KILLDEER MINERALS INC.

Financial Statements

For the Years Ended March 31, 2016 and 2015

(Expressed in Canadian Dollars)

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP
1066 West Hastings Street, Suite 1250
Vancouver, BC Canada V6E 3X1

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Killdeer Minerals Inc.

We have audited the accompanying financial statements of Killdeer Minerals Inc., which comprise the statements of financial position as at March 31, 2016 and 2015, and the statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and the related notes comprising 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 involves evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Killdeer Minerals Inc. as at March 31, 2016 and 2015 and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 of the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Killdeer Minerals Inc. to continue as a going concern.

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

July 27, 2016

KILLDEER MINERALS INC.
Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	March 31, 2016	March 31, 2015
ASSETS			
Current assets			
Cash		$ 332,335	$ 2,423
Receivables		1,246	680
Prepaid expenses		5,664	3,047
Total assets		$ 339,245	$ 6,150
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)			
Current liabilities			
Accounts payable and accrued liabilities		$ 163,424	$ 860,608
Loans payable	6	5,000	50,000
Due to related parties	5	66,544	285,988
Total current liabilities		234,968	1,196,596
Shareholders' equity (deficit)			
Share capital		3,597,515	2,279,381
Share subscriptions receivable		(2,250)	–
Share-based payment reserve		333,519	187,304
Deficit		(3,824,507)	(3,657,131)
Total shareholders' equity (deficit)		104,277	(1,190,446)
Total liabilities and shareholders' equity (deficit)		$ 339,245	$ 6,150

Going concern (Note 2)
Contingency (Note 10)

Approved and authorized for issuance by the Board of Directors on July 27, 2016:

"*Saf Dhillon*"	"*Stan Szary*"
Director	Director

(The accompanying notes are an integral part of these financial statements)

KILLDEER MINERALS INC.
Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Years Ended March 31, 2016	2015
OPERATING EXPENSES			
Accounting and audit	5	$ 12,000	$ 30,750
Administration	5	–	97,200
Consulting	5	7,500	3,000
Filing and regulatory fees		4,825	12,597
Legal fees		6,149	8,685
Management fees	5	7,500	54,000
Office		8,413	8,042
Rent	5	–	35,409
Share-based payments	7	146,215	–
Transfer agent fees		3,872	8,570
Loss before other items		(196,474)	(258,253)
OTHER ITEMS			
Gain on settlement of debt	7	20,676	58,000
Interest expense		(2,407)	(3,018)
Write-off of accounts payable		10,829	–
Total other items		29,098	54,982
Net loss and comprehensive loss for the year		$ (167,376)	$ (203,271)
Basic and diluted loss per share		$ (0.02)	$ (0.10)
Weighted average number of shares outstanding		7,873,969	2,135,424

(The accompanying notes are an integral part of these financial statements)

KILLDEER MINERALS INC.
Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share Subscriptions Receivable	Share-based Payment Reserve	Deficit	Total
Balance, March 31, 2014	1,963,013	$ 2,192,381	$ –	$ 187,304	$ (3,453,860)	$ (1,074,175)
Shares issued for settlement of related party debt	290,000	87,000	–	–	–	87,000
Net loss for the year	–	–	–	–	(203,271)	(203,271)
Balance, March 31, 2015	2,253,013	$ 2,279,381	$ –	$ 187,304	$ (3,657,131)	$ (1,190,446)
Shares issued for settlement of loan payable and accrued interest	628,400	37,704	–	–	–	37,704
Shares issued for settlement of related party debt	4,550,000	330,000	–	–	–	330,000
Shares issued for settlement of accounts payable	7,421,600	556,620	–	–	–	556,620
Shares issued for cash	5,791,200	434,340	(2,250)	–	–	432,090
Share issuance costs	–	(40,530)	–	–	–	(40,530)
Share-based payments	–	–	–	146,215	–	146,215
Net loss for the year	–	–	–	–	(167,376)	(167,376)
Balance, March 31, 2016	20,644,213	$ 3,597,515	$ (2,250)	$ 333,519	$ (3,824,507)	$ 104,277

