SIGNATURE RESOURCES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
OCTOBER 31, 2015 AND 2014

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Signature Resources Ltd.

We have audited the accompanying consolidated financial statements of Signature Resources Ltd. and its subsidiaries, which comprise the consolidated statements of financial position as at October 31, 2015 and 2014, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Signature Resources Ltd. and its subsidiaries as at October 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company had continuing losses during the year ended October 31, 2015 and a working capital deficiency and a cumulative deficit as at October 31, 2015. These conditions along with other matters set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
February 22, 2016

SIGNATURE RESOURCES LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT OCTOBER 31,
(Expressed in Canadian dollars)

	Note	**2015**	**2014**
		$	$
ASSETS			
CURRENT			
Cash		45,210	10,167
Short-term investments	4	-	70,000
Amounts receivable		6,079	6,524
Prepaid expenses and deposit		8,526	3,667
Total current assets		59,815	90,358
Exploration and evaluation assets	5	2,102,517	2,036,841
Total assets		2,162,332	2,127,199
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	6,8	1,093,528	1,262,797
Deferred premium liability	13	425	-
Rehabilitation provision	9	13,184	-
Total current liabilities		1,107,137	1,262,797
Rehabilitation provision	9	227,967	233,609
Total liabilities		1,335,104	1,496,406
SHAREHOLDERS' EQUITY			
Share capital	7	2,021,983	1,753,159
Shares to be issued	7	-	30,000
Contributed surplus		437,297	362,064
Deficit		(1,632,052)	(1,514,430)
Total shareholders' equity		827,228	630,793
Total liabilities and shareholders' equity		2,162,332	2,127,199

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)
COMMITMENTS AND CONTINGENCIES (Note 10)

"Signed"
Keith McDowell, Director

"Signed"
Stephen Timms, Director

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

SIGNATURE RESOURCES LTD.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED OCTOBER 31,
(Expressed in Canadian dollars)

	2015	**2014**
	$	$
GENERAL AND ADMINISTRATION		
Salaries and wages	96,000	105,000
Office and general	30,374	31,936
Professional fees	24,127	21,650
Consulting fees	-	6,000
Accretion expense (Note 9)	7,542	7,303
Share-based payments (Note 7)	8,902	34,011
NET LOSS BEFORE OTHER ITEMS	(166,945)	(205,900)
Premium on flow-through shares income (Note 13)	8,950	-
Other income	373	611
Gain on settlement of debt (Note 7)	40,000	-
NET LOSS AND COMPREHENSIVE LOSS	(117,622)	(205,289)
LOSS PER SHARE, basic and diluted	(0.00)	(0.01)
Weighted average number of common shares, basic and diluted	27,285,035	18,630,001

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

SIGNATURE RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31,
(Expressed in Canadian dollars)

	2015	2014
	$	$
OPERATING ACTIVITIES		
Net loss for the year	(117,622)	(205,289)
Items not affecting cash		
Accretion expense	7,542	7,303
Share-based payments	8,902	34,011
Premium on flow-through shares income (Note 13)	(8,950)	-
Gain on settlement of debt (Note 7)	(40,000)	-
	(150,128)	(163,975)
Changes in non-cash working capital items:		
Amounts receivable	445	29,264
Prepaid expenses and deposit	(4,859)	-
Accounts payable and accrued liabilities	(8,346)	47,535
Cash flows used in operating activities	(162,888)	(87,176)
FINANCING ACTIVITIES		
Shares to be issued (Note 7)	(30,000)	30,000
Proceeds from private placement (Note 7)	192,600	-
Share issuance costs (Note 7)	(8,070)	-
Cash flows from financing activities	154,530	30,000
INVESTING ACTIVITIES		
Short-term investments	70,000	(50,000)
Expenditures on exploration and evaluation assets (Note 5)	(26,599)	(13,000)
Cash flows from (used in) investing activities	43,401	(63,000)
Change in cash during the year	35,043	(120,176)
Cash, beginning of year	10,167	130,343
Cash, end of year	45,210	10,167
Non-cash activities:		
Issuance of common stock for exploration and evaluation assets	160,000	-
Change in accrued expenditures on exploration and evaluation assets	(39,077)	47,000

