

SKYHARBOUR RESOURCES LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED DECEMBER 31, 2015

UNAUDITED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the period ended December 31, 2015.

SKYHARBOUR RESOURCES LTD.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)
AS AT

	December 31, 2015	March 31, 2015
ASSETS		
Current		
Cash	\$ 250,841	\$ 992,366
Marketable securities (Note 4)	10,000	45,979
Receivables	7,179	27,246
Due from related parties (Note 9)	1,675	2,568
Prepaid expenses	<u>11,721</u>	<u>14,222</u>
	281,416	1,082,381
Equipment (Note 5)	14,735	14,735
Exploration and evaluation assets (Note 6)	<u>1,922,230</u>	<u>1,318,900</u>
	<u>\$ 2,218,381</u>	<u>\$ 2,416,016</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities	<u>\$ 24,592</u>	<u>\$ 161,380</u>
Shareholders' equity		
Capital stock (Note 7)	33,261,862	32,929,171
Reserves (Note 7)	3,317,084	3,291,531
Deficit	<u>(34,385,157)</u>	<u>(33,966,066)</u>
	<u>2,193,789</u>	<u>2,254,636</u>
	<u>\$ 2,218,381</u>	<u>\$ 2,416,016</u>

Nature and continuance of operations (Note 1)

Approved and authorized by the by the Board of Directors on February 24, 2016.

<u>"Jordan Trimble"</u>	Director	<u>"Jim Pettit"</u>	Director
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The accompanying notes are an integral part of these condensed interim financial statements.

SKYHARBOUR RESOURCES LTD.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)
PERIODS ENDED

	December 31, 2015 3 months	December 31, 2014 3 months	December 31, 2015 9 months	December 31, 2014 9 months
GENERAL AND ADMINISTRATIVE EXPENSES				
Accounting and audit	\$ 12,045	\$ 32,794	\$ 59,000	\$ 56,729
Administrative services	11,637	11,837	36,522	44,463
Consulting fees	31,300	34,458	99,653	115,551
Legal	6,294	8,299	25,883	37,188
Office and sundry	7,493	7,817	30,452	32,371
Rent	14,667	6,959	34,103	25,868
Shareholder information	29,086	61,946	92,942	253,454
Share-based payments (Note 8)	-	-	25,553	128,398
Telephone	1,849	2,015	5,419	5,268
Transfer agent and filing fees	11,178	2,081	21,552	18,531
Travel and promotion	7,360	13,718	22,036	43,610
Wages and benefits	<u>10,745</u>	<u>9,679</u>	<u>39,693</u>	<u>47,680</u>
Loss before other items	(143,654)	(191,603)	(492,808)	(809,111)
OTHER ITEMS				
Unrealized gain (loss) on marketable securities (Note 4)	(3,750)	13,561	(20,000)	(209,298)
Realized gain on sale of marketable securities (Note 4)	-	-	4,145	-
Other income	5,103	-	86,580	-
Interest income	<u>522</u>	<u>-</u>	<u>2,992</u>	<u>-</u>
Loss and comprehensive loss for the period	\$ (141,779)	\$ (178,042)	\$ (419,091)	\$ (1,018,409)
Basic and diluted loss per common share	\$ (0.002)	\$ (0.003)	\$ (0.005)	\$ (0.02)
Weighted average number of common shares outstanding	86,165,158	53,281,367	86,165,158	53,281,367

