EUREKA RESOURCES, INC.

Financial Statements

October 31, 2015 and 2014

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Eureka Resources, Inc.

We have audited the accompanying financial statements of Eureka Resources, Inc., which comprise the statements of financial position as at October 31, 2015 and 2014, and the statements of comprehensive income (loss), cash flows, and changes in shareholders' equity (deficiency) for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Eureka Resources, Inc. as at October 31, 2015 and 2014 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 2 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Eureka Resources, Inc.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

February 19, 2016

EUREKA RESOURCES, INC.
STATEMENTS OF FINANCIAL POSITION
As at October 31, 2015 and 2014
(Expressed in Canadian Dollars)

		2015		2014
ASSETS				
Current assets				
Cash	**$**	**62,679**	$	3,633
Receivables		**5,203**		395
Prepaid expenses		-		3,209
Total current assets		**67,882**		7,237
Non-current assets				
Reclamation bond – Note 6		**5,000**		5,000
Exploration and evaluation assets – Note 7		**96,124**		-
Total non-current assets		**101,124**		5,000
Total assets	**$**	**169,006**	$	12,237
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**75,832**	$	10,420
Due to related parties – Note 10		**49,782**		304,501
Total current liabilities		**125,614**		314,921
SHAREHOLDERS' EQUITY (DEFICIENCY)				
Share capital – Note 8		**5,450,446**		5,301,469
Reserves – Note 8		**559,156**		447,156
Deficit		**(5,966,210)**		(6,051,309)
Total shareholders' equity (deficiency)		**43,392**		(302,684)
Total liabilities and shareholders' equity (deficiency)	**$**	**169,006**	$	12,237

Corporate Information – Note 1
Basis of Preparation – Note 2
Subsequent Events – Notes 7 and 13

Approved by the Directors:

"Warren Stanyer" Director *"Michael Sweatman"* Director

The accompanying notes are an integral part of these financial statements

EUREKA RESOURCES, INC.
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For the Years Ended October 31, 2015 and 2014,
(Expressed in Canadian Dollars)

		2015		2014
EXPENSES				
Accounting and audit – Note 10	$	**29,925**	$	26,434
Consulting fees – Note 10		**14,500**		1,667
Filing and listing fees		**11,720**		7,379
Insurance		**3,123**		4,714
Legal		**49,503**		9,089
Management fees – Note 10		**20,000**		-
Office – Note 10		**21,469**		5,573
Rent – Note 10		**9,187**		17,873
Share-based compensation – Notes 8 and 10		**112,000**		-
Storage		**6,398**		6,157
Transfer agent		**6,841**		5,085
		(284,666)		(83,971)
OTHER ITEMS				
Loss on write-off of exploration and evaluation assets – Note 7		-		(68,025)
Gain on debt forgiven – Note 10		**362,765**		-
Flow-through premium – Note 8		**7,000**		-
Net and comprehensive income (loss)	$	**85,099**	$	(151,996)
Basic and diluted income (loss) per share	$	**0.005**	$	(0.009)
Weighted average number of shares outstanding – basic and diluted		**17,694,499**		16,047,239

The accompanying notes are an integral part of these financial statements

EUREKA RESOURCES, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended October 31, 2015 and 2014
(Expressed in Canadian Dollars)

		2015		2014
Cash Provided By (Used in):				
Operating Activities				
Net income (loss)	**$**	**85,099**	$	(151,996)
Adjustments for items not involving cash:				
Loss on write-off of exploration and evaluation assets		-		68,025
Gain on debt forgiven		**(362,765)**		-
Share-based compensation		**112,000**		-
Flow-through premium		**(7,000)**		-
Net changes in non-cash working capital components:				
Receivables		**(4,808)**		(93)
Prepaid expenses		**3,209**		-
Accounts payable and accrued liabilities		**47,824**		1,271
Due to related parties		**76,989**		17,040
		(49,452)		(65,753)
Investing Activities				
Exploration and evaluation assets		**(47,479)**		-
Reclamation bond		-		778
		(47,479)		778
Financing Activities				
Proceeds from the issuance of shares		**185,000**		-
Share issuance costs		**(29,023)**		-
Due to related parties		-		65,500
		155,977		65,500
Change in Cash During the Year		**59,046**		525
Cash – Beginning of Year		**3,633**		3,108
Cash – End of Year	**$**	**62,679**	$	3,633
Supplementary cash flow information:				
Interest paid in cash	**$**	-	$	-
Income taxes paid in cash	**$**	-	$	-