SIGNATURE RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED OCTOBER 31, 2015 AND 2014
(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Shares to be Issued	Contributed Surplus	Deficit	Total
		$	$	$	$	$
Balance, October 31, 2013	18,630,001	1,753,159	-	328,053	(1,309,141)	772,071
Private placement (Note 7)	-	-	30,000	-	-	30,000
Share-based payments	-	-	-	34,011	-	34,011
Comprehensive loss for the year	-	-	-	-	(205,289)	(205,289)
Balance, October 31, 2014	18,630,001	1,753,159	30,000	362,064	(1,514,430)	630,793
Issuance of flow-through common shares (Note 7)	937,500	37,500	-	-	-	37,500
Issuance of non-flow-through common shares (Note 7)	5,170,000	155,100	(30,000)	-	-	125,100
Share issuance costs (Note 7)	-	(8,070)	-	-	-	(8,070)
Premium on flow-through shares (Notes 7 & 13)	-	(9,375)	-	-	-	(9,375)
Issuance of warrants (Note 7)	-	(66,331)	-	66,331	-	-
Issuance of shares for debt (Notes 5 & 7)	4,000,000	160,000	-	-	-	160,000
Share-based payments	-	-	-	8,902	-	8,902
Comprehensive loss for the year	-	-	-	-	(117,622)	(117,622)
Balance, October 31, 2015	28,737,501	2,021,983	-	437,297	(1,632,052)	827,228

1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

Signature Resources Ltd. (the "Company") was incorporated on May 3, 2010, under the British Columbia Business Corporations Act. The Company's principal business activities include the acquisition and exploration of mineral properties in Canada. The Company's common shares are publicly traded on the TSX-Venture Exchange ("TSXV") under the stock symbol "SGU". The Company's head office address is 1103-44 Victoria Street, Toronto, ON M5C 1Y2.

At October 31, 2015, the Company had not yet determined whether its properties contained ore reserves that are economically recoverable. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry practice for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or non-compliance with regulatory requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

As at October 31, 2015, the Company has an accumulated deficit of $1,632,052 (2014 - $1,514,430), a working capital deficiency of $1,047,322 (2014 - $1,172,439), and is not yet generating positive cash flows from operations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue its operations as a going concern and to realize its assets as their carrying values are dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

The Company will need to raise capital in order to fund its operations. To address its financing requirements, the Company will seek financing through debt and equity financings, asset sales, and rights offerings to existing shareholders. The outcome of these matters cannot be predicted at this time.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements. Such adjustments could be material.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on the historical cost basis except as explained in the accounting policies set out in Note 3. The financial statements have been prepared on an accrual basis except for cash flow information.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The functional and presentation currencies of the Company and all subsidiaries are the Canadian dollar.

These financial statements include the accounts of the Company and its wholly-owned subsidiary, Cool Minerals Inc. On November 10, 2014, the Company completed an internal reorganization by amalgamating Cool Minerals Inc. with Eagle Feather Resources Inc. All intercompany amounts and transactions have been eliminated on consolidation.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE (continued)

The financial statements were authorized for issue by the Board of Directors on February 22, 2016.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Exploration and Evaluation Assets

i. Pre-license expenditures

Pre-license expenditures are costs incurred before the legal rights to explore a specific area have been obtained. These costs are expensed in the period in which they are incurred as exploration and evaluation expense.

ii. Exploration and evaluation expenditures

Once the legal right to explore has been acquired, costs directly associated with the exploration project are capitalized as either tangible or intangible exploration and evaluation assets ("E&E") according to the nature of the asset acquired. Such E&E costs may include undeveloped land acquisition, geological, geophysical and seismic, exploratory drilling and completion, testing, decommissioning and directly attributable internal costs. E&E costs are not depleted and are carried forward until technical feasibility and commercial viability of extracting a mineral resource is considered to be determined. The technical feasibility and commercial viability of a mineral resource is considered to be established when proved and or probable mineral reserves are determined to exist. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the exploratory activity. When this is no longer the case, impairment costs are expensed. Upon determination of mineral reserves, E&E assets attributed to those reserves are first tested for impairment and then reclassified to development and production assets within property, plant and equipment, net of any impairment. Expired land costs are also expensed to exploration and evaluation expense as they occur.