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

SKYHARBOUR RESOURCES LTD.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)
NINE MONTHS ENDED DECEMBER 31

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (419,091)	\$ (1,018,409)
Items not affecting cash:		
Unrealized loss on marketable securities	20,000	209,298
Realized gain on sale of marketable securities	(4,145)	-
Share-based payments	25,553	128,398
Changes in non-cash working capital items:		
(Increase) decrease in receivables	20,067	6,168
(Increase) decrease in prepaid expenses	2,501	102,751
(Increase) decrease in due from related parties	893	(26,640)
(Decrease) in accounts payable and accrued liabilities	<u>(152,201)</u>	<u>(7,625)</u>
Cash used in operating activities	<u>(506,423)</u>	<u>(606,059)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from capital stock issued	305,500	738,017
Share issuance costs	(2,809)	(25,483)
Exploration and evaluation assets	<u>-</u>	<u>180,000</u>
Cash provided by financing activities	<u>302,691</u>	<u>892,534</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(557,917)	(367,011)
Proceeds on sale of exploration and evaluation assets	-	25,000
Proceeds from sale of marketable securities	<u>20,124</u>	<u>-</u>
Cash used in investing activities	<u>(537,793)</u>	<u>(342,011)</u>
Increase (decrease) in cash during the period	(741,525)	(55,536)
Cash, beginning of period	<u>992,366</u>	<u>369,834</u>
Cash, end of period	\$ 250,841	\$ 314,298

Supplemental disclosure with respect to cash flows (Note 11)

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

SKYHARBOUR RESOURCES LTD.**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**

(Unaudited - Expressed in Canadian Dollars)

	<u>Capital Stock</u>		Reserves	Subscriptions received in advance	Deficit	Total
	Number	Amount				
Balance, as at March 31, 2015	81,933,594	\$ 32,929,171	\$ 3,291,531	\$ -	\$ (33,966,066)	\$ 2,254,636
Private placements	6,110,000	305,500	-	-	-	305,500
Share issuance costs	-	(2,809)	-	-	-	(2,809)
Exploration and evaluation asset	1,000,000	30,000	-	-	-	30,000
Share-based payments	-	-	25,553	-	-	25,553
Loss for the period	-	-	-	-	(419,091)	(419,091)
Balance, as at December 31, 2015	89,043,594	\$33,261,862	\$3,317,084	\$ -	\$(34,385,157)	\$ 2,193,789
Balance, as at March 31, 2014	46,606,310	\$ 30,504,671	\$3,040,615	\$ 310,844	\$ (32,544,310)	\$ 1,311,820
Private placements	4,862,294	729,344	-	(310,844)	-	418,500
Share issuance costs	-	(25,483)	-	-	-	(25,483)
Exercise of warrants	3,450,000	345,000	-	-	-	345,000
Exploration and evaluation assets	2,000,000	180,000	-	-	-	180,000
Share-based payments	-	-	128,398	-	-	128,398
Loss for the period	-	-	-	-	(1,018,409)	(1,018,409)
Balance, as at December 31, 2014	56,918,604	\$ 31,733,532	\$3,169,013	\$ -	\$ (33,562,719)	\$ 1,339,826

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Skyharbour Resources Ltd. (the "Company") was incorporated pursuant to the provisions of the *British Columbia Business Corporations Act* on July 24, 1970. The Company trades on the TSX Venture Exchange ("TSX-V") and is principally engaged in acquisition, exploration and evaluation of resource properties.

The head office and records office of the Company are located at Suite #1610 - 777 Dunsmuir Street, Vancouver, British Columbia, Canada. The registered office is located at Suite #1710 - 1177 West Hastings Street, Vancouver, British Columbia, Canada.

The Company's principal business activity is the acquisition and exploration of mineral property interests, at the present, principally in Saskatchewan, Canada. The Company is considered to be in the exploration stage and substantially all of the Company's efforts are devoted to financing and exploring these property interests. There has been no determination whether the Company's interests in unproven mineral properties contain mineral reserves which are economically recoverable.

The Company continues to be dependent upon its ability to finance its operations and exploration programs through financing activities that may include issuances of additional debt or equity securities. The recoverability of the carrying value of exploration projects, and ultimately, the Company's ability to continue as a going concern, is dependent upon the existence and economic recovery of reserves, the ability to raise financing to complete the development of the properties, and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis, all of which are uncertain. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

While the Company has been successful in obtaining its required financing in the past, there is no assurance that such financing will be available or be available on favourable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

2. BASIS OF PRESENTATION

Statement of Compliance and Conversion to International Financial Reporting Standards ("IFRS")

These condensed interim financial statements, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB ("International Accounting Standards Board") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, 'Interim Financial Reporting'. The accounting policies followed in these condensed interim financial statements are the same as those applied in the Company's annual financial statements for the year ended March 31, 2015.

The condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

Critical accounting estimates

The preparation of these condensed interim financial statements 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 expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.
- ii) The inputs used in calculating the fair value for share-based payments expense included in profit or loss and share-based share issuance costs included in shareholders' equity. The share-based payments expense is estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.
- iii) The valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.
- iv) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is recorded on a declining balance basis at the following annual rates:

Computer equipment	30%
Furniture and equipment	20%

Exploration and evaluation assets

Pre-exploration costs are expensed as incurred. Costs related to the acquisition and exploration of mineral properties are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

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

Exploration and evaluation assets (cont'd...)

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the mineral property. If payments received exceed the capitalized cost of the mineral property, the excess is recognized as income in the year received. The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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.

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of mineral properties and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. The Company had no provisions for environmental rehabilitation as at December 31, 2015.

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

Loss per share

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

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. A corresponding increase in reserves is recorded when stock options are expensed. When stock options are exercised, capital stock is credited by the sum of the consideration paid and the related portion of share-based payments previously recorded in reserves. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Income taxes

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 directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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 statement of financial position date.

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.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. 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 taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss and comprehensive loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of loss and comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Other financial liabilities: This category includes amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified its cash and marketable securities as fair value through profit and loss. The Company's receivables and due from related parties are classified as loans and receivables. The Company's accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

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

Financial instruments (cont'd...)

Financial instrument disclosures

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

New standards, interpretations and amendments adopted

As of January 1, 2014, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The Company has adopted these new and amended standards without any significant effect on its financial statements. Several other new standards and amendments apply for the first time in 2014. However, they are not applicable to the annual financial statements of the Company.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

The amendment to IAS 32, Financial Instruments: Presentation, requires that a financial asset and financial liability should only be offset and the net amount reported when an entity has a legal enforceable right to set off the amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

Under the amended IAS 36, Impairment, the recoverable amount of a CGU is required to be disclosed only when an impairment loss has been recognized or reversed.

IFRIC 21, Levies

IFRIC 21 clarifies that obligating events giving rise to a liability to pay a levy is the activity described in the relevant legislation that triggers payments of the levy.

New standards not yet adopted

IFRS 9, Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company has not yet made an assessment of the impact of the amendments.

There are no other IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

SKYHARBOUR RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)
DECEMBER 31, 2015

4. MARKETABLE SECURITIES

As at December 31, 2015, marketable securities consist of shares in publicly-traded companies with an initial cost of \$200,000 and a fair value of \$10,000 (March 31, 2015 - \$45,979). An unrealized loss on marketable securities of \$20,000 (December 31, 2014 - \$209,298), and a realized gain of \$4,145 (December 31, 2014 - \$Nil) on the sale of marketable securities for proceeds of \$20,124 were recorded in the statement of loss and comprehensive loss for the period ended December 31, 2015.

5. EQUIPMENT

	Computer Equipment	Furniture and Equipment	Total
Cost			
Balance, March 31, 2014	\$ 3,092	\$ 55,770	\$ 58,862
Additions	<u>-</u>	<u>-</u>	<u>-</u>
Balance, March 31 2015 and December 31, 2015	<u>\$ 3,092</u>	<u>\$ 55,770</u>	<u>\$ 58,862</u>
Accumulated amortization			
Balance, March 31, 2014	\$ 3,041	\$ 37,592	\$ 40,633
Amortization	<u>15</u>	<u>3,479</u>	<u>3,494</u>
Balance, March 31, 2015 and December 31, 2015	<u>\$ 3,056</u>	<u>\$ 41,071</u>	<u>\$ 44,127</u>
Carrying amounts			
As at March 31, 2014	\$ 51	\$ 18,178	\$ 18,229
As at March 31 2015 and December 31, 2015	<u>\$ 36</u>	<u>\$ 14,699</u>	<u>\$ 14,735</u>

SKYHARBOUR RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)
DECEMBER 31, 2015

