

**SHAMROCK ENTERPRISES INC.**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AUGUST 31, 2016**  
**(Unaudited – expressed in Canadian dollars)**

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**NOTICE OF NO AUDITOR REVIEW OF  
INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited interim 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 financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**SHAMROCK ENTERPRISES INC.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Unaudited – expressed in Canadian dollars)

	Notes	August 31, 2016	May 31, 2016
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		41,492	984
Subscription deposits	9	59,980	-
Sales tax receivable		4,995	3,656
		<u>106,467</u>	<u>4,640</u>
<b>Long term assets</b>			
Restricted investment	6	7,000	7,000
Exploration and evaluation asset	7	1,122,083	1,122,083
		<u>1,129,083</u>	<u>1,129,083</u>
<b>TOTAL ASSETS</b>		<b>1,235,550</b>	<b>1,133,723</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		28,734	44,109
Loans payable	8, 11	38,434	42,320
Due to related parties	11	146,085	146,585
Share subscriptions	9	60,000	-
		<u>273,253</u>	<u>233,014</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	9	2,508,679	2,429,979
Reserves	9	330,141	313,493
Accumulated deficit		(1,876,523)	(1,842,763)
		<u>962,297</u>	<u>900,709</u>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		<b>1,235,550</b>	<b>1,133,723</b>

**Nature and continuance of operation (Note 1)**

**Commitments (Note 10)**

**Subsequent events (Note 12)**

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

**Approved on behalf of the Board of Directors**

/s/ Melvin P. Dickson  
Director

/s/ Bob Faris  
Director

**SHAMROCK ENTERPRISES INC.**  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
(Unaudited – expressed in Canadian dollars)

	Share Capital		Reserves			Total
	Number of Shares	Amount	Equity settled benefits	Warrants	Accumulated deficit	
		\$	\$	\$	\$	\$
<b>Balance, May 31, 2015</b>	<b>17,391,300</b>	<b>2,388,403</b>	<b>223,966</b>	<b>83,348</b>	<b>(1,866,549)</b>	<b>829,168</b>
Private Placement	1,336,866	40,106	-	-	-	40,106
Share issue costs- cash	-	(771)	-	-	-	(771)
Share issue costs - warrants	-	(259)	-	259	-	-
Option vesting	-	-	3,117	-	-	3,117
Loss for the period	-	-	-	-	(7,391)	(7,391)
<b>Balance, August 31, 2015</b>	<b>18,728,166</b>	<b>2,427,479</b>	<b>227,083</b>	<b>83,607</b>	<b>(1,873,940)</b>	<b>864,229</b>
<b>Balance, May 31, 2016</b>	<b>19,228,166</b>	<b>2,429,979</b>	<b>229,886</b>	<b>83,607</b>	<b>(1,842,763)</b>	<b>900,709</b>
Private Placement	5,200,000	104,000	-	-	-	104,000
Share issue costs- cash	-	(8,600)	-	-	-	(8,600)
Share issue costs - warrants	-	(11,700)	-	11,700	-	-
Subscription receivable	-	(5,000)	-	-	-	(5,000)
Option vesting	-	-	4,948	-	-	4,948
Loss for the period	-	-	-	-	(33,760)	(33,760)
<b>Balance, August 31, 2016</b>	<b>24,428,166</b>	<b>2,508,679</b>	<b>234,834</b>	<b>95,307</b>	<b>(1,876,523)</b>	<b>962,297</b>

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

**SHAMROCK ENTERPRISES INC.**  
**CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Unaudited – expressed in Canadian dollars)

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	Notes	For the Three Months Ended August 31	
		2016	2015
		\$	\$
<b>EXPENSES</b>			
Loan interest		1,114	-
Office and general		1,344	1,090
Professional fees	11	23,700	-
Regulatory and filing		2,654	3,184
Share-based compensation	9	4,948	3,117
<b>Loss and Comprehensive Loss for the Period</b>		<b>(33,760)</b>	<b>(7,391)</b>
Basic and diluted loss per common share		<b>(\$0.00)</b>	<b>(\$0.00)</b>
Weighted average number of shares outstanding		<b>22,845,557</b>	17,856,297

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

**SHAMROCK ENTERPRISES INC.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
(Unaudited – expressed in Canadian dollars)