The Company has not established any NI 43-101 compliant proven or probable reserves on any of its exploration and evaluation assets which have been determined to be economically viable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

iii. Impairment

Exploration and evaluation assets are assessed for impairment when indicators and circumstances suggest that the carrying amount may exceed its recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Industry-specific indicators for an impairment review arise typically when one of the following circumstances applies:

- Substantive expenditure or further exploration and evaluation activities is neither budgeted nor planned;
- Title to the asset is compromised, has expired or is expected to expire;
- Adverse changes in the taxation, regulatory or political environment;
- Adverse changes in variables in commodity prices and markets making the project unviable; and
- Variations in the exchange rate for the currency of operation.

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

iv. Government assistance

B.C. mining exploration tax credits for certain exploration expenditures incurred in B.C. are treated as a reduction of the exploration and development costs of the respective exploration and evaluation assets.

b) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation. Subsidiaries are entities over which the Company has control, where control is defined to exist when the Company is exposed to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date control is transferred to the Company, and are de-consolidated from the date control ceases.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Rehabilitation Provisions

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of an exploration and evaluation property. Such costs arise from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating a related expense recognized in profit or loss.

d) Cash and Short-Term Investments

Cash in the consolidated statements of financial position is comprised of cash held at major financial institutions or lawyer's trust accounts. The Company's short-term investments consist of guaranteed investment certificates (GICs) with a maturity greater than 90 days but less than one year.

e) Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income of loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements unless such differences arise from goodwill or the initial recognition (other than in a business combination) of other assets or liabilities in a transaction that affects neither the taxable profit nor the accounting profit or loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the group intends to settle its current tax assets and liabilities on a net basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Share Capital and Flow-Through Shares

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and warrants are recognized as a deduction from equity, net of any tax effects.

The Company finances some exploration expenditures through the issuance of flow-through shares. In accordance with IAS 12, Income Taxes, a deferred tax liability is recognized, with certain specific exceptions, for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base. At the time the flow-through shares are issued, there is a potential premium paid on the flow-through shares calculated based on the share issuance price and the market price at the time of closing. In the absence of a market price, the Company uses the fair value as determined by the price per share in recent non flow-through share financings or other techniques as considered necessary. This premium is recorded as premium on flow-through shares liability on the consolidated statements of financial position reducing share capital and is drawn down proportionately as the flow-through exploration spending occurs and recorded to deferred tax expense. In instances where the Company has sufficient deductible temporary differences available to offset the deferred income tax liability created from renouncing qualifying expenditures, the realization of the deductible temporary differences will be shown as a recovery in profit or loss in the period of renunciation.

g) Share-Based Payments

The Company has an equity-settled share-based compensation plan. Equity settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value is measured at the grant date using the Black-Scholes option pricing model and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus. Upon expiry, the recorded value remains in contributed surplus.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

h) Loss Per Share

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial Instruments

Financial assets are classified into one of four categories:

- Fair value through profit or loss;
- Held-to-maturity;
- Available for sale; and
- Loans and receivables

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

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

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if

- It has been acquired principally for the purpose of selling in the near future;
- It is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or;
- It is a derivative that is not designated and effective as a hedging instrument.

The Company has classified cash and short-term investments as FVTPL assets.

Held-to-maturity ("HTM")

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as HTM investments.

Available-for-sale financial assets ("AFS")

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (i) loans and receivables, (ii) held-to-maturity investments or (iii) financial assets as at FVTPL. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS monetary items, are recognized in other comprehensive income or loss. When an investment is derecognized, the cumulative gain or loss in the investment revaluation reserve is transferred to profit or loss. The Company does not have any assets classified as AFS assets.

Loans and receivables

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

The Company has classified amounts receivable as loans and receivables.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial Instruments (continued)

Derecognition of financial assets

A financial asset is derecognized when:

- The contractual right to the asset's cash flows expire; or
- If the Company transfers the financial assets and substantially all risks and rewards of ownership to another entity.

Impairment of financial assets

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

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets is directly reduced by the impairment loss. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss.

