MILLENNIAL LITHIUM CORP.
(formerly Redhill Resources Corp.)

Condensed Interim Financial Statements
(Unaudited)

For the three months ended May 31, 2016 and 2015

Expressed in Canadian Dollars

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of management.

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

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Millennial Lithium Corp.
(formerly Redhill Resources Corp.)
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars – Unaudited)

	May 31, 2016	February 29, 2016
	$	$
ASSETS		
Current		
Cash	474,519	611,557
Receivables (Note 3)	13,272	7,435
Prepaids	26,020	29,820
	513,811	648,812
Equipment (Note 4)	25,936	27,503
Exploration and evaluation assets (Note 5)	1,082,746	1,057,659
	1,622,493	**1,733,974**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 8)	36,278	35,939
Customer deposit	1,134	1,985
	37,412	37,924
Shareholders' equity		
Share capital (Note 9)	53,488,793	53,488,793
Reserves (Note 9)	394,846	394,846
Deficit	(52,298,558)	(52,187,589)
	1,585,081	1,696,050
	1,622,493	**1,733,974**

Nature and continuance of operations (Note 1)
Commitments (Note 11)
Subsequent events (Note 15)

Approved and authorized by the Board on July 29, 2016.

Approved on behalf of the Board of Directors:

"Graham Harris" Director

"Andrew W. Bowering" Director

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

Millennial Lithium Corp.
(formerly Redhill Resources Corp.)
Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars – Unaudited)

	For the three months ended May 31,	
	2016	**2015**
	$	**$**
OPERATING EXPENSES		
Bad debts	14,175	-
Depreciation (Note 4)	1,567	2,062
Investor relations	792	472
Management, consulting and directors fees (Note 10)	41,367	204,475
Office and rent (Note 10)	33,767	51,519
Professional fees	8,850	4,761
Property investigation and due diligence	-	4,375
Regulatory and shareholder services	6,227	2,587
Salaries and wages	-	1,706
Travel and related	4,224	9,166
Total operating expenses	(110,969)	(281,123)
OTHER ITEMS		
Impairment of loan receivable (Note 6)	-	(595,916)
Interest income	-	12,180
Gain on warrants held (Note 7)	-	384
Loss on sale of financial assets (Note 7)	-	(90,770)
	-	(674,122)
Net loss for the period	(110,969)	(955,245)
OTHER COMPREHENSIVE LOSS		
Net change in fair value of financial assets, net of tax	-	(109,445)
Total loss and comprehensive loss for the period	**(110,969)**	**(1,064,690)**
Basic and diluted loss per common share		
Net loss for the period	$ (0.01)	$ (0.09)
Weighted average number of common shares outstanding	10,341,198	10,341,198

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

Millennial Lithium Corp.
(formerly Redhill Resources Corp.)
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars – Unaudited)

	For the three months ended May 31,	
	2016	**2015**
	$	**$**
Cash flows used in operating activities		
Loss for the period	(110,969)	(955,245)
Items not affecting cash:		
Bad debts	14,175	-
Depreciation	1,567	2,062
Accrued interest income	-	(9,781)
Impairment of loan receivable	-	595,916
Gain on warrants held	-	(384)
Loss on sale of financial assets	-	90,770
Changes in working capital items:		
Receivables	(20,012)	(5,234)
Prepaids	3,800	6,564
Accounts payable and accrued liabilities	339	45,835
Customer deposit	(851)	-
	(111,951)	(229,497)
Cash flows from (used in) investing activities		
Exploration and evaluation asset expenditures	(25,087)	(16,625)
Proceeds from sale of financial assets	-	23,305
Reclamation bonds	-	(66)
	(25,087)	6,614
Change in cash during the period	(137,038)	(222,883)
Cash, beginning of period	611,557	1,184,261
Cash, end of period	**474,519**	**961,378**

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

Millennial Lithium Corp.
(formerly Redhill Resources Corp.)
Condensed Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars – Unaudited)