	<b>For the Three Months Ended August 31</b>	
	<b>2016</b>	<b>2015</b>
	\$	\$
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
<b>Loss for the period</b>	<b>(33,760)</b>	(7,391)
Items not involving cash:		
Accrued interest	<b>1,114</b>	348
Share-based compensation	<b>4,948</b>	3,117
Changes in non-cash working capital items:		
GST receivable	<b>(1,339)</b>	(185)
Accounts payable and accrued liabilities	<b>(15,375)</b>	(2,220)
Due to related parties	<b>(500)</b>	(12,175)
	<b>(44,912)</b>	(18,506)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan repayments	<b>(5,000)</b>	-
Private placement proceeds	<b>99,000</b>	40,106
Share issue costs	<b>(8,600)</b>	(771)
Share subscriptions	<b>60,000</b>	-
Subscription deposits	<b>(59,980)</b>	-
	<b>85,420</b>	39,335
<b>Change in cash</b>	<b>40,508</b>	20,829
<b>Cash, beginning of the period</b>	<b>984</b>	1,301
<b>Cash, end of the period</b>	<b>41,492</b>	22,130
<b>Supplemental information:</b>		
Interest paid	-	-
Income taxes paid	-	-

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

**SHAMROCK ENTERPRISES INC.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AUGUST 31, 2016**

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Shamrock Enterprises Inc. (the “Company”) was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on April 17, 2008 and has been a reporting issuer in British Columbia, Alberta and Ontario, and whose shares have traded on the Canadian Securities Exchange since November 10, 2010 under stock symbol SRS. The Company’s registered and records office and corporate office address is 1111 Melville Street, Suite 1100, Vancouver, BC V6E 3V6, Canada.

The Company’s interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due. Several conditions discussed below indicate the existence of a material uncertainty that may cast substantial doubt regarding this assumption. The Company’s ability to continue as a going concern is however dependent upon its ability to obtain additional funding from loans or equity financings, option agreements or through other arrangements. There is no assurance that these activities will be successful. These financial statements do not contain any adjustments to the amounts and classifications of assets and liabilities, which might be necessary should the Company be unable to continue in business. The Company is in the process of exploring its mineral property and has not yet determined whether the property contains reserves that are economically recoverable. The recoverability of amounts shown for mineral property is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral property in accordance with industry practice, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production. At August 31, 2016, the Company had unrestricted cash of \$41,492 (May 31, 2016: \$984), subscription deposits totaling \$59,980 (May 31, 2016: \$Nil) and negative working capital of \$166,786 (May 31, 2016: \$201,453).

**2. BASIS OF PRESENTATION**

**Statement of compliance**

These condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standard (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), applicable to the preparation of interim financial statements, specifically IAS 34, *Interim Financial Reporting*.

The policies applied in these condensed interim financial statements are consistent with the policies disclosed in Note 3 of the financial statements for the year ended May 31, 2016. These condensed interim financial statements should be read in conjunction with the Company’s financial statements for the year ended May 31, 2016.

These condensed interim financial statements were authorized for issue by the Board of Directors on October 28, 2016.

**SHAMROCK ENTERPRISES INC.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AUGUST 31, 2016**

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**3. FUTURE ACCOUNTING POLICY CHANGES**

**New accounting standards issued but not yet effective**

At the date of authorization of these financial statements, the IASB and International Financial Reporting Interpretation Committee have issued the following new and revised standards and interpretations, which are not yet effective for the relevant reporting periods. The new and revised standard that is applicable to the Company is as follows:

**IFRS 9 *Financial Instruments* (2014)**

This is a finalized version of **IFRS 9**, which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement.** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of **IFRS 9** introduces a “fair value through other comprehensive income” category for certain debt instruments. Financial liabilities are classified in a similar manner to under **IAS 39**; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment.** The 2014 version of **IFRS 9** introduces an “expected credit loss” model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- **Hedge accounting.** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition.** The requirements for the derecognition of financial assets and liabilities are carried forward from **IAS 39**.

This new standard is applicable to the Company’s annual period beginning June 1, 2018. The Company has not early-adopted IFRS 9; however, the Company is currently assessing the impact of this standard on the financial statements.

**4. FINANCIAL INSTRUMENTS**

		August 31, 2016	May 31, 2016
		\$	\$
FVTPL financial assets	a	101,472	984
Other financial liabilities	c	273,253	233,014

a. Comprised of cash and subscription deposits.

b. Comprised of accounts payable, accrued liabilities, loans payable, due to related parties, and share subscriptions.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. Cash and subscription deposits are carried at fair value using a level 1 fair value measurement. The fair

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
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**4. FINANCIAL INSTRUMENTS (Continued)**

values of accounts payable, accrued liabilities, due to related parties and share subscriptions approximate their carrying values due to the short-term nature of these instruments.

