investing Activities			
Net proceeds from the sale of marketable securities		–	75,001
Exploration, evaluation and expenditures, net of (1)	7	(42,018)	(20,961)
Cash provided from (used in) investing activities		(42,018)	54,040
(Decrease) in cash		(33,999)	6,429
Cash, beginning of year		50,623	35,365
Cash, end of year		16,624	41,794
Supplemental Information			
(1) Change in accrued exploration expenditures			6,601
(2) Shares issued for evaluation and exploration assets		–	15,000

The accompanying notes are an integral part of these financial statements

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Copper Reef Mining Corporation (the "Company" or "Copper Reef") was incorporated under the laws of the Province of Manitoba by Letters Patent of Incorporation dated March 27, 1973 as "Copper Reef Mines (1973) Limited", as amended by Articles of Amendment dated January 18, 2005, and Articles of Amendment dated September 8, 2006, changing the corporate name to "Copper Reef Mining Corporation". The registered and head office of the Company is located at 6 Mitchell Road, Flin Flon, Manitoba R8A 1N1.

The shares of the Company are listed on the Canadian Securities Exchange under the symbol "CZC". The Company is engaged in the identification, acquisition and exploration of mineral properties in Canada, with present activities concentrated in the provinces of Manitoba and Saskatchewan.

The financial statements of Copper Reef for the 3-Months ended February 29, 2016 were reviewed by the Audit Committee and approved and authorized by the Board of Directors on April 25, 2016.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, other land claims and non-compliance with regulatory and environmental requirements. These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. These adjustments could be material.

As at February 29, 2016, the Company had not advanced any of its properties to commercial production and is not able to finance day to day activities through operations. The Company incurred losses before income taxes of \$112,777 during the year ended February 29, 2016, had working capital of \$(151,968), and had an accumulated deficit of \$5,962,920 as at February 29, 2016. There is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with funds currently on hand and through the raising of equity (see Note 16), and expects that it will require additional financing in order to carry out its exploration plans and operations for the coming twelve months.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

a) STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

The policies set out below were consistently applied to all periods presented unless otherwise noted below. These financial statements have been prepared on a historical cost basis except for financial instruments carried at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

- IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. 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. Earlier adoption is permitted.
- IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

- IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted.

4. MARKETABLE SECURITIES

The Company holds shares in two public companies Foran Mining Corp. and Jaxon Minerals Inc. Activity in marketable securities is summarized as follows:

Securities issuer	February 29, 2016					November 30, 2015		
	Number of shares November 30, 2015	Number of shares sold during year	Number of shares February 29, 2016	Value \$	Cumulative Unrealized (loss) \$	Number of shares held	Value \$	Cumulative Unrealized (loss) \$
Foran Mining Corporation	948,700	695,000	253,700	20,296	(198,393)	948,700	99,614	-706,782)
Jaxon Minerals Inc.	20,000	0	20,000	600	(16,400)	20,000	900	(16,100)
Total				20,896	(214,793)		100,514	(722,882)

During the period ended February 29, 2016, the Company sold 695,000 shares (2015 – Nil) of Foran Mining Corporation for total net proceeds of \$43,355 (2015 – Nil), resulting in a net realized loss of \$28,380 (2015 – Nil).

5. AMOUNTS RECEIVABLE

The Company’s amounts receivable are broken down as follows:

	February 29, 2016 \$	November 30, 2015 \$
Goods and services tax receivable	6,605	10,648
Total	6,605	10,648

6. EQUIPMENT

	Cost	Accumulated Amortization	February 29, 2016 Net Book Value	November 30, 2015 Net Book Value
	\$	\$	\$	\$
Vehicles	10,031	8,137	1,894	2,047

7. EXPLORATION AND EVALUATION ASSETS

The Company holds interests in 42 mineral properties, with 40 held by way of mineral claims and two by mineral leases, all located in Saskatchewan and Manitoba. Nineteen of the properties are consolidated into five groups plus one individual claim as noted in the table overleaf.