	Number of Shares Issued	Share Capital	Reserves			Deficit	Total Shareholders' Equity
			Share Options	Unrealized Gains (Losses)	Total		
		$	$	$	$	$	$
Balance at February 28, 2015	10,341,198	53,488,793	622,939	-	622,939	(50,479,772)	3,631,960
Comprehensive loss for the period	-	-	-	(109,445)	(109,445)	(955,245)	(1,064,690)
Balance at May 31, 2015	10,341,198	53,488,793	622,939	(109,445)	513,494	(51,435,017)	2,567,270
Forfeited share options	-	-	(228,093)	-	(228,093)	228,093	-
Comprehensive loss for the period	-	-	-	109,445	109,445	(980,665)	(871,220)
Balance at February 29, 2016	10,341,198	53,488,793	394,846	-	394,846	(52,187,589)	1,696,050
Comprehensive loss for the period	-	-	-	-	-	(110,969)	(110,969)
Balance at May 31, 2016	**10,341,198**	**53,488,793**	**394,846**	**-**	**394,846**	**(52,298,558)**	**1,585,081**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Millennial Lithium Corp. (the "Company") (formerly Redhill Resources Corp.) was incorporated on March 7, 2005 under the laws of the Province of British Columbia. The Company completed the change of name on June 24, 2016. The Company's principal business is to acquire, explore and develop mineral properties and oil & gas resource interests.

The head office and principal address of the Company is Suite 2000, 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2K3. The registered and records office is located at Suite 650, 1188 West Georgia Street, Vancouver, BC, V6E 4A2.

In June 2016, the Company completed a share consolidation on the basis of one new post-consolidation common share for every two pre-consolidation common shares (Note 15b). All current and comparative references to the number of common shares, weighted average number of common shares, loss per share, stock options and warrants have been restated to give effect to this share consolidation.

The Company's exploration and evaluation assets are at the exploration stage and are without a known body of commercial ore or hydrocarbon reserves. The business of exploring for exploration and evaluation assets involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines or reservoirs. Major expenses may be required to establish mineral property and oil and gas reserves, to acquire construction and operating permits and to construct mineral property and/or oil and gas production and processing facilities. The amounts shown as exploration and evaluation assets represent acquisition, holding and exploration and evaluation costs and do not necessarily represent present or future recoverable values. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the Company obtaining the necessary financing to complete the exploration and development of the properties, the discovery of economically recoverable reserves and future profitable operations.

These condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon the successful acquisition of resource properties and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with current working capital, proceeds from exercise of options and further private placements.

These condensed interim 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 in existence.

2. SIGNIFICANT ACCOUNTING POLICIES

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

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. Therefore, it is recommended that this financial report be read in conjunction with the audited annual financial statements of the Company for the year ended February 29, 2016.

The condensed interim financial statements of the Company for the three ended May 31, 2016 were approved and authorized for issue by the Board of Directors on July 29, 2016.

Basis of presentation
The condensed interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

Use of estimates
The preparation of financial statements in conformity 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 financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of exploration and evaluation assets including oil and gas interests, valuation of share-based compensation and other equity based payments, and the recoverability and measurement of deferred tax assets and liabilities.

Critical judgment exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is as follows:

Economic recoverability and probability of future economic benefits of exploration and evaluation assets
Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of hydrocarbon deposits with similar characteristics to its own properties to proven and probable hydrocarbon reserves, a history of conversion of oil and gas reserves with similar characteristics to its own properties to proven and probable hydrocarbon reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates (continued)
Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Valuation of share-based compensation, investment in warrants, and convertible features
The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation and other equity based payments, as well as its investment in warrants of High North and the conversion feature of the loan receivable. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes
In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Accounting pronouncements not yet adopted
A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the three months ended May 31, 2016 and have not been applied in preparing these condensed interim financial statements.

a) IFRS 9 – Financial Instruments: Classification and Measurement: applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Management does not anticipate this standard having a material effect on the Company's financial statements.

b) IFRS 15 – Revenue from Contracts with Customers: establishes principles that an entity shall report more useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. More specifically to production (and sales) based royalties, variable consideration is estimated and included in the transaction price to the extent it is highly probable that there will be no significant reversal in the amount of cumulative revenue recognized when the uncertainty is resolved. This new approach to variable revenue could accelerate the recognition of revenue which depends on future production (or sales) levels. The standard was issued in May 2014 and is effective for annual periods beginning on or after January 1, 2018. Management is currently evaluating the impact this standard will have on the Company's financial statements.

c) IFRS 16 – Leases: specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019. Management is currently evaluating the impact this standard will have on the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting pronouncements not yet adopted (continued)

d) IAS 7 – Statement of Cash Flows (disclosure initiative): these amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfill the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This amendment is effective for reporting periods beginning on or after January 1, 2017. Management does not anticipate this standard having a material effect on the Company's financial statements.