On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue cost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial Instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

i. *Other financial liabilities*

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company has classified accounts payable and accrued liabilities as other financial liabilities.

ii. *Derecognition of financial liabilities*

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

j) Flow-through shares

To the extent that the Company issues common shares to subscribers on a flow-through basis at a premium to the market value of non-flow-through common shares, any such premium is recorded as a liability on the statement of financial position at the time of subscription. The liability is subsequently reduced and recorded in the consolidated statement of loss on a pro-rata basis based on the corresponding eligible expenditures that have been incurred.

Resource expenditure deductions for income tax purposes related to exploration and evaluation activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. The Company has indemnified the subscribers of flow-through share offerings against any tax related amounts that became payable by the shareholder as a result of the Company not meeting its commitments.

k) Warrants

Warrants are measured at fair value on the date of grant and included in contributed surplus. The fair value is measured using the Black-Scholes option pricing model. Upon expiry, the recorded value remains in contributed surplus.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Critical Accounting Estimates

The preparation of these financial statements under IFRS requires management to make certain estimates, judgments and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge on the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgements, estimates and assumptions in determining carrying values include, but are not limited to:

i. Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits 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 costs are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

ii. Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning 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. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

iii. Estimation of restoration, rehabilitation and environmental obligation:

Restoration, rehabilitation and environmental liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of restoration, rehabilitation and environmental liabilities that may occur upon ceasing exploration and evaluation activities. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Critical accounting estimates (continued)

iv. Share-based payments

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions 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 share option, volatility and dividend yield and making assumption about them, the assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 7.

m) Accounting Standards Issued But Not Yet Effective

(i) Effective for annual periods beginning on or after November 1, 2015:

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

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

IFRS 7 – Financial Instruments: Disclosures ("IFRS 7") was amended in September 2014 to clarify whether a servicing contract is continuing involvement in a transferred asset for purposes of determining the disclosures required. IFRS 7 was also amended to clarify that the additional disclosures relating to offsetting are not specifically required for interim periods unless required by IAS 34. The amendments are effective for annual periods beginning on or after January 1, 2016.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Accounting Standards Issued But Not Yet Effective (continued)

(i) Effective for annual periods beginning on or after November 1, 2015: (continued)

IAS 12 – Income Taxes ("IAS 12") was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted.

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

(ii) Changes in accounting policies:

The Company has adopted the following new standards, along with any consequential amendments, effective November 1, 2014. These changes were made in accordance with the applicable transitional provisions. The amendment of these standards did not result in any material changes to the Company's financial statements.

IFRS 13 – Fair Value Measurement ("IFRS 13") was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32. The amendment is effective for annual periods beginning on or after July 1, 2014.

IAS 24 – Related Party Disclosures ("IAS 24") was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity 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. The amendments to IAS 24 are effective for annual periods beginning on or after July 1, 2014.

(Expressed in Canadian Dollars)

4. SHORT-TERM INVESTMENTS

The Company redeemed its outstanding guaranteed investment certificates during the year ended October 31, 2015.

5. EXPLORATION AND EVALUATION ASSETS

	Lingman Lake
	$
Balance, October 31, 2013	1,976,841
Consulting expenses	60,000
Balance, October 31, 2014	2,036,841
Consulting expenses	65,676
Balance, October 31, 2015	2,102,517

Lingman Lake

On September 26, 2013, the Company, through its subsidiary, acquired a 100% equity interest in Cool Minerals Inc., acquiring a 100% interest in the Lingman Lake gold properties in Ontario. $200,000 was required to be made 12 months following exercise of the option. On February 11, 2015, the Company satisfied the $200,000 payment by completing a shares for debt transaction (Note 7).

East Lingman Lake

On November 4, 2013, the Company entered into an option agreement with European Metals Corp. (formerly, Mantis Mineral Corp. ("EMC")) to acquire a 100% registered undivided interest in the East Lingman Lake Properties consisting of twelve staked claims, which form a contiguous property with the Company's current Lingman Lake Property. EMC currently owns an option agreement to acquire a 100% interest in the East Lingman Lake Properties from John Leliever.