Non-cash Transactions – Note 12

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

EUREKA RESOURCES, INC.
STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY (DEFICIENCY)
For the Years Ended October 31, 2015 and 2014
(Expressed in Canadian Dollars)

	Share Capital				
	Number of Shares	**Amount**	**Reserves**	**Deficit**	**Total**
Balance, October 31, 2013	16,047,239	$ 5,301,469	$ 447,156	$ (5,899,313)	$ (150,688)
Net loss for the year	-	-	-	(151,996)	(151,996)
Balance, October 31, 2014	16,047,239	$ 5,301,469	$ 447,156	$ (6,051,309)	$ (302,684)
Proceeds from the issuance of shares	4,975,000	178,000	-	-	178,000
Share issuance costs	-	(29,023)	-	-	(29,023)
Share-based compensation	-	-	112,000	-	112,000
Net income for the year	-	-	-	85,099	85,099
Balance, October 31, 2015	**21,022,239**	**$ 5,450,446**	**$ 559,156**	**$ (5,966,210)**	**$ 43,392**

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

1. CORPORATE INFORMATION

Eureka Resources, Inc. (the "Company") was incorporated under the laws of the Province of British Columbia, Canada on June 16, 1981. The Company's principal business activity is the exploration and evaluation of its 100% owned Frasergold property located in the British Columbia, Canada. The Company's common shares are listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "EUK".

The Company's head office is Suite 1100 - 1111 Melville Street, Vancouver, British Columbia, Canada V6E 3V6. The registered and records office is c/o McMillan LLP, Suite 1500 - 1055 West Georgia Street, Vancouver, British Columbia, Canada V7X 1L3.

2. BASIS OF PREPARATION

Statement of Compliance

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

These financial statements were authorized for issue on February 19, 2016 by the directors of the Company.

Going Concern

These financial statements are prepared using IFRS applicable to a going concern, which contemplates the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Future operations are dependent on the Company's ability to raise additional equity financing and the attainment of profitable operations.

The Company has a history of operating losses and at October 31, 2015, has an accumulated deficit of $5,966,210. At October 31, 2015, the Company had a working capital deficiency of $57,732. The Company will require additional equity financings in order to continue exploration of its exploration and evaluation assets and fund its administrative operations, but believes that it can maintain operations for the next twelve months.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. These conditions may cast significant doubt about the Company's ability to continue as a going concern.

Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments as fair value through profit and 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. All dollar amounts are expressed in Canadian dollars unless otherwise specified.

2. BASIS OF PREPARATION (cont'd…)

Critical Accounting Judgments, Estimates and Assumptions

Critical Judgments

The preparation of these financial statements requires the Company to make judgments regarding the going concern of the Company as discussed in Note 2.

Estimations and assumptions

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, 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:

i) Exploration and Evaluation Assets

The carrying amount of the Company's exploration and evaluation assets properties does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

ii) Share-based Payments

The estimation of share-based payments includes estimating the inputs used in calculating the fair value for share-based payments expense included in profit or loss and share-based share issuance costs included in equity. Share-based payments expense and share-based share issuance costs are estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.

iii) Income Taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

3. SIGNIFICANT ACCOUNTING POLICIES

Exploration and Evaluation Assets

All expenditures related to the cost of exploration and evaluation of mineral resources including acquisition costs for interests in mineral claims are capitalized as exploration and evaluation assets and are classified as intangible assets. General exploration costs not related to specific mineral properties or incurred prior to acquisition are expensed as incurred. If economically recoverable reserves are developed, capitalized costs of the related property are reclassified as mining assets and upon commencement of commercial production, are amortized using the units of production method over estimated recoverable reserves. Impairment is assessed at the level of cash-generating units.