(The accompanying notes are an integral part of these financial statements)

KILLDEER MINERALS INC.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Years ended March 31, 2016	Years ended March 31, 2015
OPERATING ACTIVITIES		
Net loss for the year	$ (167,376)	$ (203,271)
Item not affecting cash:		
Gain on settlement of debt	(9,426)	(28,000)
Gain on settlement of related party debt	(11,250)	(30,000)
Share-based payments	146,215	–
Write-off of accounts payable	(10,829)	–
Changes in non-cash operating working capital:		
Receivables	(566)	21,934
Prepaid expenses	(2,617)	(2,587)
Accounts payable and accrued liabilities	62,667	5,912
Due to related parties	(68,466)	190,732
Net cash used in operating activities	(61,648)	(45,280)
FINANCING ACTIVITIES		
Advances from related parties	16,325	10,000
Repayments to related parties	(16,325)	(10,000)
Proceeds from loan payable	–	45,000
Proceeds from issuance of common shares	432,090	–
Share issuance costs	(40,530)	–
Net cash provided by financing activities	391,560	45,000
Change in cash	329,912	(280)
Cash, beginning of year	2,423	2,703
Cash, end of year	$ 332,335	$ 2,423
Non-cash investing and financing activities:		
Shares issued for settlement of related party debt	$ 330,000	$ 45,000
Shares issued for settlement of accounts payable	$ 556,620	$ 42,000
Shares issued for settlement of loan payable and accrued liabilities	$ 37,704	$ –
Supplemental disclosures:		
Interest paid	$ –	$ –
Income taxes paid	$ –	$ –

(The accompanying notes are an integral part of these financial statements)

1. NATURE AND CONTINUANCE OF OPERATIONS

Killdeer Minerals Inc. (the “Company”) is a resource exploration company focused on acquiring and exploring resource properties in Canada.

The Company was incorporated on May 28, 2008 under the laws of British Columbia. The Company’s head office and registered office is Suite 2000, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1. The Company is listed on the NEX under the symbol “KMI.H”.

These financial statements are presented in Canadian dollars, which is the Company’s functional currency.

2. BASIS OF PREPARATION

These financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The significant accounting policies applied in these financial statements are based on the IFRS issued and effective as of March 31, 2016.

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Going concern

These financial statements have been prepared assuming the Company will continue on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2016, the Company has not generated any revenues, has an accumulated deficit of $3,824,507 since inception, and expects to incur further losses in the development of its business. The ability of the Company to continue as a going-concern depends on its ability to raise adequate financing and to develop profitable operations. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company’s operations and exploration programs. In addition, management closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur. These factors indicate the existence of a material uncertainty that may cast significant doubt the Company’s ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

As the Company is in the exploration and evaluation stage, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property.

3. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates and judgments (continued)

These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimated uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to the following:

1) unrecognized deferred income tax assets; and
2) measurement of share-based payments.

Application of the going concern assumption: the assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company’s ability to continue as a going concern.

The application of the Company’s accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of comprehensive loss in the period when the new information becomes available.

Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

Exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration, and evaluation of mineral properties are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors, and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general and administrative overhead costs, are expensed in the period in which they occur.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets (continued)

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the farmee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of operations.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction.” Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of rehabilitation activities includes restoration, reclamation, and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

The Company does not have any significant rehabilitation obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-current assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the statement of operations for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of operations.

Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods and services rendered.

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 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 expenses being incurred, the Company derecognizes the liability and the premium is recognized as other income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reported period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. As at March 31, 2016, the Company has 750,000 (2015 – nil) potential dilutive shares outstanding.

Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of operations.

Financial instruments

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in the statement of operations when incurred. FVTPL are measured at fair value, and changes are recognized in the statement of operations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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 costs using the effective interest method. If there is objective evidence that the asset 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.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment loss.

Available for sale assets

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. 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 the statement of operations.

