Canadian Zeolite Corp.

(formerly Canadian Mining Company Inc.)

Consolidated Condensed Interim Financial Statements (unaudited)

(Expressed in Canadian Dollars)

Nine months ended March 31, 2016

MANAGEMENT`S RESPONSIBILITY FOR FINANCIAL REPORTING AND NOTICE TO READER

The accompanying condensed consolidated interim financial statements (unaudited) of Canadian Zeolite Corp. (formerly Canadian Mining Company Inc.) (the "Company") for the nine months ended March 31, 2016 (the "Interim Financial Statements") are the responsibility of the Company's management and have been prepared by Management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these Interim Financial Statements in accordance with International Financial Reporting Standards for Interim Financial Statements.

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the Interim Financial Statements, they must be accompanied by a notice indicating that the Interim Financial Statements have not been reviewed by an auditor.

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

Consolidated Condensed Interim Statement of Comprehensive Loss (unaudited)

(Expressed in Canadian Dollars)

	Three months ended March 31, 2016	Three months ended March 31, 2015	**Nine months ended March 31, 2016**	Nine months ended March 31, 2015
Expenses (income)				
Administrative (note 7)	**$ 26,272**	$ 26,973	**$ 76,014**	$ 73,165
Management fees (note 7)	**27,000**	27,000	**81,000**	81,000
Elimination of vendor balance	**-**	-	**-**	(36,660)
Share-based compensation	**15,582**	-	**26,883**	-
Interest	**12,000**	11,932	**36,000**	34,932
Bad debt	**2,725**	1,992	**8,072**	7,089
Net loss and comprehensive loss	**$ 83,579**	$ 67,897	**$ 227,969**	$ 159,526
Loss per share - basic and diluted	**$ 0.01**	$ 0.01	**$ 0.01**	$ 0.01
Weighted average number of common shares outstanding	**16,304,862**	11,866,122	**15,277,256**	11,866,122

The accompanying notes form an integral part of these condensed interim financial statements.

Consolidated Condensed Interim Statement of Financial Position (unaudited)
(Expressed in Canadian Dollars)

		March 31, 2016		June 30, 2015
Assets				
Current				
Cash and cash equivalents	**$**	**3,693**	$	3,594
Receivables		**1,130**		989
Prepaid expenses		**1,321**		1,321
		6,144		5,904
Non-current				
Exploration and evaluation assets (note 5)		**247,241**		252,583
Reclamation and other deposits (note 6)		**22,040**		22,040
	$	**275,425**	$	280,527
Liabilities				
Current				
Accounts payable and accrued liabilities	**$**	**674,150**	$	619,247
Related party advances (note 7)		**503,038**		534,491
		1,177,188		1,153,738
Equity				
Share capital (note 8(ii))		**10,462,265**		10,302,161
Contributed surplus		**1,021,858**		982,545
Deficit		**(12,385,886)**		(12,157,917)
		(901,763)		(873,211)
	$	**275,425**	$	280,527

Nature of operations and going concern (note 1)
Commitments (note 10)
Subsequent event (note 11)

These consolidated financial statements are authorized for issue by the Board of Directors on May 30, 2016.

On behalf of the Board:

(Signed) "*Ray Paquette*", Director

(Signed) "*Ed Skoda*", Director

Consolidated Condensed Interim Statement of Cash Flows (unaudited)
(Expressed in Canadian Dollars)

Nine months ended March 31,		**2016**		2015
Cash provided by (used for):				
Operating activities				
Net loss	**$**	**(227,969)**	$	(159,526)
Add items not affecting cash:				
Share based compensation		**26,883**		-
Accrued interest expense		**36,000**		34,932
Accrued management fees		**81,000**		81,000
Accrued interest income		**(8,072)**		(7,089)
Accrued professional fees		**24,750**		26,000
Elimination of vendor balance		**-**		(36,660)
Provision for doubtful accounts		**8,072**		7,089
		(59,336)		(54,254)
Changes in non-cash working capital items				
Accounts receivable		**(141)**		584
Accounts payable and accrued liabilities		**(70,566)**		21,693
		(130,043)		(31,977)
Financing activity				
Proceeds of private placement		**157,500**		-
Share issue expenses		**(4,466)**		-
Related party advances, net		**(11,953)**		52,731
		141,081		52,731
Investing activity				
Exploration and evaluation expenditures paid		**(19,482)**		(30,449)
Exploration and evaluation expenditures recouped		**8,544**		10,266
		(10,938)		(20,183)
Increase in cash and cash equivalents		**100**		571
Cash and cash equivalents, beginning of period		**3,594**		4,577
Cash and cash equivalents, end of period	**$**	**3,694**	$	5,148
Cash and cash equivalents consists of the following:				
Cash in banks	**$**	**3,694**	$	5,148
Unrestricted cash held in lawyer's trust account		**-**		-
	$	**3,694**	$	5,148