Exploration and evaluation assets are regularly reviewed for impairment or whenever events or changes in circumstances indicate that the carrying amount may exceed its recoverable amount. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of a value in use (being the present value of expected future cash flows of the relevant cash generating unit) and fair value less costs to sell. If the carrying amount of an asset exceeds the recoverable amount an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Impairment of a property is generally considered to have occurred if one of the following factors are present; the rights to explore have expired or are near to expiry with no expectation of renewal, no further substantive expenditures are planned or budgeted, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, and indications exist that development in a specific area is likely to proceed, but the carrying amount is unlikely to be recovered in full by development or sale.

The Company has not yet determined whether or not any of its exploration and evaluation assets contain economically recoverable reserves. Amounts capitalized to exploration and evaluation assets do not necessarily reflect present or future values.

Decommissioning and Restoration Provisions

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of exploration and evaluation assets and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

The Company had no decommissioning liabilities as at October 31, 2015 and 2014.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Share-based Payments

The stock option plan allows Company employees, directors and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payments 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. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from contributed reserves to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model which takes into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

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 or services received.

Income Taxes

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the financial position reporting date, and includes any adjustments to tax payable or receivable in respect of previous periods.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the financial position reporting date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

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

Loss Per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Flow-through shares

Canadian income tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included in income tax recovery at the same time the qualifying expenditures are made.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial Instruments

Financial Assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The Company's cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company's receivables are classified as loans and receivables. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in profit or loss. As at October 31, 2015 and 2014, the Company has not classified any financial assets as held to maturity or available for sale.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss as follows:

a) Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

b) Available-for-sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of loss and comprehensive loss. This amount represents the cumulative loss in accumulated other comprehensive income that is reclassified to the statement of loss and comprehensive loss.

Financial Liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in profit or loss unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment of non-financial assets

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If any 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 a 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 profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Following the recognition of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and 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 profit or loss.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of warrants attached to private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing market price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed reserves.

New Standards Adopted During the Year Ended October 31, 2015

Effective November 1, 2014, the following standards were adopted but did not have a material impact on the financial statements.

- IAS 32 (Amendment): Standard amended to clarify requirements for offsetting financial assets and financial liabilities.
- IFRS 10 Investment Entities – Amendment.
- IAS 36 (Amendment): Recoverable amount disclosures for non-financial assets.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New Standards and Interpretations Not Yet Adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015.
- IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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 values of the Company's receivables, accounts payable and accrued liabilities and due to related parties approximate their carrying values because of the short-term nature of these instruments.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at October 31, 2015 and 2014:

	Level 1	Level 2	Level 3
October 31, 2015:			
Cash	$ 62,679	$ -	$ -
October 31, 2014:			
Cash	$ 3,633	$ -	$ -

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

Credit risk

The Company's cash is held with large financial institutions. The Company's receivables consist of GST receivable from the Canada Revenue Agency. Management believes that credit risk concentration with respect to cash and receivables is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2015, the Company had cash of $62,679 to settle current liabilities of $125,614. See going concern discussion in Note 2.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash which is not subject to significant risks in fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. An increase to interest rates by 1% would have an insignificant effect on the Company's operations.

b) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

5. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to pursue the exploration and evaluation of its mineral properties and to maintain a flexible capital structure for the benefit of all its stakeholders.

The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue common shares, enter into joint venture arrangements, acquire or dispose of assets or alter the amount of cash on hand.

The Company does not have any major capital expenditures committed during the next fiscal year. Management reviews its capital structure on a regular basis to ensure that the above-noted objectives are met. The Company anticipates future access to equity markets to fund continued exploration and evaluation of its mineral properties and the fund future growth of the business.

There were no changes in the Company's approach to capital management during the year ended October 31, 2015. The Company is not subject to externally imposed capital requirements.