The remaining properties are grouped under "Other" in the table overleaf. These claims include the Hanson Lake, Mink Narrows Group, Smelter, Kiss/Kissing Group and Fort LaCorne plus 7 individual properties.

A continuity schedule of the capitalized expenditures allocated to individual major properties and summarized for minor properties is shown overleaf:

The Mink Narrows Group and the Smelter and Hanson Lake properties have been allocated to "Others" as work for the past two years has consisted of title sustaining work necessary to maintain the current status of the claims.

Also, the Company has included a summary of expenditures that have been expensed not capitalized to illustrate total mineral property costs for the periods ended February 29, 2016 and 2015.

7. EXPLORATION AND EVALUATION ASSETS (CONT'D)

	Total	Non Capitalised Expenditures	Total Capitalised Expenditures	Gold Rock Group	Alberts Lake Group	Morgan Group	Burn	Otter/ Twin Lakes	Pikoo	Others
Balance, November 30, 2014			8,805,958	1,523,770	556,640	341,498	23,076	249,515	112,167	5,999,292
Claim acquisition & holding	17,325	1,701	15,624	–	143	26	–	13	15,000	442
Assay	10	10	–	–	–	–	–	–	–	–
Geological	1,644	–	1,644	44	–	–	–	–	1,600	–
Field labour costs	37,153	25,178	11,975	–	–	–	475	2,138	9,362	–
Other fields costs	4,786	4,668	118	118	–	–	–	–	–	–
Total Q1 2015 expenditures	60,918	31,557	29,361	162	143	26	475	2,151	25,962	442
Claim acquisition & holding	132,983	3,500	129,483	1,200	4,447	1,611	129	285	40,000	81,811
Assay	2,706	2,317	389	–	5	–	–	–	384	–
Geological	12,093	203	11,890	–	–	–	–	5,090	6,800	–
Field labour costs	110,021	71,739	38,282	1,211	5,550	–	–	2,926	28,119	476
Other fields costs	28,823	13,575	15,248	142	–	–	–	–	15,106	–
Total Q2-Q4 2015 expenditures	286,626	91,334	195,292	2,553	10,002	1,611	129	8,301	90,409	82,287
Balance November 30, 2015			9,030,611	1,526,485	566,785	343,135	23,680	259,967	228,538	6,082,021
Claim acquisition & holding	3,079	1,911	1,168	–	–	–	–	39	–	1,129
Assay	13,752	50	13,702	–	–	–	–	–	13,702	–
Geological	2,000	–	2,000	–	–	–	–	–	2,000	–
Field labour costs	44,748	11,736	33,013	–	15,625	–	–	–	17,388	–
Other fields costs	11,395	3,919	7,476	–	7,193	–	–	–	284	–
Total Q1 2016 expenditures	74,974	17,616	57,358	–	22,818	–	–	39	33,373	1,129
Balance February 29, 2016			9,087,970	1,526,485	589,603	343,135	23,680	260,006	261,911	6,083,150

7. EXPLORATION AND EVALUATION ASSETS (CONT'D)

PROPERTIES INCLUDED IN THE PRECEDING TABLE

Gold Rock Group, Manitoba

The Gold Rock Group includes the Gold Rock, North Star and Star mineral properties, the North Star mining lease and the Gold Rock mining lease. The North Star mineral property and mining lease are subject to a 2% Net Smelter Returns royalty ("NSR").

The Gold Rock Mining Lease is 100% owned by the Company, subject to a 2% NSR. In addition the NSR holder retains a 25% Net Profits Interest ("NPI") in the first 25 feet below surface of vein material as currently documented.

Also included in the Gold Rock Group is the Murr claim, also owned 100% by the Company, subject to a 1% NSR.