3. RECEIVABLES

	May 31, 2016	February 29, 2016
	$	$
Sales tax receivable	3,641	4,638
Other receivables	9,631	2,797
	13,272	**7,435**

4. EQUIPMENT

	Computer equipment	Leasehold improvement	Other equipment	Total
	$	$	$	$
Cost:				
At February 28, 2015, February 29, 2016 and May 31, 2016	78,775	80,039	79,920	238,734
Depreciation:				
At February 28, 2015	63,561	80,039	59,384	202,984
Additions	3,292	-	4,955	8,247
At February 29, 2016	66,853	80,039	64,339	211,231
Additions	576	-	991	1,567
At May 31, 2016	67,429	80,039	65,330	212,798
Net book value:				
At February 29, 2016	11,922	-	15,581	27,503
At May 31, 2016	**11,346**	**-**	**14,590**	**25,936**

5. EXPLORATION AND EVALUATION ASSETS

The Company's current exploration and evaluation assets are comprised of the following:

	Mineral Properties (USA)	Oil & Gas Properties (Canada)	Total
	$		$
Balance, February 28, 2015	**-**	**1,023,808**	**1,023,808**
Exploration expenditures:			
Geological and engineering contractors	-	26,683	26,683
Lease rentals	-	7,168	7,168
Subtotal	-	33,851	33,851
Balance, February 29, 2016	**-**	**1,057,659**	**1,057,659**
Acquisition costs	25,000	-	25,000
Exploration expenditures:			
Geological and engineering contractors	-	87	87
Subtotal	25,000	87	25,087
Balance, May 31, 2016	**25,000**	**1,057,746**	**1,082,746**

MINERAL PROPERTIES

Lincoln Lithium Property

In May 2016, the Company entered into a property option and assignment agreement with a vendor to acquire 100% right, title and interest in and to the Lincoln Lithium Property (the "Lincoln Property") in Nevada. To earn its interest in the Lincoln Property, the agreement calls for the Company to pay the underlying owner of the Lincoln Property:

(1) a non-refundable deposit of $25,000 (paid) upon signing of the agreement; and
(2) an additional $225,000 (paid subsequently) upon approval of the agreement by the TSX Venture Exchange (the "Exchange").

The Company is also required to expend $250,000 in exploration expenditures on the Lincoln Property and pay an additional $750,000 to the vendor to earn its interest on or before July 7, 2017. The vendor will be issued 1,500,000 common shares (issued subsequently – Note 15e) upon closing of the agreement.

Upon exercise of the option agreement, the underlying owner will retain a 1% gross overriding royalty. The Company may purchase the gross overriding royalty at any point in time for cash consideration equal to $1,000,000.

A finder's fee of $25,000 is payable in connection with this agreement.

5. EXPLORATION AND EVALUATION ASSETS (continued)

OIL AND GAS PROPERTIES

Montney Project

In September 2014, the Company acquired a 100% interest in a total of eight sections of crown petroleum and natural gas leases (the "Montney Leases") from the Government of Alberta's September 17, 2014 public offering of Crown land rights for total consideration of $1,008,640. The Montney Leases cover 2,048 hectares in North Western Alberta, have a four-year exploration term, and require annual lease rentals of $7,168. The acquired rights are in the exploration and pre-production phase and as such, the Company has capitalized all related exploration expenditures incurred. All costs incurred prior to obtaining the land rights were expensed as property investigation and due diligence costs in the statement of loss and comprehensive loss.