6. RECLAMATION BOND

Reclamation bond represents a term deposit bearing interest at a rate of 1.00% per annum which has been pledged to the Province of British Columbia as security for reclamation obligations pursuant to the mining regulations of the Province of British Columbia.

7. EXPLORATION AND EVALUATION ASSETS

(Expressed in Canadian Dollars)

a) Frasergold:

The Company holds a 100% interest in 28 contiguous claims comprising the Frasergold project area. The claims are located in the Cariboo Mining Division of Central British Columbia, Canada.

i. Under the terms of the original option agreement, in which the Company's interest in the claims was acquired, the Company must issue 200,000 common shares to the original owners upon completion of a positive feasibility study;

ii. In addition, the Company must issue 210,000 common shares to a former director in consideration for exploration work done on the property, as follows:

Upon completion of feasibility study recommending production	70,000
Upon commencement of production	70,000
Upon repayment of pre-production capital costs	70,000

iii. The property is subject to a 3% net smelter return royalty ("NSR") which becomes payable after the capital required to bring the property into commercial production is recovered from production. The NSR is limited to a maximum of $2,600,000 with an allowance for the change in the Consumer Price Index from September 22, 1989 to the date the royalty becomes payable.

During the year ended October 31, 2015, the Company incurred the following exploration and evaluation costs on the Frasergold project:

October 31, 2014	$	-
Assays		2,692
Equipment rental		5,100
Geological consulting – Note 11		77,158
Travel and field supplies		11,174
October 31, 2015	$	96,124

In early February, 2016, the Company staked two additional mineral claims expanding the property to the current 28 claims.

b) Lottie Lake:

The Company wrote-off the Lottie Lake property during the year ended October 31, 2014 and recorded a charge of $68,025.

8. SHARE CAPITAL

a) Authorized:

Unlimited number of common shares without par value

b) Issued:

On October 31, 2015, there were 21,022,239 common shares issued and outstanding (October 31, 2014: 16,047,239).

On June 10, 2015, the Company closed a non-brokered private placement for gross proceeds of $100,000. The private placement consisted of 700,000 flow-through units at $0.025 per unit and 3,300,000 non flow-through units at $0.025 per unit. As the unit price received for both the flow-through and the non-flow-through units was the same, no premium was recorded on the flow-through shares. Each flow-through unit consisted of one flow-through common share and one share purchase warrant. Each non flow-through unit consisted of one non flow-through common share and one share purchase warrant. The share purchase warrants entitled the holders to purchase one additional non flow-through common share at $0.05 until June 10, 2016 or at $0.10 until June 10, 2017.

On October 1, 2015, the Company closed a non-brokered private placement for gross proceeds of $85,000. The private placement consisted of 350,000 flow-through units at $0.10 per unit and 625,000 non flow-through units at $0.08 per unit. A flow-through premium of $0.02 per unit or $7,000 was recorded to reflect the difference in the price of the flow-through and non-flow-through units. Each flow-through unit consisted of one flow-through common share and one share purchase warrant. Each non flow-through unit consisted of one non flow-through common share and one share purchase warrant. The share purchase warrants entitled the holders to purchase one additional non flow-through common share at $0.12 until October 1, 2017.

All share purchase warrants issued under the private placement are subject to an acceleration clause which will cause the warrants, if unexercised, to expire on the date which is 30 days after the date that the volume weighted average trading price of the Company's common shares on the TSX-V exceeds $0.25 per share over a period of 10 consecutive trading days. Finder's fees of $1,600 were paid on certain flow-through and non-flow-through subscriptions. The Company paid legal fees of $27,423 with respect to this private placement.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (cont'd)

c) Stock Options:

The Company has a Stock Option Plan ("the Plan") under which it is authorized to grant options to directors, officers, consultants or employees of the Company. The number of options that may be granted under the Plan is limited to 10% of the number of issued and outstanding common shares of the Company at the date of grant. The exercise price of options granted under the Plan may not be less than the market value of the Company's common shares on the date of grant. Options granted under the Plan have a maximum life of five years and vest on the date of grant, over a period determined by management, or over a period mandated by TSX-V policy.