In order to acquire the East Lingman Lake Properties, the Company shall:

- pay EMC $127,500, or the number of common shares in the capital of the Company equal to $127,500, each such common share at an attributed value of $0.085, or such value allowable under the TSXV Exchange policies on or before June 30, 2014; and
- pay an aggregate amount of $600,000 in three installments of $200,000 on June 30, 2014, 2015 and 2016 to John Leliever. The Company may satisfy all or part of its payment obligations by the issuance of a number of common shares as may be agreed, subject to TSXV and regulatory approval.

With respect to the issuance of common shares to satisfy the June 30, 2014 and 2015 payments above, the Company has been granted an extension to June 30, 2016. However, the acquisition of the property and the issuance of such shares remain subject to the approval of the TSXV Exchange. The TSXV has granted conditional approval to the Company to close on the transaction upon the Company raising funds to increase its treasury to $300,000. As of October 31, 2015, no payments have been made to acquire the East Lingman Lake Properties.

6. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management personnel include executive officers and non-executive directors. Executive officers are paid a salary and participate in the Company's stock option program. The executive officers include the Chief Executive Officer, and the Chief Financial Officer. Non-executive directors also participate in the Company's stock option program. Short-term wages, and key management personnel compensation incurred during the year ended October 31, 2015 was $96,000 (2014 - $105,000). The Company also issued stock options valued at $4,614 (2014 - $29,394). As at October 31, 2015, the Company owes $93,080 (2014 - $88,540) to executives of the Company for unpaid salaries and wages which remains in accounts payable. These amounts are unsecured, non-interest bearing and due on demand. See Note 7.

7. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued and outstanding – see consolidated statements of changes in equity

On February 11, 2015, the Company completed a shares for debt transaction by issuing 4,000,000 shares to settle an aggregate of $200,000 of debt which was owing to an arm's-length party for the acquisition of Cool Minerals Inc. (Note 5). The shares are subject to a four month and one day hold period.

On November 21, 2014, the Company completed a non-brokered private placement of units and flow-through units under which it raised gross proceeds of $192,600 from the sale of 5,170,000 units at $0.03 per unit and 937,500 flow-through units at $0.04 per unit. Cash proceeds of $30,000 related to this private placement were received in advance during the year ended October 31, 2014. In addition, 5,638,750 warrants priced at $0.05 per unit, valued at $63,373 and exercisable until November 21, 2017, were issued in connection with this private placement. Issuance costs of $8,070 were incurred in connection with this private placement. The premium on the flow-through shares was $9,375. The Company also issued finder's warrants to purchase 128,600 common shares at $0.05 per share, valued at $2,958 and exercisable until November 21, 2017. Officers and directors of the Company subscribed for 1,500,000 units for gross proceeds of $45,000.

c) Escrow shares

The Company entered into an escrow agreement on March 13, 2011. Pursuant to the escrow agreement, 2,600,001 common shares were held in escrow of which 10% were released upon issuance of the Final Exchange Bulletin for acceptance by the TSX Venture Exchange of the Company's Prospectus, and 15% is set to be released every six months thereafter for a period of thirty-six months. Under the applicable escrow agreements, 390,000 shares will be released half yearly on the 18^{th} days of May and November of each year. As of October 31, 2015, there were no shares remaining in escrow.

d) Stock option plan

Under the Company's stock option plan (the "Plan"), the Company's Board of Directors is authorized to grant stock options to directors, senior officers, employees, consultants, consultant company or management company employees of the Company and its subsidiaries not to exceed 10% of the issued and outstanding common shares of the Company from time to time. Stock options granted under the Plan are exercisable over a period not exceeding 10 years from the date granted. Exercise prices may not be less than the market price of the common shares at the time of the grant. An option shall vest in the manner imposed by the Board of Directors as a condition at the grant date.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

(d) Stock option plan (continued)

	Number of Options		Weighted Average Exercise Price
Balance at October 31, 2013	50,000	$	0.20
Granted	1,400,000		0.05
Balance at October 31, 2014	1,450,000	$	0.04
Granted	500,000		0.05
Expired	(50,000)		0.20
Balance at October 31, 2015	1,900,000	$	0.05

Grant Date	Exercise Price ($)	Weighted Average Remaining Life (yrs)	Number of Options Outstanding	Number of Options Exercisable
November 16, 2013	0.05	3.02	1,400,000	1,400,000
December 1, 2014	0.05	2.09	250,000	187,500
July 15, 2015	0.05	4.71	250,000	125,000
	0.05	3.12	1,900,000	1,712,500

All options originally issued prior to October 31, 2013, have an exercise price of $0.20, are fully vested and have expired during the year ended October 31, 2015. On November 6, 2013, the Company issued 1,400,000 stock options to directors, officers and consultants. Each option has an exercise price of $0.05 and expires on November 6, 2018. The initial 50% of options vested immediately, and the remaining options vested on the first anniversary.