Supplemental cash flow information (note 12)

Consolidated Condensed Statement of Changes in Equity (unaudited)
Nine months ended March 31, 2016 and 2015
(Expressed in Canadian Dollars)

	Shares number	Share capital $	Contributed surplus $	Warrants $	Deficit $	Total $
Balance July 1, 2014	11,866,122	10,166,694	939,813	-	(11,851,920)	(745,413)
Loss for the period	-		-	-	(159,526)	(159,526)
Balance March 31, 2015	**11,866,122**	**10,166,694**	**939,813**	**-**	**(12,011,446)**	**(904,938)**
Balance July 1, 2015	13,904,862	10,302,161	982,545	-	(12,157,917)	(873,211)
Private placement	2,100,000	135,216	-	22,284	-	157,500
Share issue expenses	-	(4,466)	-	-	-	(4,466)
Share options granted	-	-	26,883	-	-	26,883
Share options exercised	300,000	29,354	(9,854)	-	-	19,500
Loss for the period	-		-	-	(227,969)	(227,969)
Balance March 31, 2016	**16,304,862**	**10,462,265**	**999,574**	**22,284**	**(12,385,886)**	**(901,763)**

1. Nature of operations and going concern

Canadian Zeolite Corp. (the "Company" or "Canadian Zeolite") is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol CNZ. On February 9, 2016, the Company's name changed from "Canadian Mining Company Inc." to "Canadian Zeolite Corp." The Company is an exploration stage public company whose principal business activities are the acquisition, exploration and evaluation of mineral properties.

The head office of the Company is located at Suite 2000, 1066 West Hastings Street, Vancouver, British Columbia, Canada V6E 3X2. The registered and records office is located at Suite 1100, 1111 Melville Street, Vancouver, BC Canada V6C 3V6.

The consolidated condensed interim financial statements of the Company have been prepared based on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several adverse conditions cast substantial doubt on the validity of the going concern assumption. The Company has not generated revenue from operations. The Company incurred a net loss of $227,969 during the nine months ended March 31, 2016 and, as of that date the Company's deficit was $12,385,886. At March 31, 2016, the Company has cash resources of $3,693 to settle its current liabilities of $1,177,188 representing a shortfall of $1,173,495. These circumstances lend substantial doubt as to the ability of the Company to meet its ongoing obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent upon raising additional capital to meet its present and future commitments, the continued support of certain shareholders and trade creditors and on achieving profitable commercial operations.

The recoverability of the amounts reported for exploration and evaluation assets is dependent upon the quantity of economically recoverable resources, the ability of the Company to obtain financing to complete exploration and development of the properties, the timing of legislative or regulatory developments relating to environmental protection and achieving future profitable operations or receiving favourable proceeds from the disposition thereon.

The consolidated condensed interim financial statements do not reflect adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to continue as a going concern and achieve profitable mining operations or obtain adequate financing and support from its shareholders and trade creditors.

If the going concern assumption was not appropriate for these consolidated financial statements, adjustments would be necessary to the carrying values of assets and liabilities, net loss and statements of financial position classifications used.

2. Basis of presentation

Statement of compliance
These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee.

Approval of consolidated condensed interim financial statements
The consolidated condensed interim financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 30, 2016.

Basis of consolidation
These consolidated condensed interim financial statements include the accounts of the Canadian Mining Company Inc. and its wholly-owned subsidiaries, Canadian Mining Company of Arizona Inc., Canadian Zeolite Inc., Canmin Mexico S.A. de C.V., and Canadian Zeolite Corp. All significant inter-company transactions and balances have been eliminated upon consolidation.