6. EXPLORATION AND EVALUATION ASSETS

December 31, 2015 – 9 months	Falcon Point (Way Lake)	Mann Lake	Red Lake Projects	Saskatchewan Projects (Preston)	Total
Acquisition costs:					
Balance, beginning of period	\$ 211,005	\$ 140,340	\$ 1	\$ -	\$ 351,346
Additions	<u>316</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>30,316</u>
Balance, end of period	<u>211,321</u>	<u>170,340</u>	<u>1</u>	<u>-</u>	<u>381,662</u>
Exploration costs:					
Balance, beginning of period	<u>397,194</u>	<u>50,807</u>	<u>-</u>	<u>519,553</u>	<u>967,554</u>
Additions					
Advances/deposits	-	-	-	18,367	18,367
Accommodation/food (recovery)	(198)	-	-	35,776	35,578
Camp manager & maintenance	-	-	-	5,845	5,845
Consulting & geologist	86,450	-	-	48,675	135,125
Drilling	47,622	-	-	98,314	145,936
Dues, fees and permits	-	-	-	278	278
Equipment & other rental	6,204	-	-	13,820	20,024
Geophysics survey	-	-	-	4,051	4,051
GIS specialist/technical/logistic	-	-	-	8,891	8,891
Head, assist cook & first aid	25,000	-	-	-	25,000
Mobilization/demobilization	14,700	-	-	4,902	19,602
Mileage/Gas	1,500	-	-	13,299	14,799
Office, internet & miscellaneous	12	-	-	-	12
Project manager	145	-	-	525	670
Repairs, maintenance & misc.	-	-	-	518	518
Supplies	14,029	-	-	765	14,794
Tenure management.	1,775	-	-	475	2,250
Transportation/shipping	47,140	-	-	72,488	119,628
Travel	<u>955</u>	<u>-</u>	<u>-</u>	<u>691</u>	<u>1,646</u>
	<u>245,334</u>	<u>-</u>	<u>-</u>	<u>327,680</u>	<u>573,014</u>
Balance, end of period	<u>642,528</u>	<u>50,807</u>	<u>-</u>	<u>847,233</u>	<u>1,540,568</u>
Total Costs, December 31, 2015	\$ 853,849	\$ 221,147	\$ 1	\$ 847,233	\$ 1,922,230

SKYHARBOUR RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)
DECEMBER 31, 2015

6. EXPLORATION AND EVALUATION ASSETS

March 31, 2015 – 12 months	Falcon Point (Way Lake)	Mann Lake	Red Lake Projects	Saskatchewan Projects (Preston)	Total
Acquisition costs:					
Balance, beginning of year	\$ -	\$ 136,050	\$ 25,001	\$ -	\$ 161,051
Additions	211,005	4,290	-	-	215,295
Sale of McKenzie Island	-	-	(25,000)	-	(25,000)
Balance, end of year	211,005	140,340	1	-	351,346
Exploration costs:					
Balance, beginning of year	-	-	-	339,329	339,329
Additions					
Advances/deposits	-	-	-	(34,125)	(34,125)
Accommodation/food	60	30	-	18,343	18,433
Assaying and sampling	-	-	-	3,125	3,125
Consulting & geologist	78,500	-	-	58,257	136,757
GIS specialist/technical/logistic	98	1,356	-	6,501	7,955
Head, assist cook & first aid	-	-	-	3,758	3,758
Camp manager & maintenance	57,928	-	-	3,975	61,903
Drilling	156,422	-	-	24,092	180,514
Dues, fees and permits	382	-	-	51	433
Equipment & other rental	3,115	-	-	12,780	15,895
Repairs, maintenance & misc.	-	-	-	206	206
Geological & field tech.	-	-	-	63	63
Geophysics consulting	-	9,300	-	-	9,300
Geophysics survey	-	35,640	-	19,286	54,926
Mobilization/demobilization	40,000	-	-	175	40,175
Mileage/Gas	112	-	-	10,714	10,826
Maps/Reports	3,200	-	-	506	3,706
Office/Phone/Postage	32	16	-	60	108
Operator fee	-	-	-	(3,010)	(3,010)
Project manager	206	-	-	2,896	3,102
Supplies	3,737	-	-	9,063	12,800
Transportation/shipping	53,381	4,290	-	38,329	96,000
Travel	21	175	-	5,179	5,375
	397,194	50,807	-	180,224	628,225
Balance, end of year	397,194	50,807	-	519,553	967,554
Total Costs, March 31, 2015	\$ 608,199	\$ 191,147	\$ 1	\$ 519,553	\$ 1,318,900