On December 1, 2014, the Company issued 250,000 options to an investor relations consultant. The options have an exercise price of $0.05, vest 25% quarterly over 12 months and expire on December 1, 2017.

On July 15, 2015, the Company issued 250,000 options to a director of the Company. The options have an exercise price of $0.05 and expire on July 15, 2020. The initial 50% of options vested immediately and the remaining options vest on the first anniversary.

The fair value of the Company's stock options issued during the year ended October 31, 2015, was estimated using the Black-Scholes option pricing model using the following assumptions:

	2015	2014
Expected volatility (based on historical share prices)	100%	100%
Risk-free interest rate	0.68%-0.98%	1.78%
Expected life (years)	3-5	5
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil
Underlying share price	$0.020-$0.040	$0.035

The average fair value of each option granted during the year ended October 31, 2015 was approximately $0.019-$0.023 (2014 - $0.025). Volatility is determined based on a review of share price volatilities of public companies considered comparable to the Company, given that the Company's own shares have a limited trading history and liquidity.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

(e) Warrants

On November 21, 2014, the Company issued 5,638,750 warrants of the Company with an exercise price of $0.05 per common share, exercisable until November 21, 2017. The fair value for the warrants of $63,373 was determined using the Black-Scholes pricing model with the following assumptions: exercise price of $0.05, expected volatility of 100%, an expected life of 3 years, an expected dividend yield of 0%, and a risk-free interest rate of 1.04%.

On November 21, 2014, the Company issued 128,600 finder's warrants of the Company with an exercise price of $0.05 per common share, exercisable until November 21, 2017. The fair value for the warrants of $2,958 was determined using the Black-Scholes pricing model with the following assumptions: exercise price of $0.05, expected volatility of 100%, an expected life of 3 years, an expected dividend yield of 0%, and a risk-free interest rate of 1.04%.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at October 31, 2015	As at October 31, 2014
Accounts payable	$ 63,163	$ 151,472
Accrued liabilities - MNDM[(1)]	884,325	884,325
Accrued liabilities - Cool Minerals final payment (Notes 5 & 7)	-	200,000
Other accrued liabilities	146,040	27,000
	$ 1,093,528	$ 1,262,797

(1) Prior to the acquisition of Cool Minerals and the Lingman Lake Property, the MNDM had requested the removal of certain above ground storage tanks containing approximately 800,000 litres of fuel that was considered a mine hazard. Due to the failure of the prior owners to comply with MNDM's request for it to be cleaned up, MNDM took action and managed the disposition of the fuel at a cost of $884,325.

9. REHABILITATION PROVISION

Rehabilitation represents the legal and contractual obligations associated with the eventual closure of the Company's mining operations either progressively or at the end of the mine life. These obligations consist of costs associated with reclamation and monitoring activities and the removal of tangible assets from the Company's mining sites. Although the Company has had limited exploration, historical work done by other companies has resulted in the MNDM issuing an order to the Company requiring the filing of a closure plan. The Company has not yet prepared a formal closure plan, but has cost estimates for certain tasks which will be required to be completed as part of the request from MNDM and has hence recorded a rehabilitation provision based on these preliminary estimates.

At October 31, 2015, the total undiscounted amount of the Company's rehabilitation provision has been estimated to be $230,000 and is expected to be incurred between 2016 and 2020. The present value of the rehabilitation provision at October 31, 2015 has been estimated at $241,151 (2014 - $233,609). Additional costs that cannot be estimated are expected to be incurred. A summary of the Company's rehabilitation provision is presented below:

	As at October 31, 2015	As at October 31, 2014
Balance at beginning of year	$ 233,609	$ 226,306
Accretion expense	7,542	7,303
Balance at end of year	$ 241,151	$ 233,609

(Expressed in Canadian Dollars)

10. COMMITMENTS AND CONTINGENCIES

The Company is obligated to make certain payments as described in Note 5 in connection with the acquisition of its evaluation and exploration asset.