Basis of measurement
The accounting policies applied in these consolidated condensed interim financial statements are presented in note 3 and are based on IFRS issued and outstanding as of May 31, 2016. These consolidated condensed interim financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. These consolidated condensed interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Significant accounting estimates and judgments
The preparation of financial statements in compliance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require account ting 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. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. Significant accounting policies

Financial instruments
All financial instruments are initially recognized at fair value on the statement of financial position. The Company has classified each financial instrument into one of the following categories: (1) financial assets or liabilities at fair value through profit or loss ("FVTPL"), (2) loans and receivables, (3) financial assets available-for-sale, (4) financial assets held-to-maturity, and (5) other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

3. Significant accounting policies (continued)

Financial instruments (continued)
Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in net earnings. Financial assets "available-for-sale" are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (loss), net of tax. Financial assets "held-to-maturity", "loans and receivables", and "other financial liabilities" are subsequently measured at amortized cost using the effective interest method.

Fair value hierarchy
The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

(i) Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

(ii) Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

(iii) Level 3 – Applies to assets or liabilities for which there are unobservable market data.

Cash and cash equivalents have been measured at fair value using Level 1 inputs.

The Company has classified its cash and cash equivalents as at FVTPL. Accounts receivable (excluding GST and HST receivable) and reclamation and other deposits are classified as loans and receivables and accounts payable and accrued liabilities, and due to related parties are classified as other financial liabilities, all of which are measured at amortized cost.

The Company's financial instruments at March 31, 2016 are as follows:

	Loans and receivables	Available for sale	Fair value through profit or loss	Other financial liabilities
Financial assets				
Cash and cash equivalents	**$ -**	**$ -**	**$ 3,693**	**$ -**
Receivables	**1,130**	**-**	**-**	**-**
Reclamation and other deposits	**22,040**	**-**	**-**	**-**
Financial liabilities				
Accounts payable	**$ -**	**$ -**	**$ -**	**$ 674,150**
Related party advances	**-**	**-**	**-**	**503,038**

Unless otherwise disclosed their carrying values approximate their fair values due to the short-term nature of these instruments.

3. Significant accounting policies (continued)

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

Exploration and evaluation assets

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

Exploration and evaluation assets and expenditures
Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. 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 administrative overhead costs and share based payments to employees and consultants, are expensed in the period in which they occur.

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 comprehensive loss/income.

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.

Mineral exploration and evaluation expenditures are classified as intangible assets.

Impairment
An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit ("CGU"), exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

3. Significant accounting policies (continued)

Impairment (continued)
An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Reclamation deposits
Cash which is subject to contractual restrictions on use is classified separately as reclamation deposits. Reclamation deposits are classified as loans and receivables.

Provisions
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 rehabilitation activities include 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.

Other provisions
Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

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

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through share proceeds.

3. Significant accounting policies (continued)

Flow-through shares (continued)
The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Income taxes
Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Loss per share
Loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

Comprehensive loss
Comprehensive loss consists of net loss and other comprehensive income (loss) and represents the change in shareholders' equity which results from transactions and events from sources other than the Company's shareholders. For the periods presented, the Company did not have any transactions or events from sources other than the Company's shareholders.

3. Significant accounting policies (continued)

Foreign currency transactions
Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

Share capital
Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share-based payments
Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

3. Significant accounting policies (continued)
Share-based payments (continued)

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Standards and interpretations adopted
The Company has adopted these accounting standards effective July 1, 2014. The adoption of the standards and amendments did not have a material impact on the consolidated financial statements:

IAS 32 Financial Instruments: Presentation
This amendment provides clarification on the application of offsetting rules.

IAS 36 Impairment of Assets
On May 29, 2013, the IASB made amendments to the disclosure requirements of IAS 36, requiring disclosure, in certain instances, of the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal, when an impairment loss is recognized or when an impairment loss is subsequently reversed.

Amendments to IFRS 10, IFRS 12, and IAS 27
The amendment provides for the definition of an investment entity and sets out an exception to consolidating particular subsidiaries of an investment entity. The amendments also deal with the disclosures required and preparation of separate financial statements of an investment entity.

