

Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended February 29, 2016

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS:

The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

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

CLEAR MOUNTAIN RESOURCES CORP.
Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended February 29, 2016
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

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CLEAR MOUNTAIN RESOURCES CORP.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	February 29, 2016	May 31, 2015
	$	$
Assets		
Current		
Cash	15,489	101,874
Receivables	3,461	2,874
Prepaid expenses	8,083	8,918
	27,033	113,666
Equipment	940	1,106
	27,973	**114,772**
Liabilities		
Current		
Trade payables and accrued liabilities (Note 3)	537,442	525,843
Due to related parties (Note 4)	22,034	93,190
	559,476	619,033
Shareholders' deficit		
Share capital (Note 5)	2,518,153	2,479,103
Reserves (Note 5)	193,377	217,965
Deficit	(3,243,033)	(3,201,329)
	(531,503)	(504,261)
	27,973	**114,772**

Nature and Continuance of Operations (Note 1)
Commitment (Note 9)
Subsequent Event (Note 10)

These condensed interim consolidated financial statements are authorized for issuance by the Board of Directors on April 28, 2016.

On Behalf of the Board of Directors:

"Geoff Balderson"	"Jeffery Tindale"
Geoff Balderson, Director	Jeffery Tindale, Director

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

CLEAR MOUNTAIN RESOURCES CORP.
Condensed Interim Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	For the three months ended		For the nine months ended	
	February 29, 2016	February 28, 2015	February 29, 2016	February 28 2015
	$	$	$	$
EXPENSES				
Consulting	3,620	5,000	6,620	5,000
Depreciation	55	69	166	207
Foreign exchange loss (gain)	(2,531)	33,079	30,203	50,316
Insurance	1,500	2,250	5,613	6,986
Investor relations (recovery)	(195)	-	425	-
Management fees (Note 6)	-	50,756	-	151,395
Office and miscellaneous	91	192	610	716
Professional fees	4,560	5,640	7,629	19,244
Property investigation costs	-	-	-	39,582
Transfer agent and filing fees	2,725	6,366	14,841	15,200
Travel and related	-	261	185	7,383
	(9,825)	(103,613)	(66,292)	(296,029)
OTHER ITEM				
Write-off of exploration and evaluation assets	-	(1)	-	(1)
	-	(1)	-	(1)
Net loss and comprehensive loss for the period	(9,825)	(103,614)	(66,292)	(296,030)
Basic and diluted loss per share	(0.00)	(0.01)	(0.00)	(0.01)
Weighted average number of common shares outstanding	24,468,337	20,468,337	21,971,987	20,468,337

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

CLEAR MOUNTAIN RESOURCES CORP.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	For the nine months ended February 29, 2016	For the nine months ended February 28, 2015
	$	$
Cash flows used in operating activities		
Net loss for the period	(66,292)	(296,030)
Items not affecting cash		
Depreciation	166	207
Unrealized foreign exchange loss	30,293	-
Write-off of exploration and evaluation assets	-	1
Changes in non-cash working capital items		
Receivables	(587)	9,383
Prepaid expenses	835	(7,185)
Trade payables and accrued liabilities	(18,694)	106,242
Due to related parties	(71,156)	41,340
	(125,435)	(146,042)
Cash flows from financing activities		
Proceeds from share issuances	40,000	-
Share issue cost	(950)	
	39,050	-
Net change in cash	(86,385)	(146,042)
Cash, beginning of period	101,874	264,929
Cash, end of period	15,489	118,887
Non-cash transactions		
Stock options forfeited	24,588	-
Expiration of agents warrants	-	8,479

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CLEAR MOUNTAIN RESOURCES CORP.
Condensed Interim Consolidated Statements of Changes in Shareholders' Deficit
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Number of Shares Issued	Share Capital	Warrant Reserves	Option Reserves	Total Reserves	Deficit	Total Shareholders' Deficit
		$	$	$	$	$	$
Balance at May 31, 2014	**20,468,337**	**2,470,624**	**8,479**	**217,965**	**226,444**	**(2,898,066)**	**(200,998)**
Expiration of agents warrants	-	8,479	(8,479)	-	(8,479)	-	-
Net loss for the period	-	-	-	-	-	(296,030)	(296,030)
Balance at February 28, 2015	**20,468,337**	**2,479,103**	**-**	**217,965**	**217,965**	**(3,194,096)**	**(497,028)**
Net loss for the period	-	-	-	-	-	(7,233)	(7,233)
Balance at May 31, 2015	**20,468,337**	**2,479,103**	**-**	**217,965**	**217,965**	**(3,201,329)**	**(504,261)**
Shares issued for cash	4,000,000	40,000	-	-	-	-	40,000
Share issuance costs	-	(950)	-	-	-	-	(950)
Forfeiture of stock options	-	-	-	(24,588)	(24,588)	24,588	-
Net loss for the period	-	-	-	-	-	(66,292)	(66,292)
Balance at February 29, 2016	**24,468,337**	**2,518,153**	**-**	**193,377**	**193,377**	**(3,243,033)**	**(531,503)**