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Title to exploration and evaluation assets

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

Red Lake Project, Ontario

Baird Township Claims, Ontario

The Company acquired a 50% interest in certain claims located in the Baird Township, Ontario by paying \$30,150 and issuing 63,500 common shares at a value of \$117,300 to a company with common directors. The Company subsequently optioned up to 65% of its interest. The optionee, Goldcorp, acquired a 51% interest in the property, leaving the Company with a 24.5% interest, by paying the Company \$10,000 in fiscal 2003 and incurring exploration costs of \$800,000. In order to acquire an additional 14%, the optionee is required to complete a feasibility study. The property is subject to a 2% net smelter returns ("NSR") royalty. Due to a delay in developing the project, the cost of the property was written down to \$1 in fiscal 2008.

Patterson Lake Area & Eastern Athabasca Basin, Saskatchewan (Preston)

During fiscal 2013, the Company entered into an agreement to acquire a 100% interest in certain properties located in the Athabasca area in the province of Saskatchewan. In order to acquire its interests, the Company paid \$30,000 during fiscal 2013, and \$50,000 in fiscal 2014, and issued 1,000,000 common shares in fiscal 2014 at a fair value of \$80,000. The vendor retained a 2% NSR royalty on non-uranium minerals and a 2% gross revenue royalty on uranium minerals.

During fiscal 2014, pursuant to a series of agreements, the Company granted an option to acquire a 25% interest in these properties to each of Rojo Resources Ltd. ("Rojo"), Athabasca Nuclear Corp. ("Athabasca") and Noka Resources Inc. ("Noka"). In order to acquire their interests, each optionee is required to incur \$500,000 in exploration expenditures by September 30, 2014 (incurred), incur an additional \$500,000 in exploration expenditures by September 30, 2015 and make the following payments:

Optionee	Cash	Common Shares
Rojo	\$100,000 (received)	2,000,000 (received)
Noka	\$100,000 (received)	640,000 (received)
Athabasca	\$100,000 (received)	721,313 (received)

Concurrently, the Company entered into an option to acquire a 25% interest in certain mineral properties from Athabasca. To acquire its 25% interest, the Company is required to pay \$100,000 (paid), issue 1,553,397 common shares (issued at fair value of \$155,340) and incur \$500,000 in exploration expenditures by September 30, 2014 (incurred), and an additional \$500,000 in exploration expenditures by September 30, 2015.

Under the terms of the agreements, each of Rojo, Noka, Athabasca and the Company has an option to earn 25% of the land package comprising the Western Athabasca Syndicate partnership by making a series of cash payments, share payments and incurring a pro rata amount of the total \$6,000,000 in exploration expenditures over the two-year earn-in term ending September 30, 2015. The Company is the operator on the project and will receive a 10% operator fee as compensation.

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Patterson Lake Area & Eastern Athabasca Basin, Saskatchewan (Preston) (cont'd...)

On July 17, 2015, a notice of default was effected and served to Rojo and Noka as they failed to meet the required capital call. The companies failed to remedy the default within 30 days and consequently their participation was terminated immediately. The Company and Athabasca formed a joint venture effective October 1, 2015 and have each earned a 50% interest.

Mann Lake in the Athabasca Region, Saskatchewan

During fiscal 2014, the Company entered into an agreement with Triex Minerals Corp., a wholly owned subsidiary of Canterra Minerals Corp., whereby the Company acquired Triex/Canterra's 60-per-cent interest in the Mann Lake uranium project. Under the terms of the agreement, the Company paid \$15,000 in cash and issued 1,000,000 common shares (valued at \$120,000) and incurred other costs of \$1,050 in consideration for Canterra's 60% interest and its option to purchase up to 1.5% of the property's underlying 2.5% NSR for \$1,500,000.