**Management of Industry and Financial Risk**

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

The Company's financial instruments are exposed to certain financial risks, which include the following:

***Credit risk***

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash and HST recoverable. Risk associated with cash is managed through the use of major Canadian bank. The Company's HST recoverable is due from the Government of Canada; therefore, the credit risk exposure is low.

***Liquidity risk***

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company ensures that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's cash. The Company's cash is held in corporate bank accounts available on demand.

***Market Risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of risk: currency risk, interest rate risk and price risk.

***Currency Risk***

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars; therefore, currency risk is minimal.

***Interest Rate Risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

***Price Risk***

The Company is exposed to price risk with respect to equity prices. Price risk as it relates to the Company is defined as the potential adverse impact on the Company's ability to finance due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

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**5. CAPITAL MANAGEMENT**

The Company's primary source of funds comes from the issuance of share capital. The Company defines its capital as all components of shareholders equity. Capital requirements are driven by the Company's planned exploration and evaluation activities and general and administrative expenses. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget on all exploration projects and overhead to manage costs, commitments and exploration activities. Although the Company has been successful at raising funds in the past through the issuance of share capital, there can be no assurance that it will continue to be able to do so in the future. There were no changes in the Company's approach to capital management during the quarter ended August 31, 2016. The Company is not subject to externally imposed capital requirements.

**6. RESTRICTED INVESTMENT**

At August 31, 2016, the Company had invested \$7,000 (May 31, 2016 - \$7,000) into a Guaranteed Investment Certificates ("GICs") with a Canadian financial institution. This GIC yields interest at prime minus 2% with a maturity date of October 17, 2016. The availability of the GIC to the Company is restricted, as it serves as the security required to be posted in connection with its Reclamation permit issued by the British Columbia Ministry of Energy, Mines and Petroleum Resources for the Company's Fireweed Property.

All short-term investments have been classified as financial assets measured at fair value through profit or loss. Their fair values approximate their carrying values due to their short-term nature.

**7. EXPLORATION AND EVALUATION ASSET**

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

Summary of exploration and evaluation expenditures:

	<b>Fireweed Property</b>
	\$
<b>Balance, May 31, 2015</b>	<b>1,119,583</b>
Exploration costs incurred:	-
Acquisition cost incurred:	2,500
<b>Balance, May 31, 2016</b>	<b>1,122,083</b>
Exploration costs incurred:	-
<b>Balance, August 31, 2016</b>	<b>1,122,083</b>

**SHAMROCK ENTERPRISES INC.**  
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**7. EXPLORATION AND EVALUATION ASSET (Continued)**

**Fireweed Property, British Columbia**

On February 17, 2010 (“Effective Date”), the Company entered into an option agreement (the “Option”) with Regulus Resources Inc.(“Regulus”) (formerly Pachamama Resources Ltd.) to acquire an initial 50% interest, with an option to earn up to 70% in 8 mineral property claims located in the Omineca Mining Division near Smithers, in British Columbia, Canada (the “Property”). On January 18, 2013, the Option was re-negotiated to extend the expenditure commitment due dates and cash payment. This extension was further re-negotiated on November 25, 2013, revising the commitments as disclosed below. Under the terms of the Option extension, the Company issued an additional 100,000 shares with a fair value of \$7,000 for the January 18, 2013 extension and issued an additional 100,000 shares valued at \$4,000 for the November 25, 2013 extension.

On February 11, 2015 and again on August 17, 2015, the Company negotiated additional extensions to its Option whereby the cash payment and minimum work expenditure commitments due on February 17, 2015 and later, on August 17, 2015, were to instead become due on November 17, 2015.

On February 1, 2016, a further amendment was executed whereby the interest in the Property which the Company may acquire was adjusted to 50%, subject to an underlying capped 2% net smelter royalty to a third party. In consideration for the amendment, the Company issued 500,000 shares of its common stock to Regulus on February 3, 2016.

The Company has committed to spend \$100,000 on a drilling program on the Property by December 17, 2016. If the Company fails to complete the required work expenditure in any one year, it may elect to maintain the Option by paying any expenditure shortfall to Regulus by the last day of that year. Any work expenditures in excess of the specified annual requirements will be credited to the expenditure requirement in the following year.

The Company is also committed to making land tenure payments to keep the Property in good standing during the term of the Option.