Alberts Lake Group, Manitoba

The Alberts Lake Group includes the Alberts Lake, Lew, Amulet, Mike, Mur and Hanna mineral properties. With the exception of the Mike 1 (15% NPI) and Mur 6 (2% NSR), all claims are 100% owned by the Company.

Morgan Group, Manitoba

The Morgan Group includes the Morgan, Bruce Morgan, Woo and Woosey mineral properties. The Morgan claims are 100% owned, subject to a 10% NPI with an advance royalty payment of \$150,000 upon the making of a Bruce Morgan Property production decision by the Company. The Woo and Woosey claims are 100% owned with no underlying royalties or charges.

Burn, Manitoba

On January 23, 2012, the Company announced that it had reached an option agreement with Jaxon Minerals Inc (JAX-TSX-V, "Jaxon") whereby, Jaxon can earn a 100% interest over a four year period, to the Company's Burn Property for a total consideration of \$10,000 (received), 190,000 Jaxon shares (20,000 received, valued at \$17,000) and a work commitment of \$600,000 to earn 100% interest. The Company will retain a 2.5% NSR of which 1% can be purchased by Jaxon for \$1,000,000 or alternatively, at the Company's election, payment of a \$1.00 per ton royalty for ore extracted from the property. On January 7, 2014, Jaxon terminated the option agreement with the Company.

During the year ended November 30, 2014, the Company received a Manitoba government rebate of \$12,425 against a cash in lieu payment of the same amount made previously to maintain claims in good standing.

Otter/Twin Lakes Group, Manitoba

The Otter Group includes the Otter Lake and Twin Lakes mineral properties. On December 23, 2011, the Company announced the 100% acquisition of the Otter Lake Property for \$5,000 and 50,000 shares of the Company valued at \$5,250 based on the quoted market price of the shares on the measurement date. The vendor retained a 1% NSR on the Otter Lake claims. The Twin Lakes property is owned 100% by the Company.

7. EXPLORATION AND EVALUATION ASSETS (CONT'D)

During the year ended November 30, 2014, the Company received a Manitoba government rebate of \$29,983 for work completed on the property.

Pikoo, Saskatchewan

On January 23, 2014, the Company entered a property purchase agreement with CanAlaska Uranium Ltd. ("CanAlaska") for the acquisition of two claim units located in Saskatchewan. In order to complete the purchase, the Company is required to pay \$50,000 cash (paid), issue two tranches of shares each of 500,000 on or before February 15, 2014 (issued) and by January 31, 2015 (issued) and complete \$50,000 of qualified exploration work by December 31, 2014 (incurred) and a further \$50,000 by December 31, 2015 (incurred).

On April 22, 2015, the Company entered a second property purchase agreement with CanAlaska for the acquisition of two additional Pikoo claim blocks referred to as "C2" and "C3". Terms of acquisition were the issuance of 1,000,000 shares to CanAlaska (issued) and completion of two years assessment work or the issuance of a further 1,000,000 shares of the Company. The agreement is subject to a 2.5% NSR to CanAlaska.

As at February 29, 2016, a total of \$33,494 in qualified assessment work through flow through funds had been completed on the claims.

OTHER CLAIMS

Summary of capitalized costs for other properties are noted as follows:

Property	Expenditures	
	February 29, 2016	November 30, 2015
Hanson Lake	1,679,733	1,679,733
Mink Narrows Group	2,451,366	2,451,314
Smelter	1,604,775	1,604,775
Kiss/Kississing Group	173,659	173,659
Lucille Lake	91,224	91,224
Fort LaCorne	80,000	80,000
Others – 7 individual properties	2,393	1,315
Total	6,083,150	6,082,020

Hanson Lake, Saskatchewan

The Hanson Lake Property consists of a single claim located in the Hanson Lake area of Saskatchewan. It is 100% owned by the Company.

7. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Mink Narrows Group, Manitoba

The Mink Narrows Group includes the Mink Narrows, Mystic and Payuk mineral properties. The claims are 100% owned by the Company.