The Company signed a definitive agreement on November 18, 2015 to purchase the remaining 40% interest. On December 16, 2015, as consideration, the Company issued 1 million common shares and now has an undivided 100% interest in the project. The Company has an option to purchase 1.5% of the property's underlying 2.5% NSR for \$1,500,000.

Falcon Point (formerly Way Lake) in the Athabasca Region, Saskatchewan

During fiscal 2015, the Company entered into a purchase agreement with Denison Mines Corp. ("Denison") whereby the Company acquired Denison's 100% interests in the Way Lake uranium project as well as the Yurchison Lake project, both located on the eastern flank of the Athabasca basin, Saskatchewan. Under the terms of the agreement, the Company paid \$20,000 in cash and issued 2,000,000 common shares valued at \$180,000 in consideration for Denison's 100% interest in both projects. Denison will retain a 2% NSR in the projects of which 1% may be purchased by the company for \$1,000,000. The Company staked additional land in three claims attached to its 100% owned Way Lake uranium project. The new, entire property package will be renamed the Falcon Point uranium project.

During the current period, the Company staked an additional claim.

7. CAPITAL STOCK AND RESERVES

Escrow shares

Included in issued capital stock are 11,718 (March 31, 2015 – 11,718) common shares that are subject to an escrow agreement and may not be transferred, assigned or otherwise dealt with, without the consent of the regulatory authorities.

Private placements

During the current period, the Company issued capital stock as follows:

On June 26, 2015, the Company closed a non-brokered private placement to raise gross flow-through proceeds of \$305,500, and has issued 6,110,000 flow-through units at a subscription price of \$0.05. Each unit consists of one flow-through common share and one non-transferable share purchase warrant exercisable into one non-flow-through share for a period of five years at an exercise price of \$0.10 per share.

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7. CAPITAL STOCK AND RESERVES (cont'd...)

Private placements (cont'd...)

During fiscal 2015, the Company issued capital stock as follows:

In March 2015, the Company completed a private placement to raise \$1,250,750 by the issuance of 25,014,990 units at a price of \$0.05 per unit. Each unit consists of one common share and one non-transferable share purchase warrant, with each entitling the holder to purchase one common share for a period of five years at a price of \$0.075 per share. In connection with the financing, the Company issued a total of 197,855 finder warrants on the same terms as the subscription warrants. The Company also paid to finders a cash total of \$9,893 in connection with this financing.

In April 2014, the Company completed a private placement to raise \$729,344 by the issuance of 4,862,294 units at a price of \$0.15 per unit. Each unit consists of one common share and one-half of one non-transferable share purchase warrant, with each warrant entitling the holder to purchase one common share for a period of two years at a price of \$0.20 per share. A total of \$310,844 was received in fiscal 2014. In connection with the financing, the company issued a total of 164,919 finder warrants to finders on the same terms as the subscription warrants. The Company also paid to finders a cash total of \$24,738 in connection with this financing.

The 362,774 finders' warrants were valued at \$32,016 using the Black-Scholes option pricing model using a weighted average estimated life of 3.64 years, volatility of 128%, a dividend rate of 0% and risk free interest rate of 1.39%. The Company incurred additional share issuance costs of \$13,947 on the private placements.

8. STOCK OPTIONS AND WARRANTS

The Company has a stock option plan approved by shareholders to grant options to directors, officers, employees and consultants, to acquire up to 10% of issued and outstanding common stock. The exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years and vest at the discretion of the board of directors.

The following incentive stock options were outstanding at December 31, 2015:

	Number of Shares	Exercise Price	Expiry Date
Stock options:	100,000	\$ 0.100	March 21, 2018
	481,250	0.100	August 30, 2018
	271,000	0.100	September 5, 2018
	2,347,000	0.115	February 18, 2019
	150,000	0.150	March 14, 2019
	655,000	0.100	April 28, 2019
	452,500	0.100	July 8, 2019
	1,950,000	0.075	March 16, 2020
	1,000,000	0.075	July 9, 2020

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8. STOCK OPTIONS AND WARRANTS (cont'd...)