IFRIC 21 Levies
The interpretation clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements.

IFRS 2 Share-based Payment
The amendment clarifies vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition.

3. Significant accounting policies (continued)
Standards and interpretations adopted (continued)

IAS 24 Related Party Disclosures
The amendments to IAS 24 clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation.

Standards and interpretations issued but not yet effective

The following accounting standards and amendments are effective for future periods.

IFRS 9 Financial Instruments
This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.

This standard is effective for reporting periods beginning on or after January 1, 2018.

IFRS 15 Revenue from Contracts with Customers
The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service.

This standard is effective for reporting periods beginning on or after January 1, 2018.

The Company is currently reviewing the impact of these standards and does not anticipate a significant impact on the consolidated financial statements.

4. Significant accounting judgments, estimates and assumptions (continued)

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amount of expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Critical judgments

The preparation of our consolidated condensed interim financial statements requires us to make judgments regarding the going concern of the Company as discussed in Note 1.

Key sources of estimation uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting our consolidated financial statements include:

Share-based Payments
We measure our share-based payment expense by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumption about them. The value of the share-based payment expense for the year along with the assumptions and model used for estimating fair value for share based compensation transactions are disclosed in note 8.

Financial Instruments
The fair values of financial instruments are estimated based upon market and third party inputs. These estimates are subject to change with fluctuations in commodity prices, interest rates, foreign currency exchange rates and estimates of non-performance risk.

Deferred Tax Assets and Liabilities
The measurement of deferred income tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities.

4. Significant accounting judgments, estimates and assumptions (continued)

Exploration and Evaluation Expenditure
The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written-off in the profit or loss in the period the new information becomes available.

Title to Mineral Property Interests
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.

5. Exploration and evaluation assets

The Company has interests in two mineral properties located in British Columbia as at June 30, 2015. These are Sun Group and Bromley Creek.

A summary of the capitalized acquisition and exploration expenditures on the Company's exploration and evaluation assets for the year ended June 30, 2015 and period ended March 31, 2016 are as follows:

	(US) Bullard Pass ($)	(CAN) Bromley Creek ($)	(CAN) Sun Group ($)	Total ($)
Acquisition costs				
Balance at July 1, 2014 and June 30, 2015	3,058	58,712	-	**61,770**
Exploration costs				
Balance at July 1, 2014	-	33,843	152,809	**186,652**
Additions during the year:				
Claim fees	3,828	12,473	-	**16,301**
Geology	-	12,145	-	**12,145**
Assays	-	597	-	**597**
Site expenses	-	4,283	241	**4,524**
Costs recouped	-	(13,114)	-	**(13,114)**
Settlement of obligations	-	-	(16,292)	**(16,292)**
Total additions during the year	3,828	16,384	(16,051)	**4,161**
Exploration costs written off during the year	-	-	-	-
Balance at June 30, 2015	3,828	50,227	136,758	**190,813**
Total as at June 30, 2015	6,886	108,939	136,758	**252,583**

5. Exploration and evaluation assets (continued)

	(US) Bullard Pass ($)	(CAN) Bromley Creek ($)	(CAN) Sun Group ($)	Total ($)
Acquisition costs				
Balance at July 1, 2015 and March 31, 2016	3,058	58,712	-	**61,770**
Exploration costs				
Balance at July 1, 2015	3,828	50,227	136,758	**190,813**
Additions during the period:				
Claim fees	4,647	616	-	**5,263**
Geology	-	6,600	-	**6,600**
Site expenses	-	6,114	-	**6,114**
Assays	-	1,504	-	**1,504**
Settlement of obligations	-	-	(16,279)	**(16,279)**
Costs recouped	-	(8,544)	-	**(8,544)**
Total additions during the period	4,647	6,290	(16,279)	**(5,342)**
Balance at March 31, 2016	8,475	56,517	120,479	**185,471**
Total as at March 31, 2016	11,533	115,229	120,479	**247,241**

Bromley Creek, British Columbia, Canada

On November 30, 2015, the Company entered into a mining operations agreement, with a purchase option, with Absorbent Products Limited ("APL"). The purchase option terms grant APL the right to acquire a 50% interest in the Company's Bromley Creek Project.