As at October 31, 2015, the Company is committed to incurring approximately $1,699 in respect of its November 21, 2014 flow-through financing (Note 13).

11. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of mineral properties. From time to time, the Company may issue flow-through shares, under which it agrees to complete flow-through eligible expenditures to renounce to the flow-through shareholders.

As at October 31, 2015, the Company considers capital to be all components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company's capital management objectives, policies and processes have remained unchanged during the years ended October 31, 2015 and 2014.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

As of October 31 2015, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

12. FINANCIAL INSTRUMENTS

Fair Value

The Company's financial instruments consist of cash, short-term investments, amounts receivable, accounts payable and accrued liabilities. The fair values of financial instruments other than cash and short-term investments approximate their carrying values because of their current nature.

The following table summarizes the carrying values of the Company's financial instruments:

	2015	**2014**
	$	$
FVTPL (i)	45,210	80,167
Loans and receivables (ii)	6,079	6,524
Other financial liabilities (iii)	1,093,528	1,262,797

(i) Cash and short-term investments
(ii) Amounts receivable
(iii) Accounts payable and accrued liabilities

The Company classifies its fair value measurements in accordance with the three levels fair value hierarchy as follows:

- 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 date.

12. FINANCIAL INSTRUMENTS (continued)

The Company's financial instruments measured at fair value on a recurring basis at October 31, 2015 are as follows:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash	45,210	-	-	45,210
	45,210	-	-	45,210

The Company's financial instruments measured at fair value on a recurring basis at October 31, 2014 are as follows:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash	10,167	-	-	10,167
Short-term investments	70,000	-	-	70,000
	80,167	-	-	80,167

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and short-term investments. To minimize the credit risk on cash the Company places the instrument with a high credit quality financial institution.

Liquidity Risk

The Company ensures its holding of cash is sufficient to meet its short-term general and administrative expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or less or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed commercial paper or similar instruments.

Foreign Exchange Risk

The Company does not have significant foreign exchange risk as all of its transactions are in Canadian dollars.

Interest Rate Risk

The Company is not exposed to significant interest rate risk.

Commodity Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

(Expressed in Canadian Dollars)

13. DEFERRED PREMIUM ON FLOW-THROUGH SHARES

The premium paid for flow-through shares in excess of the market value of the shares without the flow-through features is initially recognized as a liability. The liability is subsequently reduced and recorded in the consolidated statement of loss on a pro-rata basis based on the corresponding eligible expenditures that have been incurred. Total premium liability of $9,375 was recognized in respect of the November 21, 2014 flow-through financing.

During the year ended October 31, 2015, $8,950 (2014 - $Nil) of the deferred premium liability was recognized as income in the consolidated statements of loss.

As at October 31, 2015, the premium liability remaining was $425 (2014 - $Nil) and remaining commitment was $1,699 (2014 - $Nil) (Note 10).

14. INCOME TAXES

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2014 - 26.5%) were as follows:

	2015	2014
	$	$
Loss before income taxes	(117,622)	(205,289)
Expected income tax recovery based on statutory rate	(31,000)	(54,000)
Adjustment to expected income tax benefit:		
Non-deductible expenses and other	10,000	10,000
Change in unrecorded deferred tax asset	21,000	44,000
Deferred income tax provision (recovery)	-	-

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2015	2014
	$	$
Non-capital loss carry-forwards	2,085,000	1,031,000
Share issue costs	51,000	84,000
Mineral property costs	110,000	148,000
Other temporary differences	11,000	-
Total	2,257,000	1,263,000

The tax losses expire from 2029 to 2035. The other temporary differences do not expire under current legislation.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

The aggregate amount of taxable temporary differences associated with investments in subsidiaries tax liabilities as at October 31, 2015 is $1,759,000 (2014 - $1,759,000).

No deferred taxes are recognized on the temporary differences related to investment in subsidiaries to the extent that the Company controls the timing of the reversal of the temporary differences and it is probable that these differences will not reverse in the foreseeable future.