In February 2016, the Company entered into a farm-out arrangement with an arm's length party ("PrivateCo"). Under the terms of the arrangement, PrivateCo is required to drill a single step-out well on the project to earn the lands and evaluate the project for subsequent drilling and development. Upon completion of a test well to the Montney formation, PrivateCo will then earn 100% of the Company's pre farm-out working interest in the Montney project.

In exchange for the earned rights, PrivateCo will pay a gross overriding royalty to the Company of 2.5% of the gross monthly production thereof produced from each Royalty well, payable prior to operating expenses, and at no capital risk to the Company.

GORR Lands

In December 2013, the Company acquired a 100% interest in seven-crown petroleum and natural gas leases (the "Leases") located in North Western Alberta from the Government of Alberta public offering of Crown land rights. In May 2014, the Leases were sold to High North Resources Ltd ("High North").

The Company retained a 2.5% gross overriding royalty in any production for the Leases. As at May 31, 2016, there was no production from these leases.

6. LOAN RECEIVABLE

In April 2014, the Company purchased 850 12% one-year convertible debentures at a subscription price of $1,000 per debenture. The debentures bore interest at 12% per annum which was payable semi-annually. Each debenture was convertible at the holder's option into common shares of High North for a period of one year at $0.85 per common share.

High North informed the Company they were not able to repay the principal and remaining interest payment of the debenture that matured on April 4, 2015. In March 2015, the Company waived the event of default by High North and agreed to participate in a Plan of Arrangement (the "Plan"). Under the Plan, the Company agreed to convert the principal and accrued interest receivable into common shares of High North at a deemed value of $0.06 per share. Annual interest was reduced to 6% from April 4, 2015 up to the date of redemption, resulting in the recognition of $24,033 in total interest income during the year ended February 29, 2016.

In July 2015, the Company finalized the election under the Plan to convert its entire principal and remaining interest balance into common shares of High North, which resulted in the receipt of 15,254,203 High North common shares (Note 7) at a fair value of $0.02 per share. The Company recognized impairment on its loan receivable of $610,168 due to the terms of the transaction during the year ended February 29, 2016.

7. FINANCIAL ASSETS

In October 2013, the Company subscribed to 3,000,000 units of High North (the "High North Unit") at a price of $0.35 per unit for $1,050,000. Each High North Unit consisted of one common share and one-half share purchase warrant, which was exercisable for two years at an exercise price of $0.50 per whole warrant. No value was allocated to the warrants on initial recognition.

In July 2015, the Company received 15,254,203 common shares of High North valued at $0.02 per share as a result of the Company's election to fully convert its debenture and remaining interest payment (Note 6).

During the year ended February 29, 2016, the Company acquired an additional 424,000 common shares of High North for $0.01 per share and sold 12,824,203 common shares of High North for total proceeds of $105,715 which resulted in a loss on sale of financial assets of $315,422.

At May 31, 2016, the Company held 8,854,000 (February 29, 2016 – 8,854,000) High North shares; however, management determined that the shares had a fair value of $nil (February 29, 2016 – $nil) as High North was placed into receivership in January 2016. This resulted in a permanent impairment of these financial assets, net of tax, of $338,229 during the year ended February 29, 2016.

Warrants:

In October 2015, the 1,500,000 warrants held in High North expired unexercised. As a result, the Company recorded a loss on warrants held of $924 during the year ended February 29, 2016.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	May 31, 2016	February 29, 2016
	$	$
Accounts payable	5,594	6,939
Accrued liabilities	29,500	29,000
Payroll liabilities	1,184	-
	36,278	**35,939**

9. SHARE CAPITAL AND RESERVES

Authorized share capital

Unlimited number of common shares without par value.

In June 2016, the Company completed a share consolidation on the basis of one new post-consolidation common share for every two pre-consolidation common shares. All current and comparative references to the number of common shares, weighted average number of common shares, loss per share, stock options and warrants have been restated to give effect to this share consolidation.

Share Options

The Company has a share option plan (the "Plan") whereby the Company can grant share options to directors, officers, employees and consultants enabling them to acquire up to 10% of the issued common shares of the Company. Options granted can have a maximum term of ten years and the board of directors can determine the vesting requirements.