The Company has a Zeolite project in the Bromley Creek area located near Princeton, British Columbia. The Zeolite claims are subject to a $1.50 per tonne royalty payable to an unrelated third party and a royalty payable to the government of British Columbia.

The mineral property claims have been leased from the British Columbia government and have expiration dates through to April 2016, all of which may be renewed for varying amounts. A thirty year mining lease for two of the zeolite claims was granted in 2000 and a quarry permit was issued in 2001 and in 2015.

The Company's property interest is its Bromley Creek Zeolite Project consist of a total of one mineral lease and six mineral claims as follows:

5. Exploration and evaluation assets (continued)
Bromley Creek (continued)

Tenure No.	Claim Name	Owner	Map No	Expiry Date	Area (Hectares)
380929	Mineral Lease	142965 (100%)	092H048	2016/ Dec /15	30.800
510001	Bromley #4	142965 (100%)	092H	2016/ Apr /30	294.221
510002	Bromley #5	142965 (100%)	092H	2016/ Apr /30	189.097
510003	Bromley #6	142965 (100%)	092H	2016/ Apr /30	189.087
510004	Bromley #1	142965 (100%)	092H	2016/ Apr /30	189.115
510006	Bromley #2	142965 (100%)	092H	2016/ Apr /30	84.063
510007	Bromley #3	142965 (100%)	092H	2016/ Apr /30	168.146
			TOTAL:		**1,144.529**

Sun Group, British Columbia, Canada

On November 30, 2015, the Company entered into a mining operations agreement, with a purchase option, with Absorbent Products Limited ("APL"). The purchase option terms grant APL the right to acquire a 50% interest in the Company's Sun Group Project.

The Company acquired this contiguous claim group located in the Similkameen Mining District of British Columbia in March 2004. The total claim area is 948.935 hectares.

During the period ending June 30, 2013, the Company completed a 2-phase drill program. Data obtained from this exercise will be used in the preparation of the 43-101 resource report and will confirm the size and grade of the Zeolite deposit.

At June 30, 2015 and March 31, 2016, the Company's Sun Group claims consist of the following:

Tenure No.	Claim Name	Owner	Map No:	Expiry Date:	Area (Hectares)
544975	ZEO-TECH 1	142965 (100%)	092H	2020/Jan/31	21.087
563611	SUNDAY CREEK 1	142965 (100%)	092H	2020/Jan/31	84.349
563612	SUNDAY CREEK 2	142965 (100%)	092H	2020/Jan/31	189.758
563613	SUNDAY CREEK 3	142965 (100%)	092H	2020/Jan/31	126.505
563614	SUNDAY CREEK 4	142965 (100%)	092H	2020/Jan/31	126.525
1012692	SUNDAY CREEK 5	142965 (100%)	092H	2020/Jan/31	84.379
601475	SUNDAY CREEK 6	142965 (100%)	092H	2020/Jan/31	42.180
602468	SUNDAY	142965 (100%)	092H	2020/Jan/31	21.089
733004	ZEO-TECH 2	142965 (100%)	092H	2020/Jan/31	21.090
733005	ZEO-MAR 3	142965 (100%)	092H	2020/Jan/31	231.973
			TOTAL:		**948.935**

5. Exploration and evaluation assets (continued)

Bullard Pass Gold Property, Arizona, United States

In 2007, the Company staked the DB 1 to 176 mineral claims totaling 3,420 acres and acquired 476.52 acres of Arizona State land under mineral exploration permit #08-111861, for total land holdings of 3,896.52 acres located in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona (the "Bullard Pass Property").

The Company has subsequently reduced its ownership interest in the Bullard Pass Property to 22 claims. The Company does not have intentions for further exploration of the property until such time as a new joint venture partner is secured.