Smelter Property, Manitoba

The Smelter Property is comprised of three contiguous claims, which are 100% owned by the Company.

Kiss/Kississing Group, Manitoba

The Kississing/Kiss Group includes the Kississing and Kiss mineral properties. The claims are 100% owned by the Company.

Lucille Lake, Manitoba

The Lucille Lake property includes three unpatented mineral claims all of which are owned 100% by the Company.

Fort LaCorne, Saskatchewan

The Fort LaCorne claims consist of seven widely scattered claim blocks located in the Fort a la Corne area of Northern Saskatchewan, acquired from 49 North Resources Inc. Terms of the acquisition were the issuance of 2,000,000 shares of the Company (issued) and completion of two years assessment work by January 31, 2016. The Company now holds a 100% interest in the claims subject to a 2.5% NSR to 49 North Resources Inc.

Others

Remaining properties include the Bartley, Big Island, Cooke Lake/Foran, Counsell Lake/Foran, Jen, Mikangen LK, Raelynn. These seven properties had a total of \$1,315 in exploration for the year ended February 29, 2016 (2014 – \$nil).

The Company also holds title to 14 claims where the decision has been made to expense all exploration in the year that the exploration has been incurred. These claims were acquired for the purposes of examination through generative exploration or as outlier claims to claim blocks under exploration programs, both current and deferred. Until these properties have been deemed by the Company to warrant significant exploration, costs are expensed.

On April 23, 2012, pursuant to an agreement dated February 14, 2012, the Company announced that it had acquired 100% of the Hamell Lake property for \$5,000 and 50,000 shares of the Company valued at \$3,000 based on the quoted market price of the shares on the measurement date. The vendor retains a 1% NSR.

During 2014, the Company wrote off the Hamell Lake property as all staked claims expired and the Company has no plan to apply further work on the property. In addition, the Company wrote off the capitalized cost balance in the other properties (i.e. Cook Lake, Jewel Box and Radar Properties) as the Company did not plan to perform further exploration work on them.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are broken down as follows:

	February 29, 2016	November 30, 2014
	\$	\$
Trade payables and accrued liabilities	106,394	98,086
Due to related parties (Note 11)	99,700	55,685
Total	206,094	153,771

9. SHARE CAPITAL

a) AUTHORIZED SHARE CAPITAL

Unlimited number of common shares without par value

b) ISSUED SHARE CAPITAL

As at February 29, 2016, the Company had 120,761,300 issued and fully paid common shares (November 30, 2015 – 120,761,300).

- i) On December 31, 2014, the Company closed a non-brokered private placement of 800,000 flow-through units at a price of \$0.05 per unit for gross proceeds of \$40,000. Each unit consists of one flow through common share and one warrant. Each warrant can be exercised to purchase one common share of the Company at an exercise price of \$0.10 for a two-years term, expiring December 30, 2016.

A director and officer of the Company subscribed for 300,000 of these units. An officer of the Company subscribed for 200,000 of these units.

The Company is committed to incur prior to December 31, 2015, on a best efforts basis, \$40,000 in qualifying exploration expenditures pursuant to this private placement. See Note 12(c).

- ii) On February 3, 2015, pursuant to a property purchase agreement with CanAlaska described in Note 7, the Company issued 500,000 common shares at an estimated fair value of \$0.03 per share, based on the quoted fair market price of the Company's shares as at February 3, 2015.
- iii) On May 11, 2015, pursuant to a property purchase agreement with CanAlaska described in Note 7, the Company issued 1,000,000 common shares at an estimated fair value of \$0.04 per share, based on the quoted fair market price of the Company's shares as at May 11, 2015.
- iv) On May 12, 2015, pursuant to a property purchase agreement with 49 North Resources Inc., described in Note 7, the Company issued 2,000,000 common shares at an estimated fair value of \$0.04 per share, based on the quoted fair market price of the Company's shares as at May 12, 2015.