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

1. Nature and Continuance of Operations

Clear Mountain Resources Corp. (the "Company") was incorporated under the Business Corporations Act of British Columbia, Canada on May 11, 2010 and completed its initial public offering (the "IPO") and received the final exchange bulletin for its qualifying transaction from the TSX Venture Exchange ("Exchange") on May 10, 2012. As a result, the Company's shares were listed for trading on the Exchange on May 15, 2012 under the trading symbol "CY".

The Company's head office and principal address is Suite 1000 – 409 Granville Street, Vancouver BC V6C 1T2. The principal business of the Company is the identification, evaluation and acquisition of mineral properties and the subsequent exploration and operation thereof.

These condensed interim consolidated financial statements have been prepared on a going concern basis with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. These condensed interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

The operations, exploration and acquisition activities of the Company were primarily funded by the issue of share capital. At February 29, 2016, the Company has incurred losses since its inception and has an accumulated deficit of $3,243,033 (May 31, 2015 - $3,201,329). The Company's ability to continue its operations and to realize assets at their carrying values is dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient equity financing, and generate profitable operations in the future. The Company has been successful in the past in raising funds for operations by issuing shares but there is no assurance that it will be able to continue to do so in the future. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

2. Significant Accounting Policies and Basis of Presentation

The following is a summary of significant accounting policies used in the preparation of these condensed interim consolidated financial statements.

Statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB").

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 the financial 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 May 31, 2015.

The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended May 31, 2015.

2. Significant Accounting Policies and Basis of Presentation (continued)

Basis of presentation

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

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Clear Mountain Production LLC, Clear Mountain Assets LLC, and Clear Mountain Midstream LLC. All significant intercompany accounts and transactions between the Company and its subsidiaries have been eliminated upon consolidation.

In September 2015, the Company's wholly-owned subsidiaries, Clear Mountain Production LLC, Clear Mountain Assets LLC, and Clear Mountain Midstream LLC, were fully dissolved.

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and each of its wholly-owned subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than Canadian dollars are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit and loss.

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 valuation of share-based compensation and recognition of deferred tax amounts.

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

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

2. Significant Accounting Policies and Basis of Presentation (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

The Company uses the Black-Scholes Option Pricing Model ("Black Scholes Model") for valuation of share-based compensation. 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 nine months ended February 29, 2016 and have not been applied in preparing these condensed interim consolidated financial statements. The new and revised standards will be effective to the Company's consolidated financial statements for the year ending May 31, 2019 or later:

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 adopted permitted. The Company does not expect any effect on the Company's consolidated financial statements.

3. Trade Payables and Accrued Liabilities

	February 29, 2016	May 31, 2015
	$	$
Trade payables	534,942	513,843
Accrued liabilities	2,500	12,000
	537,442	**525,843**

4. Related Party Transactions

As at February 29, 2016, $nil (May 31, 2015 - $27,034) was included in due to related parties owing to a director and officer of the Company.

As at February 29, 2016, $22,034 (May 31, 2015 - $66,156) was included in due to related parties owing to a company controlled by a former director and former officer of the Company for unpaid professional fees and reimbursement of expenses.

Summary of key management personnel compensation:

	For the nine months ended	
	February 29, 2016	**February 28, 2015**
	$	**$**
Management fees	**-**	**151,395**

5. Share Capital and Reserves

Authorized and Issued Share Capital

Unlimited number of common shares without par value

Stock Options

Under the Company's stock option plan, the Company may grant options to employees, consultants and directors up to 10% of the issued and outstanding share capital at the date of grant. The exercise price of the options granted will be no less than the discounted market price of the Company's shares and the maximum term of the options will be 5 years or such longer term as permitted by the Exchange.