6. Reclamation and other deposits

	Note	December 31, 2015	June 30, 2015
Reclamation bonds and security deposit			
Reclamation bonds held in term deposits – Canada	**(i)**	**$ 20,000**	$ 20,000
Security deposits paid – Canada	**(ii)**	**2,040**	2,040
		22,040	22,040
Other deposit			
Refundable deposit	**(iii)**	**81,500**	81,500
Accrued interest	**(iii)**	**56,946**	48,874
		138,446	130,374
Provision for doubtful accounts	**(iii)**	**(138,446)**	(130,374)
		-	-
		$ 22,040	$ 22,040

(i) Prior to commencement of exploration of a mineral property in British Columbia, a company is required to post a reclamation bond against any potential land restoration costs that may be incurred in the future on certain properties, which is refunded to the Company upon completion of reclamation to the satisfaction of the Inspector of Mines. The Company has posted reclamation bonds of $20,000 (2015 - $15,000) with the Province of British Columbia, Canada. The reclamation bonds are held in term deposits which bear interest at a weighted average rate of 0.79% per annum (2015 – 0.77%).

(ii) Included in other deposits is $2,040 (2015 - $2,040) paid by the Company as a security deposit on its leased premises in Vancouver.

6. Reclamation and other deposits (continued)

(iii) During a prior year, the Company entered into a formal letter of intent with a private British Columbia company to acquire a 640 acre coal lease (the "Property") in Wyoming's Powder River Basin area whereby the Company would have the exclusive right and option to earn a 100% interest in the Property in consideration of a total purchase price of $1,200,000, consisting of an initial refundable deposit of $120,000 upon execution of the letter of intent, the issuance of common shares equal to $600,000 upon receipt of a 43-101 complaint Technical Report indicating the presence of an economic deposit acceptable to the Company, and the balance of cash totaling $480,000 on terms yet to be determined by the parties. In 2011, the Company determined the Property did not warrant investment. Accordingly, the Company requested return of the deposit and entered into a forbearance agreement dated December 8, 2010 in respect of collection of the deposit. In accordance with the agreement the balance of the deposit was to be repaid together with interest at 8% per annum, commencing on June 23, 2010 as follows: $12,000 plus interest on or before June 30, 2010; $8,000 plus interest on or before January 15, 2011; $50,000 plus interest on or before February 15, 2011; and $50,000 plus interest on or before March 15, 2011. To date the Company has recovered $38,500 (2015 - $38,500) of the refundable deposit. There is significant uncertainty as to collection of the remaining amount. The Company has made a provision for doubtful accounts of $138,446 (2015 - $130,374), which includes $56,946 in accrued interest (2015 - $48,874).

7. Related party transactions

(a) During the nine months ended March 31, 2016, the Company entered into the following transactions with related parties:

(i) The Company accrued management fees of $81,000 (2015 - $81,000) to a director and officer.

(ii) The Company received advances from a director and officer amounting to $41,122 and repaid $72,575 (2015 – received $53,217; repaid $25,485).

(iii) The Company has accrued interest expense of $36,000 (2015 - $34,932) in respect of five promissory notes in the principal amount of $480,000 (2015 - $485,000) issued to directors and insiders of the Company.

(iv) The Company accrued fees to an officer of the Company for accounting services included in administrative expenses of $9,000 (2015 - $9,000).

(v) The Company accrued fees to an officer of the Company for corporate secretarial services included in administrative expenses of $6,750 (2015 - $6,750).

(vi) At March 31, 2016 amounts totaling $616,184 (2015 - $443,974) owing to related parties, have been included in accounts payable and accrued liabilities.

7. Related party transactions (continued)

(b) At the end of the period, related party loans and advances are comprised of the following:

	Promissory notes	Advances		Total
Balance at June 30, 2014	460,000	101,350	**$**	**561,350**
Loans	25,000	-		**25,000**
Advances	-	48,641		**48,641**
Shares for debt	(5,000)	(60,000)		**(65,000)**
Options exercised	-	(35,500)		**(35,500)**
Balance at June 30, 2015	480,000	54,491	**$**	**534,491**
Advances received	-	41,122		**41,122**
Payments	-	(53,075)		**(53,075)**
Options exercised	-	(19,500)		**(19,500)**
Balance at March 31, 2016	480,000	23,038	**$**	**503,038**

Compensation paid to key management personnel and non-executive directors for the nine months ended March 31, 2016 is as follows:

	2016	2015
Accrued senior management compensation	**$ 96,750**	**$ 96,750**
Accrued interest on promissory notes	**36,000**	**34,932**

8. Share capital

(i) Authorized

Unlimited number of common shares

(ii) Issued and outstanding

During the period ending March 31, 2016:

On December 3, 2015, the Company completed the issuance of 2,100,000 share units of a private placement at $0.075 per unit. The total proceeds were $157,500. Each unit consists of one common share and one common share purchase warrant. Each common share purchase warrant is exercisable at $0.12 per share. The warrants expire in December 2016 and have been valued at $22,284. Finder fees of $3,600 cash were paid in connection with the financing. Additional share issue costs incurred amounted to $866.