During the year ended February 29, 2016, 282,500 stock options were forfeited resulting in $228,093 being transferred from reserves to deficit.

Share options transactions are summarized as follows:

	Number of Share Options	Weighted Average Exercise Price
		$
Balance, February 28, 2015	865,000	0.72
Forfeited	(282,500)	0.80
Balance, February 29, 2016 and May 31, 2016	**582,500**	0.70

9. SHARE CAPITAL AND RESERVES (continued)

A summary of the share options outstanding and exercisable at May 31, 2016 is as follows:

Number of Share Options	Exercise Price	Expiry Date
	$	
150,000	0.31	February 3, 2019
382,500	0.80	August 11, 2019
50,000	1.00	September 25, 2019
582,500		

The weighted average life of share options outstanding at May 31, 2016 was 3.08 years.

Warrants

During the year ended February 29, 2016, 1,412,499 warrants expired unexercised.

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
		$
Balance February 28, 2015	1,412,499	0.32
Expired	(1,412,499)	0.32
Balance February 29, 2016 and May 31, 2016	**-**	**-**

10. RELATED PARTY TRANSACTIONS

On August 11, 2014 the Company signed two Executive Employment Agreements, one with the President, COO, and director of the Company and the other with the CEO and director of the Company. Each agreement states that the executive will earn an annual salary of $180,000 plus bonuses (monthly salary of $15,000) and is entitled to termination payments of one years' salary plus 10% of the salary for the loss of group benefits plus 50% of the total bonuses paid over the previous two calendar years. In November 2015, the Company and the current executives and officers agreed to reduce their monthly salaries to $4,000 effective January 2016 as part of cost cutting initiatives.

In May 2016, the Company entered into an option agreement to acquire a 100% right, title and interest in and to the Lincoln Lithium Property (Note 5). Concurrent with the closing of the acquisition, the CEO agreed to resign from his position in exchange for a termination payment of $40,000.

During the three months ended May 31, 2016, the Company entered into the following transactions with related parties, not disclosed elsewhere in these condensed interim financial statements:

a) Rent recoveries of $4,800 (May 31, 2015 - $5,600), office recoveries of $4,200 (May 31, 2015 - $5,400), and payroll recoveries of $nil (May 31, 2015 - $4,000) were received from companies related by way of common directors and officers.

10. RELATED PARTY TRANSACTIONS (continued)

As at May 31, 2016, the Company owed $nil (February 29, 2016 - $400) to an officer and director of the Company for reimbursement of expenses which is included in accounts payable and accrued liabilities.

As at May 31, 2016, the Company had a receivable of $147 (February 29, 2016 - $147) owing by a company related by way of a director whom acts in capacity as an officer of this company.

Summary of key management personnel compensation:

	For the three months ended May 31,	
	2016	**2015**
	$	**$**
Director's fees	-	5,000
Management fees	40,500	196,500
	40,500	**201,500**

11. COMMITMENTS

a) Commencing June 1, 2009, the Company entered into a three-year term lease agreement for office space in Vancouver, British Columbia. The Company receives recoveries on a month to month basis from various sub-tenants. On January 4, 2012, the Company signed a lease amending agreement extending the lease for an additional five years. The remaining minimum future lease payments, excluding operating costs are as follows:

June 1, 2016 to February 28, 2017	$ 80,303
March 1, 2017 to May 31, 2017	$ 26,768

b) In October 2014, the Company entered into a definitive agreement with Petrel Robertson Consulting Ltd. for consulting work performed on potential oil and gas claims. The Company may be required to issue 150,000 common shares of the Company to Petrel conditional upon certain land acquisition thresholds.

12. CAPITAL DISCLOSURE AND MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of oil and gas properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In the management of capital, the Company includes shareholders equity and long term obligations as capital.

In order to carry out planned exploration and development activities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. In addition, the Company is dependent upon external financings to fund activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any externally imposed capital restrictions.

13. 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 Company's financial instruments consist of cash, receivables, and accounts payable and accrued liabilities. The fair value of receivables and accounts payables and accrued liabilities approximates their carrying values. Cash is measured at fair value using level 1 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity, commodity price and market price risk.