At October 31, 2014, the Company had no stock options outstanding.

On June 23, 2015, the Company granted 1,400,000 stock options to directors, officers and consultants of the Company. The options entitle the holders to purchase one common share for each option held at $0.10 until June 23, 2020. The fair value of the stock options of $112,000 or $0.08 per option was determined using the Black Scholes option valuation model with the following assumptions:

Risk-free interest rate	1.50%
Expected life of options	5 years
Annualized volatility	195%
Dividend rate	0%
Forfeiture rate	0%
Share price on grant date	$ 0.08

At October 31, 2015, the Company had 1,400,000 stock options outstanding and exercisable entitling the holders thereof the right to purchase one common share for each option held at $0.10 per share until June 23, 2020.

At October 31, 2015, the stock options had a remaining life of 4.65 years.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (cont'd)

d) Share Purchase Warrants:

A summary of share purchase warrant activity for the years ended October 31, 2015 and 2014 is as follows:

	Year Ended October 31, 2015		Year Ended October 31, 2014	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning of year	-	$ -	-	$ -
Warrants issued	4,975,000	$ 0.06	-	$ -
Warrants outstanding, end of year	4,975,000	$ 0.06	-	$ -

At October 31, 2015, there were 4,975,000 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held as follows:

Number of warrants outstanding	Exercise Price	Expiry Date
4,000,000	$0.05/$0.10	June 10, 2016/2017
975,000	$0.12	October 1, 2017
4,975,000		

Subsequent to October 31, 2015, 1,315,000 share purchase warrants were exercised at $0.05 for proceeds of $65,750 pursuant to an incentive warrant program (Note 13). An additional 5,000 share purchase warrants were exercised at $0.05 for proceeds of $250.

At October 31, 2015, the weighted average remaining contractual life of the outstanding options is 1.67 years.

(Expressed in Canadian Dollars)

9. INCOME TAXES

The following table reconciles the expected income tax recovery at the Canadian statutory income tax rates to the amounts recognized in the statements of operations and comprehensive loss for the years ended October 31, 2015 and 2014:

	2015	2014
Earnings (loss) for the year	$ 85,099	$ 151,996
Statutory tax rate	26%	26%
Expected income tax (recovery)	22,000	(40,000)
Change in statutory, foreign tax, foreign exchange rates and other	2,000	-
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	10,000	-
Share issue cost	(8,000)	-
Permanent difference	29,000	18,000
Change in unrecognized deductible temporary differences and other	(55,000)	22,000
Total income tax recovery	$ -	$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statements of financial position are as follows:

	2015	Expiry Dates	2014	Expiry Dates
Temporary Differences				
Exploration and evaluation assets	2,960,000	No expiry date	$ 2,958,000	No expiry date
Canadian eligible capital	23,000	No expiry date	23,000	No expiry date
Share issue costs	23,000	2036-2039	-	N/A
Allowable capital loss	2,000	No expiry date	2,000	No expiry date
Non-capital losses	654,000	2029-2035	$ 891,000	2015 to 2034

Tax attributes are subject to review and potential adjustment by tax authorities.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS

During the years ended October 31, 2015 and 2014, the Company was involved in the following related party transactions:

a) A former director and officer of the Company advanced $50,000 (2014 - $65,000) to the Company. Following this loan, the former director and officer had total funds advanced to the Company of $362,765. The amounts advanced are unsecured, non-interest bearing and have no fixed terms of repayment. During the year ended October 31, 2015, the former director and officer forgave this debt, which resulted in a gain of $362,765 (2014 - $Nil) being recorded in profit and loss.

b) Office expenses of $2,568 (2014 - $4,452) to a law firm in which a former director of the Company is a partner.

c) In 2010, the Company entered into a month to month agreement with the former CEO of the Company whereby office space, parking and office services will be provided for a rate of $1,489 per month. During the year ended October 31, 2015, $8,937 (October 31, 2014 - $17,873) was accrued to the related party.