During August 2015, an option holder exercised 300,000 options resulting in a $19,500 reduction in amounts owed to related parties.

At March 31, 2016, the Company had 16,304,862 common shares issued and outstanding.

8. Share capital (continued)
(ii) Issued and outstanding (continued)

During the year ending June 30, 2015:
On March 25, 2015, the Company completed a consolidation of its issued common shares on the basis of one (new) share for each six (old) shares.

On April 30, 2015, the Company issued 1,338,740 shares in settlement of amounts totaling $66,937 due to related parties.

During June 2015, option holders exercised 700,000 options for net cash proceeds of $10,000 and $35,500 reduction of amounts owed to related parties.

At June 30, 2015, the Company had 13,904,862 common shares issued and outstanding.

During the year ending June 30, 2014:
On May 2, 2014, following receipt of TSX Venture Exchange approval, the Company issued 240,000 common shares at $0.02 per share to an insider and two others, as bonus shares in connection with loans made to the Company totaling $60,000. At June 30, 2014, the Company had 71,196,735 common shares issued and outstanding.

During the year ending June 30, 2013:
No common shares have been issued during the year ended June 30, 2013.

(iii) Stock option plan

The Company has adopted, and its shareholders have approved, a stock option plan whereby up to 10% of the outstanding shares of the Company as of the date of grant have been reserved for the grant and issuance to its employees, officers, directors and consultants. Under the plan, the exercise price of an option may not be set at less than the minimum price permitted by the TSX Venture Exchange, and the options may be exercisable for a period of up to five years. The aggregate number of options granted to any one individual during any 12-month period may not exceed 5% of the issued shares of the Company, or 2% in the case of consultants and investor relations representatives. The stock option plan provides for full vesting of the stock options on the date of approval of the options by the appropriate regulatory authority.

The following is a summary of changes in options during the period ending March 31, 2016:

8. Share capital (continued)
(iii) Stock Option Plan (continued)

	Number of options		Weighted average price
Balance at June 30, 2014	**1,850,000**	**$**	**0.10**
Expired/forfeited	(1,850,000)	$	0.10
Options granted – June 4, 2015	1,300,000	$	0.065
Options granted – June 24, 2015	700,000	$	0.065
Options exercised – June 12, 2015	(200,000)	$	0.065
Options exercised – June 15, 2015	(500,000)	$	0.065
Balance at June 30, 2015	1,300,000	$	0.065
Options exercised – August 14, 2015	(300,000)	$	0.065
Options granted – November 25, 2015	250,000	$	0.095
Options granted – January 29, 2016	380,000	$	0.090
Balance at March 31, 2016	1,630,000	$	0.075

During the nine month period ending March 31, 2016, the Company granted 630,000 stock options to consultants. An amount of $25,883 has been charged to operations as share based compensation. The following weighted average assumptions, using the Black-Scholes option pricing model, have been used: risk-free interest rate range of 0.42% (2015 – 0%); average annual volatility factor of the expected market price of the Company's common shares of 197% (2015 – 0%); expected dividend yield of 0% (2015 – 0%) and an expected life of the options of two years (2015 – 0 years).