The following share purchase warrants were outstanding at December 31, 2015:

	Number of Shares	Exercise Price	Expiry Date
Warrants:	1,700,000	0.125	June 24, 2016 * extended for two years
	10,000,800	0.100	January 25, 2017 * extended for two years
	5,815,000	0.100	January 27, 2017 * extended for two years
	5,312,500	0.100	August 14, 2018 * extended for three years
	937,500	0.100	August 29, 2018 * extended for three years
	2,596,066	0.200	April 1, 2016
	25,212,845	0.075	March 2, 2020
	6,110,000	0.100	June 26, 2020

Share-based payments

During the current period, the Company granted 1,000,000 (December 31, 2014 – 1,500,000) stock options to directors, officers, employees and consultants resulting in share-based payments expense using the Black-Scholes option-pricing model of \$25,553 (December 31, 2014 - \$128,398). This amount was also recorded as reserves on the statement of financial position. The weighted average fair value of the stock options granted during the current period was \$0.075 (December 31, 2014 - \$0.10) per option.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the period:

	December 31, 2015	December 31, 2014
Risk-free interest rate	0.72%	1.45%
Expected life	5 years	5 years
Annualized volatility	98%	140%
Estimated forfeiture rate	0.00%	0.00%
Dividend rate	0.00%	0.00%

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9. RELATED PARTY TRANSACTIONS

The key management personnel of the company are the Directors, Chief Executive Officer, and the Chief Financial Officer.

Compensation of the Company's key management personnel is comprised of the following:

	December 31, 2015	December 31, 2014
	9 months	9 months
Consulting fees	\$ 84,151	\$ 54,000
Share-based payments	14,054	64,763
Total expense	\$ 98,205	\$ 118,763

Included in accounts payable at December 31, 2015 is \$1,575 (March 31, 2015 - \$24,072) due to a company that provides administrative services to the Company.

Included in accounts payable at December 31, 2015 is \$15,930 (March 31, 2015 - \$13,440) due to a director's companies.

Included in due from related parties at December 31, 2015 is \$1,675 in operator's fees (March 31, 2015 - \$Nil).

10. ADMINISTRATIVE AGREEMENT

The Company operates from the premises of a private company that provides office and administrative services to the Company and various other public companies on a short-term contract basis. The private company incurs costs which are reimbursed by the Company and is charged an administration fee of \$36,523 (December 31, 2014 - \$44,463) representing 15% of the costs incurred.

11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	December 31, 2015	December 31, 2014
	9 months	9 months
Cash paid or accrued during the period for interest	\$ -	\$ -
Cash paid during the period for income taxes	\$ -	\$ -

11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS (cont'd...)

During the period ended December 31, 2015, the Company:

- a) Issued 1,000,000 common shares valued at \$30,000 through exploration and evaluation assets.
- b) Accrued \$15,413 in exploration and evaluation assets through accounts payable and accrued liabilities.

During the period ended December 31, 2014, the Company:

- a) Issued 2,000,000 common shares valued at \$180,000 through exploration and evaluation assets.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Cash and marketable securities are carried at fair value using a level 1 fair value measurement. The fair values of due to and from related parties, receivables and accounts payable and accrued liabilities approximate their book values due to the short-term nature of the instruments.

Financial risk factors

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

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote because these instruments are due primarily from government agencies.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. At December 31, 2015, the Company had a cash balance of \$250,841 (March 31, 2015 - \$992,366) to settle current liabilities of \$24,592 (March 31, 2015 - \$161,380).

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

Market risk

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

(a) Interest rate risk

The Company has cash balances held with financial institutions. The Company's current policy is to invest excess cash in short-term treasury bills issued by the Government of Canada and its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(b) Foreign currency risk

The Company is not currently exposed to significant foreign currency risk as most transactions are denominated in Canadian dollars.

(c) Price risk

The company is exposed to price risk with respect to commodity prices. Changes in commodity prices will impact the economics of development of the Company's mineral properties. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

13. CAPITAL 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 and exploration of mineral 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. The Company defines capital that it manages as shareholders' equity.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its 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.