Key Management Compensation:

During the years ended October 31, 2015 and 2014, the Company incurred the following charges by directors, former directors, companies controlled by directors and officers and by former directors and officers and by a law firm in which a former director is a partner. Key management includes the Company's directors and executive officers.

	2015	2014
Accounting fees	$ 19,725	$ 15,034
Consulting fees	2,500	1,667
Exploration and evaluation costs – geological consulting	25,650	-
Management fees	20,000	-
Share-based compensation	96,000	-
	$ 163,875	$ 16,701

At October 31, 2015, due to related parties includes $49,782 payable to a director of the Company and to companies with directors in common with the Company for accounting fees, geological consulting fees and management salaries.

At October 31, 2014, due to related parties includes $304,501 payable to a former director, to a company controlled by a former director and to a law firm in which a former director is a partner for cash advances, rent, parking, administration and legal services.

Amounts due to/from related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

11. SEGMENTED INFORMATION

The Company operates in one industry, being the acquisition, exploration and evaluation of mineral properties. The Company's mineral property interests are located in Canada.

12. NON-CASH TRANSACTIONS

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. The following transaction was excluded from the statements of cash flows:

As at October 31, 2015 (2014-$Nil), the Company had $31,057 in due to related parties, and $17,588 in accounts payable and accrued liabilities related to exploration and evaluation assets.

During the year ended October 31, 2015, the Company recorded a $7,000 (2014-$Nil) flow-through premium liability on flow-through shares issued in connection with the October 1, 2015 share issuance. The flow-through premium was completely amortized to profit and loss by October 31, 2015.

13. SUBSEQUENT EVENTS

Incentive Warrant Program

On December 31, 2015, the Company offered the holders of 4,000,000 share purchase warrants issued on June 11, 2015 (the "June Warrants") an incentive warrant to exercise their warrants early. Each June Warrant was exercisable to purchase one common share at $0.05 per share until June 10, 2016 or at $0.10 per share until June 10 2017. The Company would issue the holder of a June Warrant who exercises their June Warrant between January 4, 2016 and January 29, 2016 an incentive warrant for each June Warrant exercised. Each Incentive Warrant would entitle the holder to acquire an additional common share at $0.075 per share until June 10, 2016, and thereafter at $0.125 per share until June 10, 2020.

On February 4, 2016, the Company announced that incentive warrant program resulted in the exercise of 1,315,000 June Warrants for proceeds of $65,750. The Company issued the holders who exercised their June Warrants an incentive warrant and a common share for each June Warrant exercised.

An additional 5,000 share purchase warrants were exercised at $0.05 for proceeds of $250.

Gemini Lithium Agreement

On January 20, 2016, the Company entered into an interim agreement with Nevada Sunrise Gold Corporation (“Nevada Sunrise”), a public company with directors and officers in common with the Company, to acquire a 50% participating interest in the Gemini Lithium Project (“Gemini”) located in the Lida Valley, Esmeralda County, Nevada, USA.

Pursuant to the terms of the agreement, the Company will have the right to acquire the 50% participating interest in Gemini by reimbursing Nevada Sunrise for 50% of Gemini's acquisition costs, which are estimated at approximately US$85,000. The reimbursable acquisition costs include staking costs, data acquisition and processing, and claims registration fees payable to Esmeralda County and the Bureau of Land Management.

In addition, the Company will issue Nevada Sunrise an aggregate of 500,000 common shares, with 300,000 common shares to be issued on receipt of acceptance of the transaction by the TSX-V and a further 200,000 common shares to be issued on the first anniversary of such acceptance. The Company and Nevada Sunrise will also enter into a joint venture with respect to Gemini, with Nevada Sunrise acting as operator of exploration in exchange for a 10-per-cent management fee to be charged to the joint venture.

This transaction is subject to the satisfaction of certain conditions, including entry into a definitive agreement, completion of due diligence on Gemini and the acceptance of the TSX-V. The transaction constitutes a non-arm's-length transaction under TSX-V policies, as the companies have certain directors and officers in common.