There were no stock options granted during the nine months ended February 29, 2016.

A summary of stock option activities is as follows:

	Number of options	**Weighted average exercise price**
		$
Outstanding at May 31, 2014 and 2015	1,529,500	0.16
Forfeited	(177,000)	0.15
Outstanding at February 29, 2016	1,352,500	0.15

During the nine months ended February 29, 2016, 177,000 stock options were forfeited. A value of $24,588 attributed to these forfeited stock options previously recorded was transferred from reserves to deficit.

5. Share Capital and Reserves (continued)

Stock options (continued)

A summary of the stock options outstanding and exercisable at February 29, 2016 is as follows:

Expiry Date	Number Outstanding and Exercisable	Exercise Price $
May 10, 2017	162,000	0.15
April 4, 2018	447,500	0.11
May 29, 2018	224,000	0.155
January 6, 2019	519,000	0.20
	1,352,500	

The weighted average remaining life of the 1,352,500 stock options is 2.30 years.

Share Purchase Warrants

During the year ended May 31, 2015:

76,500 agents' warrants with a weighted average exercise price of $0.25 expired. A value of $8,479 attributed to these expired agents' warrants previously recorded was transferred from reserves to share capital.

A summary of share purchase warrant activities is as follows:

	Number of warrants	Weighted average exercise price
		$
Outstanding at May 31, 2014	5,351,500	0.15
Expired	(76,500)	0.25
Outstanding at May 31, 2015	5,275,000	0.15
Expired	(3,000,000)	0.15
Issued	4,000,000	0.05
Outstanding at February 29, 2016	6,275,000	0.15

A summary of the share purchase warrants outstanding at February 29, 2016 is as follows:

Expiry Date	Number Outstanding	Exercise Price
		$
May 2, 2016	1,700,000	0.15
June 24, 2016	575,000	0.15
November 18, 2020	4,000,000	0.05
	6,275,000	

6. Capital Disclosure and Management

The Company considers its capital structure to include shareholders' deficit. The Company's objectives when managing capital are to (i) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to finance its growth using internally-generated cash flow and debt capacity; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash and receivables.

There were no changes in the Company's approach to capital management during the nine months ended February 29, 2016. The Company is not subject to externally imposed capital requirements.

7. Segmented Information

The Company has one reportable operating segment – the acquisition and exploration of exploration and evaluation assets. All of the Company's assets are located in Canada.

8. 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, trade payables and accrued liabilities and due to related parties. The fair value of these financial instruments, other than cash, approximates their carrying values due to the short-term nature of these instruments. 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 credit, interest rate, liquidity and commodity price risk.

a) Credit risk

Credit risk is risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held in trust with a large Canadian financial institution and is not exposed to significant credit risk.

8. Financial Instruments and Risk Management (continued)

b) 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. The Company is exposed to limited interest rate risk as it only holds cash and does not have any interest bearing debt.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. This risk is assessed at high as the Company does not have sufficient cash to settle current liabilities. 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.

d) Foreign currency risk

Foreign currency risk is the risk that the future cash flows or fair value of the Company's financial instruments that are denominated in a currency that is not the Company's functional currency will fluctuate due to the change in foreign exchange rate.

The Company is exposed to currency risk by incurring certain expenditures in currencies other than the Canadian dollar. As such, it is subject to risk due to fluctuations in the exchange rates for the Canadian and United States dollar. At February 29, 2016, the Company has trade payables and accrued liabilities in US dollars of $330,936. Each 1% change in the Canadian dollar versus the US dollar would result in a gain/loss of approximately $3,300.

9. Commitment

In June 2013, the Company signed a consulting agreement with an officer and director of the Company to provide management consulting services to the Company for an indefinite term effective April 23, 2013. The agreement requires total payment of $10,833 per month. Included in the agreement is a provision for a two year payout in the event of termination without cause and three year payout in the event of a change of control.

In March 2015, the Company and this officer and director mutually agreed to suspend all further consulting fees as part of cost cutting initiatives.

10. Subsequent Event

On April 12, 2016, the Company announced a proposed share consolidation of one new share for 20 old shares. Any fractional common shares will be rounded down to the nearest whole number. Outstanding stock options and share purchase warrants will also be adjusted by the consolidation ratio, and the respective exercise prices will be adjusted accordingly. This share consolidation is subject to shareholder and TSX Venture Exchange approval.