9. SHARE CAPITAL (CONT'D)

- v) On September 25, 2015, the Company completed a non-brokered private placement of 1,180,000 flow-through units at \$0.05 per unit for gross proceeds of \$59,000. Each unit consisted of one flow-through share and one ordinary share purchase warrant. Each warrant can be exercised to purchase one common share of the Company at an exercise price of \$0.10 for a two-year term, expiring September 24, 2017.

A director and officer of the Company subscribed for 800,000 of these units. An officer of the Company subscribed for 200,000 of these units.

The Company is committed to incur prior to December 31, 2016, on a best efforts basis, \$59,000 in qualifying exploration expenditures pursuant to this private placement. See Note 12(c).

c) INCENTIVE STOCK OPTIONS

Pursuant to the Company's stock option plan (the "Plan"), the Company may grant to its employees, officers, directors and consultants, options to purchase common shares of the Company at a fixed price as determined by the board of directors. The options vest in accordance with the terms of their granting and have a maximum term of five years. The common shares reserved for issuance under the Plan will not exceed, in aggregate, 10% of the Company's common shares issued and outstanding at the time of grant.

No stock options were granted during the years ended November 30, 2014 and 2015.

The following table summarizes the Company's stock option transactions during the years ended November 30, 2014 and 2015:

Grant Date	Number of Options	Weighted Average Exercise Price \$	Estimated Grant Date Fair Value \$
Balance, November 30, 2013 and 2014	8,070,000	0.10	472,637
Expired, May 24, 2015	(3,020,000)	0.10	(187,737)
Balance, February 29, 2016	5,050,000	0.10	284,900

9. SHARE CAPITAL (CONT'D)

As at February 29, 2016, the following options were outstanding:

Grant Date	Exercise Price \$	Number of Outstanding Options	Expiry Date	Remaining Contractual Life (in Years)
April 27, 2011	0.11	200,000	April 27, 2016	0.16
June 15, 2011	0.10	1,575,000	June 15, 2016	0.30
January 25, 2013	0.10	2,275,000	January 24, 2018	1.90
September 27, 2013	0.10	1,000,000	September 26, 2018	2.58
	0.10	5,050,000		1.47

d) WARRANTS

The following table summarizes a continuity of outstanding warrants:

	Issued	Expiry Date	Weighted Average Exercise Price \$	Remaining Contractual Life (in Years)	Estimated Grant Date Fair Value \$
Balance November 30, 2014	1,000,000		0.10	0.00	16,000
Issued, December 31, 2014	800,000	Dec. 30,	0.10	0.83	12,000
Issued, September 25, 2015	1,180,000	Sept. 24,	0.10	1.57	29,500
Balance, November 30, 2015	2,980,000		0.10	1.27	57,500
Expired, January 23, 2016	(1,000,000)		0.10		(16,000)
Balance February 29, 2016	1,980,000		0.10	1.27	41,500

The weighted average grant date fair value of the warrants issued during the year ended February 29, 2016 of \$0.02 (2014 - \$0.02) was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2015	2014
Expected dividend yield	0%	0%
Expected volatility	155%	134%
Risk free interest rate	0.72%	1.11%
Expected life (years)	2.0	2.0

10. RELATED PARTY TRANSACTIONS AND BALANCES

a) RELATED PARTY BALANCES

Related party	Purpose	February 29, 2016		November 30, 2015	
		Amounts charged during the periodr	Amounts payable or accrued at Feb. 29, 2016	Amount Charged during the year	Amounts payable or accrued at year-end
		\$	\$	\$	\$
Corporation controlled by an officer	Filing fees	1,348	3,040	12,147	1,625
	expenses	-	-	-	-
Accounting firm of which an officer of the Company is a partner	Professional fees	-	15,000	7,500	15,000
Corporation controlled by a director and significant shareholder	Management fees, Director	15,000	12,000	63,000	3,000
	Exploration	58,353	30,321	173,844	14,980
	Office, rent and general expenses	24,999	17,534	102,417	21,077
Totals		99,700	77,115	358,909	55,685

During the year ended February 29, 2016, the Company recorded directors' fees of \$nil (2014 - \$nil).