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar and it currently has one oil and gas property located in Canada and one mineral property located in the United States of America. The Company is incurring its expenditures in Canadian dollars; as such, there is no foreign currency risk related to its exploration and evaluation assets.

However, the Company is subject to risk in fluctuations in the exchange rate of the United States dollar as it holds a bank account denominated in United States dollars. As at May 31, 2016, the Company had a balance of (US$19) (February 29, 2016 - US$12). Each 1% change in the Canadian dollar versus the United States dollar will result in a minimal gain/loss.

b) Credit risk

Credit risk is risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held in large Canadian financial institutions and its receivables consist of amounts due from the Canadian government and various businesses. The Company is not exposed to significant credit risk on its balance due from the Canadian government; however, there is credit risk related to the balances due from the various businesses as there is no guarantee those receivables will be fully collected.

c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There is minimal interest rate risk, as the Company does not have any interest-bearing debt.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

e) Commodity price risk

The Company is subject to price risk for fluctuations in the market price of oil and gas and lithium. Mineral resources and oil and gas prices are affected by numerous factors beyond the Company's control, including central bank sales, producer hedging activities, the relative exchange rate of the US with other major currencies, global and regional demand, and political and economic conditions. Worldwide lithium and oil and gas production levels also affect the respective pricing of these resources, and the price of oil and gas are occasionally subject to rapid short-term changes due to speculative activities. The Company does not actively manage its exposure to price risk associated with these commodities.

f) Market price risk

Market price risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

14. SEGMENTED INFORMATION

The Company has one operating segment, being the exploration of resource properties. Geographic information is as follows:

	As at May 31, 2016		
	Canada	**USA**	**Total**
	$	**$**	**$**
Equipment	25,936	-	25,936
Mineral property	-	25,000	25,000
Oil and gas interest	1,057,746	-	1,057,746
	1,083,682	**25,000**	**1,108,682**

	As at February 29, 2016		
	Canada	**USA**	**Total**
	$	**$**	**$**
Equipment	27,503	-	27,503
Mineral property	-	-	-
Oil and gas interest	1,057,659	-	1,057,659
	1,085,162	**-**	**1,085,162**

15. SUBSEQUENT EVENTS

a. In June 2016, the Company granted 450,000 share options to certain officers, directors, consultants and employees. The share options have a term of 5 years and are exercisable at a price of $0.15 per common share.

b. In June 2016, the Company effected a consolidation of its outstanding common shares on a one new post-consolidation common share for every two pre-consolidation common shares. All current and comparative references to the number of common shares, weighted average number of common shares, loss per share, stock options and warrants have been restated to give effect to this share consolidation.

c. In July 2016, the Company closed a non-brokered private placement for gross proceeds of $1,200,000. The private placement consists of the issuance of 8,000,000 units (the "Units") at a price of $0.15 per unit. Each Unit consisted of one common share and one share purchase warrant (the "Warrant") exercisable for a two-year period at an exercise price of $0.30 per warrant.

d. In July 2016, the Company entered into a property purchase agreement to purchase 100% of a Lithium Project (the "Project") in Salta province Argentina from an Argentinean vendor. Pursuant to the terms of the agreement, the Company can acquire a 100% interest in the Project in consideration for the following payments and share issuances to the vendor:
   - Pay US$200,000 deposit on execution of the Agreement;
   - Pay US$500,000 and issue US$500,000 in common shares of the Company on Exchange approval of the definitive agreement;
   - Pay US$500,000 and issue US$500,000 in common shares of the Company on the six month anniversary of the Exchange approval of the definitive agreement; and
   - Pay US$1,000,000 on the twelve-month anniversary of the Exchange approval of the definitive agreement.

   The Project is subject to a 1.5% NSR, which the Company has the option to purchase for US$3,000,000.

   A finder's fee equal to the maximum finder's fee permitted under the policies of the TSX-V Exchange will be paid to Synergy Resources Capital in cash tranches as the payments above are made to the Vendor.

e. In July 2016, 1,500,000 common shares were issued in connection with the Lincoln Lithium Project (Note 5).