The Company has classified its financial assets as follows:

- Cash is classified as FVTPL.
- Receivables are classified as loans and receivables.

Financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities, loans payable, and amounts due to related parties.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations.

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

Reclassifications

Certain reclassifications have been made to the prior year’s figures to conform to the current year’s presentation.

Accounting standards issued but not yet effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended March 31, 2016, and have not been applied in preparing these financial statements.

New standard IFRS 9, “Financial Instruments”

Amendments to IAS 1, “Presentation of Financial Statements”

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements.

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

4. EXPLORATION AND EVALUATION ASSETS

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Wildcat Property, Yukon

On June 24, 2008, the Company entered into an option agreement to acquire a 100% undivided interest in 94 contiguous mineral claims known as the Wildcat Property located in the Watson Lake Mining District of the Yukon, subject to a 3% net smelter return royalty to the optionor. The Company may elect to purchase 1.5% of the net smelter return royalty upon payment of $1,000,000.

The Company's obligation under the agreement includes an aggregate of $140,000 in option payments and the issuance of 115,000 shares of the Company as follows:

(i) Pay $2,000 upon execution of the agreement (paid);
(ii) Pay $10,000 within 30 days after the execution of the agreement (paid);
(iii) Issue 15,000 common shares on the date the Company's shares are listed on the TSX Venture Exchange (October 7, 2009) (issued with a fair value of $30,000);
(iv) Pay $18,000 and issue 20,000 common shares on or before October 7, 2010;
(v) Pay $25,000 and issue 25,000 common shares on or before October 7, 2011;
(vi) Pay $35,000 and issue 25,000 common shares on or before October 7, 2012; and
(vii) Pay $50,000 and issue 30,000 common shares on or before October 7, 2013.

Wildcat Property, Yukon (continued)

The Company has withheld making further option payments and share issuances until the contingency with the Government of Yukon has been settled (refer to Note 10). During the year ended March 31, 2011, the Company wrote down the Wildcat Property to a nominal amount of $1. The remaining amount of $1 was written off as at March 31, 2014.

5. RELATED PARTY TRANSACTIONS

During the years ended March 31, 2016 and 2015, the Company was involved in the following related party transactions:

(a) Incurred management fees of $7,500 (2015 - $nil) to a company controlled by the President and Chief Executive Officer.

(b) Incurred accounting fees of $4,500 (2015 - $24,750) to an accounting firm where the Chief Financial Officer of the Company is a partner.

(c) Incurred management fees of $nil (2015 - $54,000) to a director of the Company.

(d) Incurred $nil (2015 - $45,000) for administration services to the son of a director of the Company.

(e) Incurred $nil (2015 – $29,700) for administration services and $nil (2015 - $35,409) for rent to a company with a common officer and director.

(f) Incurred administration services of $nil (2015 – $22,500) to a former director of the Company.

(g) As at March 31, 2016, the Company owed $53,944 (2015 - $75,988) to a company with a common officer and a director which is non-interest bearing, unsecured, and due on demand. During the year ended March 31, 2015, $349,555 was assigned to non-related parties. During the year ended March 31, 2016, the Company settled $37,500 through the issuance of common shares. Refer to Note 7.

5. RELATED PARTY TRANSACTIONS (continued)

(h) As at March 31, 2016, the Company owed $4,725 (2015 -$nil) to a firm where the Chief Financial Officer of the Company is a partner. The amount due is non-interest bearing, unsecured, and due on demand. During the year ended March 31, 2015, $125,693 was assigned to non-related parties. As at March 31, 2016, the Company owed $nil (2015 - $7,500) to the Chief Financial Officer of the Company which is non-interest bearing, unsecured, and due on demand. During the year ended March 31, 2016, the Company settled $7,500 through the issuance of common shares. Refer to Note 7.

(i) As at March 31, 2016, the Company owed $7,875 (2015 - $146,250) to the President of the Company which is non-interest bearing, and due on demand. During the year ended March 31, 2016, the Company settled $146,250 through the issuance of common shares. Refer to Note 7.