The accounts payable and accrued liabilities to related parties are unsecured and non-interest bearing with no fixed terms of repayment (Note 8).

b) KEY MANAGEMENT PERSONNEL COMPENSATION

The remuneration of directors and other members of management included in the table in Note 11(a) were as follows:

	2016	2015
	\$	\$
Short term employee benefits	15,000	7,000

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the compensation committee having regard to the performance of individuals and market trends.

11. RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D)

c) SHARE SUBSCRIPTIONS

See Note 9(b) and Note 16 for descriptions of related party share subscriptions.

12. COMMITMENTS AND CONTINGENCIES

a) COMMITMENTS

Consulting Agreement

The Company entered into an exploration management services agreement dated December 31, 2010 with M'Ore and the President and significant shareholder of M'Ore, who is an officer, director and shareholder of the Company. Pursuant to the agreement, M'Ore provides consulting and management services to the Company and incurs various administrative expenses, including administrative salaries and office and vehicle rentals on behalf of the Company. The term of the agreement is for a period of two years ended December 31, 2012 and can be renewed thereafter at the end of every 12 months. On March 28, 2013, the Company has extended the term of the agreement for a further two year term to December 31, 2014.

Management fees and salaries incurred by M'Ore were capped at \$200,000 per annum. Additional charges to the Company in prior years consisted of a lease with M'Ore whereby the Company would pay \$30,000, plus operating expenses, per annum for rental of office and storage space. The lease also specifies rates to be charged for the use of various items of equipment if and when utilized by the Company.

b) CONTINGENCIES

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

12. COMMITMENTS AND CONTINGENCIES (CONT'D)

c) FLOW-THROUGH EXPENDITURES

During the year ended February 29, 2016, the Company renounced Canadian exploration expenditures in the aggregate amount of \$99,000 (2014 -\$165,500) related to proceeds from the issuance of flow-through shares pursuant to the financings described in Note 9(b) and is committed to incur \$40,000 in qualifying Canadian exploration expenditures prior to December 31, 2015 and \$59,000 prior to December 31, 2016. As at February 29, 2016, approximately \$42,000 of this commitment was unspent. If the Company does not incur the required qualifying expenditures, it will be required to indemnify the holders of the flow-through shares for any tax and other costs payable by them as a result of the Company not making the required expenditures. See also Note 16.

13. SEGMENTED INFORMATION

All of the Company's assets, liabilities and operations are domiciled in Canada.

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the evaluation and exploration of its mineral exploration properties and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of share capital as well as cash. There were no changes to the Company policy for capital management during the years ended February 29, 2016 and 2014. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, acquire or dispose of assets, or adjust the amount of cash and marketable securities. In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its excess cash in highly liquid investments that are readily convertible into cash with maturities of three months or less from the original date of acquisition or when it is needed, selected with regards to the expected timing of expenditures from continuing operations. The Company expects that it will require additional financing in order to fund operational commitments, working capital needs and further drilling programs for the coming twelve months (see Note 1).

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the Canadian Securities Exchange ("CSE") which requires adequate working capital of \$50,000.

As of February 29, 2016, the Company may not be compliant with the policies of the CSE. The impact of this violation is not known and is ultimately dependent on the discretion of the CSE.

15. FINANCIAL INSTRUMENTS

a) FAIR VALUE

The carrying values of cash, amounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments.

	Loans and receivables and other liabilities	Assets at fair value through profit and loss	Total
As at November 30, 2015	\$	\$	\$
Cash	50,623	–	50,623
Marketable securities	–	100,514	100,514
Accounts payable and accrued liabilities	153,771	–	153,771
As at February 29, 2016			
Cash	16,624	–	16,624
Marketable securities	–	20,896	20,896
Amounts Receivable	–	6,605	6,605
Accounts payable and accrued liabilities	206,694	–	206,694

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the 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 included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs that are not based on observable market data.