A summary of stock options outstanding and exercisable at March 31, 2016 is set out below:

Number		Exercise price	Expiry Date
600,000	$	0.065	May 22, 2017
400,000	$	0.065	June 24, 2017
250,000	$	0.095	November 25, 2017
380,000	$	0.090	January 29, 2018
1,630,000			

9. Segmented information

The Company has one operating segment, which is the exploration and development of mineral properties. The Company's principal operations are carried out in Canada. Exploration activities are carried out in Canada, United States and Mexico. Segment assets by geographical location are as follows:

As at March 31, 2016	Canada	United States	Mexico	Total
Current assets	**$ 1,997**	$ -	**$ 1,597**	**$ 3,594**
Exploration and evaluation assets	**235,708**	**11,533**	**-**	**247,241**
Reclamation and other deposits	**22,040**	**-**	**-**	**22,040**
	$ 259,745	**$ 11,533**	**$ 1,597**	**$ 272,875**

As at June 30, 2015	Canada	United States	Mexico	Total
Current assets	$ 4,307	$ -	$ 1,597	**$ 5,904**
Exploration and evaluation assets	245,697	6,886	-	**252,583**
Reclamation and other deposits	22,040	-	-	**22,040**
	$ 272,044	$ 6,886	$ 1,597	**$ 280,527**

	2016	2015
Net loss		
Canada	**$ 227,969**	$ 159,526
United States	**-**	-
Mexico	**-**	-
	$ 227,969	$ 159,526

10. Commitments

During December 2015, the Company renewed the office lease for a twelve month period commencing January 01, 2016 with monthly payments of $1,429 per month. At March 31, 2016, the commitment in terms of the lease amounted to $12,861.

11. Subsequent Events

During May 2016, the Company announced a non-brokered private placement of up to 3,500,000 units at a price of $0.10 per unit to raise gross proceeds of up to $350,000. Each unit consists of one common share and one non-transferable share purchase warrant. Each share purchase warrant is exercisable into one additional common share for a period of one year from the date of issue at an exercise price of $0.15 per share.

12. Supplemental cash flow information

The following cash and non-cash transactions were entered into by the Company during the periods ended March 31, 2016 and 2015.

		2016		2015
Options exercised	**$**	**19,500**	$	-
Interest accrued	**$**	**36,000**	$	34,932

13. Capital management

The Company manages its capital structure and makes adjustments based on the funds available in order to support continued operation and future business opportunities. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers its capital to be equity.

The Company's operations are currently not generating positive cash flow; as such, the Company is dependent on external financing to fund its activities. In order to carry out potential expansion and to continue operations, and pay for administrative costs, the Company will spend its existing working capital, and raise additional amounts as needed. Companies in this stage typically rely upon equity and debt financing or joint venture partnerships to fund their operations. The current financial markets are very difficult and there is no certainty with respect to the Company's ability to raise capital. However, the Company feels that it has sufficient working capital to continue with planned activities.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

14. Financial instruments and risk management

There were no changes in the Company's approach to capital management during the period ended March 31, 2016. The Company is not subject to externally imposed capital requirements.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Cash and cash equivalents are carried at fair value using a level 1 fair value measurement. The carrying value of receivables, accounts payables and accrued liabilities and related parties advances approximate their fair value because of the short-term nature of these instruments.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank deposits of $1,597 (2015 – 1,597).

14. Financial instruments and risk management (continued)

As all bank accounts are held with a major bank in Canada, there is a concentration of credit risk with one bank in Canada. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

The Company's secondary exposure to credit risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government sales taxes.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company normally maintains sufficient cash to meet the Company's business requirements; however, at March 31, 2016, the cash balance of $3,594 will not be sufficient to meet its obligations related to its accounts payable and accrued liabilities of $674,150, related party advances of $503,038, and required administrative and exploration and evaluation expenditures over the next year. The Company will be required to raise additional capital in the future to fund its operations.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant and the Company, as all other companies in its industry, has exposure to these risks.

a. Interest Rate Risk

The Company is not subject to material interest rate risk.

b. Currency Risk

The Company is exposed to foreign currency risk as certain monetary financial instruments are denominated in United States and Mexican currencies. At March 31, 2016, total assets and liabilities include cash of US $510 (2015 – US $147) and cash of Mexican pesos 12,100 (2015 – Mexican pesos 12,100). The Company has not entered into any foreign currency contracts to mitigate this risk. The Company's sensitivity analysis suggests that a change in the absolute rate of exchange in the US dollar by 10% (2015 – 10%) would increase or decrease the net loss by $51 (2015 - $15) and a change in the absolute rate of exchange in the Mexican pesos by 10% (2015 – 10%) would increase or decrease the net loss by $100 (2015 - $100) in these consolidated financial statements.

c. Price risk

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