(j) As at March 31, 2016, the Company owed $nil (2015 - $37,500) to a director and former President of the Company which is non-interest bearing, unsecured, and due on demand. During the year ended March 31, 2015, $95,600 was assigned to non-related parties. During the year ended March 31, 2016, the Company settled $37,500 through the issuance of common shares. Refer to Note 7.

(k) As at March 31, 2016, the Company owed $nil (2015 - $18,750) to the son of a director and former President of the Company which is non-interest bearing, unsecured, and due on demand. During the year ended March 31, 2015, $125,900 was assigned to non-related parties. During the year ended March 31, 2016, the Company settled $18,750 through the issuance of common shares. Refer to Note 7.

(l) During the year ended March 31, 2016, the Company granted 450,000 (2015 – nil) stock options with a fair value of $87,729 (2015 - $nil) to officers and directors of the Company.

(m) During the year ended March 31, 2015, a former director of the Company assigned $135,482 to non-related parties.

(n) During the year ended March 31, 2015, the daughter of a director and former President of the Company assigned $17,120 to non-related parties.

(o) During the year ended March 31, 2015, the son of the former President of the Company entered into an assignment of debt agreement and transferred debt of $70,000 to a non-related party.

6. LOANS PAYABLE

(a) During the year ended March 31, 2015, the Company entered into a loan agreement with a non-related party for $45,000. The loan is unsecured, bears 8% interest per annum, and due on demand. During the year ended March 31, 2016, the Company settled the loan payable of $45,000 and accrued interest of $2,130 through the issuance of 628,400 common shares. Refer to Note 7.

(b) As at March 31, 2016, $5,000 (2015 - $5,000) is owed to the son of a former director of the Company which is non-interest bearing, unsecured, and due on demand.

7. SHARE CAPITAL

Authorized: Unlimited common shares without par value

Share transactions for the year ended March 31, 2016:

On November 23, 2015, the Company issued 5,791,200 common shares at a price of $0.075 per share for gross proceeds of $434,340, of which $2,250 remains outstanding as at March 31, 2016. In connection with this private placement, the Company paid finders' fees of $27,066 and $13,464 in share issuance costs.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

Share transactions for the year ended March 31, 2016: (continued)

On November 23, 2015, the Company issued 7,421,600 common shares with a fair value of $556,620 to settle accounts payable of $556,620.

On November 23, 2015, the Company issued 4,550,000 common shares with a fair value $330,000 to settle debt of $341,250 owed to various related parties. This resulted in a gain on settlement of debt of $11,250.

On November 23, 2015, the Company issued 628,400 common shares with a fair value of $37,704 to settle debt of $47,130 owed to a non-related party. This resulted in a gain on settlement of debt of $9,426. Refer to Note 6(a).

Share transactions for the year ended March 31, 2015:

On January 19, 2015, the Company effected a share consolidation on the basis of ten common shares for one common share. All share and per share amounts have been retroactively restated for all periods presented.

On August 26, 2014, the Company issued 150,000 common shares with a fair value of $45,000 to settle debt of $75,000 owed to a director of the Company. The settlement resulted in a gain on settlement of debt of $30,000.

On August 26, 2014, the Company issued 140,000 common shares with a fair value $42,000 to settle debt of $70,000 owed to a non-related party. The settlement resulted in a gain on settlement of debt of $28,000.

Stock options

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option shall not be less than the discounted market price of the Company's stock on the date of grant. The options can be granted for a maximum term of 10 years and vest as determined by the board of directors.