As at February 29, 2016 and 2014, the financial instruments recorded at fair value on the statement of financial position are marketable securities which are measured using Level 1 of the fair value hierarchy.

15. FINANCIAL INSTRUMENTS (CONT'D)

b) FINANCIAL RISK MANAGEMENT

Credit Risk

The Company is exposed to credit risk with respect to its cash and amounts receivable. Cash has been placed on deposit with major Canadian financial institutions.

Amounts receivable consist of amounts due from the Company's brokerage house, Financier Banque National. Management believes that the credit risk concentration with respect to these financial instruments is minimal.

The risk arises from the non-performance of counterparties of contractual financial obligations. The Company manages credit risk, in respect of cash, by purchasing term deposits held at a major Canadian financial institution. Concentration of credit risk exists with respect to the Company's cash as the majority of the amounts are held at a single Canadian financial institution.

The credit risk associated with cash is minimized by ensuring the majority of these financial assets are held with major Canadian financial institutions with strong investment-grade ratings by a primary rating agency.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

The Company's expected source of cash flow for the upcoming year ended November 30, 2016 will be through equity financings.

The Company maintained cash at February 29, 2016 in the amount of \$16,624 (2015 – \$41,795), in order to meet short-term business requirements. At February 29, 2016, the Company had accounts payable and accrued liabilities of \$206,094 (2015 - \$126,467). All accounts payable and accrued liabilities are current.

Market Risk

The significant market risks to which the Company is exposed are interest rate risk, currency risk and commodity price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company also holds a portion of cash in bank accounts that earn variable interest rates. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of February 29, 2016 and 2015.

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash. A 1% change in interest rates on cash outstanding at February 29, 2016 would result in a \$500 change to the Company's net loss for the year ended February 29, 2016.

15. FINANCIAL INSTRUMENTS (CONT'D)

Currency risk

The Company is not exposed to currency risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk, financial market risk, or currency risk. The Company is not exposed to significant other price risk.

Marketable securities

Risk to the Company from its marketable securities is derived from two factors:

- The ability of the issuer to sustain itself financially; and
- The ability to monetize the securities of the issuer.

The Company's marketable securities as at February 29, 2016 consist of 253,700 shares of Foran Mining Corporation (2015 – 2,509,700 shares) with a quoted market value at February 29, 2016 of \$20,296 (2015 – \$451,746) and 20,000 shares of Jaxon Minerals Inc. (2015 - 20,000 shares) with a quoted market value at February 29, 2016 of \$600 (2015 – \$900). A 1% change in the quoted market prices of these marketable securities would result in a \$209 change to the Company's net loss for the period ended February 29, 2016 (2014 – \$4,526).

Commodity risk

The Company is exposed to price risk with respect to commodity prices, specifically precious and non-precious metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for these commodities, the level of interest rates, the rate of inflation, investment decision by large holders of commodities including governmental reserves and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in investment patterns and monetary systems and political developments. As the Company does not have production assets, management believes this risk is minimal.

16. SUBSEQUENT EVENTS

On March 10, 2016, the Company closed a private placement which raised an aggregate of \$100,000 from the sale of 3,140,000 flow-through and non-flow-through units. Details are as follows:

1. 2,280,000 units at a price of \$0.025 per unit, comprised of 2,280,000 common shares and 4,560,000 warrants. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.05 per warrant. The warrants are exercisable for twelve months and have an expiry date of March 9, 2017; and
2. 860,000 flow-through units at a price of \$0.05 per unit, comprised of 860,000 flow-through shares and 860,000 warrants. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.05 per warrant. The warrants are exercisable for twenty-four months and have an expiry date of March 9, 2018.

Directors and officers of the Company subscribed for 800,000 of these units for total proceeds of \$30,000.