	Number of Options		Weighted Average Exercise Price
Outstanding, March 31, 2014	50,960	$	1.50
Expired	(50,960)		1.50
Outstanding, March 31, 2015	–	$	–
Granted	750,000		0.20
Outstanding, March 31, 2016	750,000	$	0.20

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

Stock options (continued)

Additional information regarding stock options outstanding as at March 31, 2016 is as follows:

	Outstanding and exercisable		
Range of exercise prices $	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price $
0.20	750,000	2.8	0.20

During the year ended March 31, 2016, the Company granted 750,000 (2015 – Nil) stock options with a fair market value of $146,215 or $0.19 per option which was charged to operations. The following weighted average assumptions were used for the Black-Scholes valuation of the stock options assuming no expected dividends or forfeitures:

	2016	2015
Risk-free interest rate	0.54%	–
Expected life (in years)	3	–
Expected volatility	206%	–

8. FINANCIAL INSTRUMENTS AND RISKS

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, currency risk and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(a) Capital management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in share capital as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through short-term prospectuses, private placements, sell assets, incur debt, or return capital to shareholders. As at March 31, 2016, the Company is not subject to externally imposed capital requirements.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at March 31, 2016, the Company had a cash balance of $332,335 (2015 - $2,423) and current liabilities of $234,968 (2015 - $1,196,596). The Company is considered to be in the exploration and evaluation stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration and evaluation programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash is invested in business accounts with quality financial institutions, is available on demand for the Company's programs, and is not invested in any asset-backed commercial paper.

8. FINANCIAL INSTRUMENTS AND RISKS (continued)

(c) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash, other assets and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and other assets with high-credit quality financial institutions. The Company's cash is held with a major Canadian based financial institution. Receivables are comprised of GST refunds from the Canadian government. The carrying amount of financial assets represents the maximum credit exposure.

(d) Currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company is not exposed to foreign currency risk.

(e) Interest rate risk

The Company's current policy is to invest excess cash in investment grade short-term certificates of deposit issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit rating of its banks. The Company does not hold any financial liabilities with variable interest rates.

(f) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. The ability of the Company to explore its mineral properties and future profitability of the Company are directly related to the market price of commodities. The Company monitors commodity prices to determine appropriate actions to be undertaken.

(g) Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of cash is measured based on level 1 inputs of the fair value hierarchy.

The estimated fair value of other financial assets and financial liabilities is equal to their carrying values due to the short-term nature of these instruments.

9. SEGMENTED INFORMATION

The Company currently conducts substantially all of its operations in Canada in one business segment being the acquisition and exploration of resource properties.

(Expressed in Canadian Dollars)

10. CONTINGENCY

On December 4, 2009, the Kaska Dena Council of the Kaska Dena First Nation filed a Petition in the Supreme Court of Yukon seeking an order to quash the recording and granting of the Wildcat 92 mineral claim which was optioned to the Company as part of the Wildcat Property. The Government of Yukon, the Watson Lake Mining Recorder, the Minister of Energy, Mines and Resources, the Optionor and the Company are named in the Petition. The Petition states that the recording and granting of the mineral claim known as Wildcat 92 without first consulting the Kaska Dena Council constituted a breach of the government's duty to consult the Kaska Dena Council. The Company continues to monitor the proceedings between the Government of Yukon and the Kaska Dena Council.

11. INCOME TAXES

A reconciliation of current income taxes at statutory rates with the reported taxes is as follows:

	2016	2015
Loss before income taxes	$ (167,376)	$ (203,271)
Canadian statutory income tax rate	26%	26%
Expected tax recovery	(43,518)	(52,850)
Permanent differences and other	38,016	–
Change in unrecognized deferred income tax assets	5,502	52,850
Income tax provision	$ –	$ –

Details of deferred income tax assets and liabilities are as follows:

	2016	2015
Deferred income tax assets		
Non-capital losses carried-forward	$ 623,616	$ 618,114
Exploration and evaluation assets	65,503	65,503
Gross deferred income tax assets	689,119	683,617
Unrecognized deferred income tax assets	(689,119)	(683,617)
Net deferred income tax asset	$ –	$ –

The Company has non-capital losses carried forward of $2,398,525 which are available to offset against taxable income in future years. These losses expire as follows:

2029	$ 32,210
2030	358,839
2031	457,295
2032	545,952
2033	392,022
2034	387,775
2035	203,271
2036	21,161
	$ 2,398,525

The Company also has available mineral resource tax related expenditure pools totaling $251,935 which may be deducted against future taxable income on a discretionary basis.