**Work expenditure commitments based on the latest (February 1, 2016) amendment:**

Year Ended On	Annual Work Expenditure	Cumulative Total
	\$	\$
February 17, 2010 (completed fiscal 2011)	200,000	200,000
February 17, 2011 (completed fiscal 2012)	450,000	650,000
August 17, 2014 (completed fiscal 2015)	200,000	850,000
December 17, 2016	100,000	950,000
December 17, 2017	200,000	1,150,000
December 17, 2018	300,000	1,450,000
December 17, 2019	400,000	1,850,000
December 17, 2020	500,000	2,350,000
Total	2,350,000	

**SHAMROCK ENTERPRISES INC.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
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**7. EXPLORATION AND EVALUATION ASSET** (Continued)

**Cash payment commitments based on the latest (February 1, 2016) amendment:**

<b>Due Date</b>	<b>Cash Payments</b>
	\$
February 17, 2010 (paid fiscal 2011)	50,000
February 17, 2011 (paid fiscal 2011)	50,000
February 17, 2012 (paid fiscal 2012)	100,000
December 17, 2018	100,000
December 17, 2019	200,000
<b>Total</b>	<b>500,000</b>

In addition to the work expenditures and cash payments, the Company must also issue and deliver the following shares of its capital stock to Regulus to maintain and exercise the Option:

<b>Due Date</b>	<b>Share Issuances</b>
Within 5 business days of listing of the Company's shares on the Canadian National Stock Exchange (issued fiscal 2011)	100,000
February 17, 2011 (issued fiscal 2011)	200,000
February 17, 2012 (issued fiscal 2012)	200,000
February 17, 2013 (issued fiscal 2013)	250,000
February 17, 2014 (issued fiscal 2014)	250,000
December 17, 2016	100,000
December 17, 2017	100,000
December 17, 2018	200,000
December 17, 2019	200,000
December 17, 2020	400,000
<b>Total</b>	<b>2,000,000</b>

Upon completion of the work expenditures, cash payments and share issuances described above, the Company may exercise its Option and the parties shall be deemed to have entered into a joint venture for the further exploration and development of the Property and any operation of the Property as a mine. The parties will use commercially reasonable efforts, in good faith, to negotiate and enter into a formal joint venture agreement within 6 months of the exercise of the Option. The Company may elect to exercise the Option by completing the work expenditures and making the cash payments and share issuances described above at any time prior to November 17, 2020.

**SHAMROCK ENTERPRISES INC.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
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**8. LOANS PAYABLE**

At August 31, 2016 the Company had the following loans payable:

1. From a non-related party, a series of unsecured loans totaling \$12,700 (May 31, 2016: \$17,700), with interest accruing at 12% per annum from the date of issue and no specific terms of repayment, as follows:
  - i. \$1,200 issued May 28, 2015
  - ii. \$1,200 issued November 26, 2015
  - iii. \$1,100 issued December 30, 2015
  - iv. \$2,000 issued April 1, 2016
  - v. \$2,200 issued April 29, 2016
  - vi. \$5,000 issued May 30, 2016

At August 31, 2016 \$1,579 of interest was accrued on the above loan amounts (May 31, 2016: \$1,100)

2. \$21,000: unsecured, with interest at 12% per annum from June 1, 2015 and no specific terms of repayment, due to a director. At August 31, 2016 \$3,155 of interest was accrued on the loan (May 31, 2016: \$2,520).

**9. EQUITY AND RESERVES**

**Share Capital**

The Company is authorized to issue an unlimited number of commons shares without par value. At August 31, 2016 and to the date of these statements, 24,428,166 common shares were issued and outstanding.

***For the period ended August 31, 2016***

On June 28, 2016, the Company completed a private placement of 5,200,000 Units at \$0.02 per Unit for gross proceeds of \$104,000. Each Unit comprised one common share without par value in the capital of the Company and one common share purchase warrant. Each such warrant entitles the holder to acquire one common share of the Company for a period of two years from the date of issuance of the warrant, with an exercise price of \$0.05 per share in the first year, and an exercise price of \$0.08 per share in the second year.

The Company issued 292,500 warrants as a finder's fee in connection with the private placement, having the same terms and conditions as the Unit warrants. The warrants were valued at \$11,700 using the Black-Scholes option pricing model with an average risk-free rate of 0.49%, estimated life of 2 years, volatility of 167.6% and dividend yield of 0%.

In addition, the Company received \$60,000 to August 31, 2016, and to the date of these statements, in partial completion of its sale of the flow-through units portion of the June 28, 2016 private placement, at \$0.04 per unit, with each flow-through unit consisting of one flow-through common share and one share purchase warrant. Each warrant is exercisable to acquire one common share at \$0.07 per share in the first year and at \$0.09 per share in the second year from the date of issuance. The funds received are held in a segregated account pending completion of the flow-through portion of the financing. Subscription agreements will be fully executed at that completion date, which is still to be determined.

**SHAMROCK ENTERPRISES INC.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
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**9. EQUITY AND RESERVES (Continued)**

***For the year ended May 31, 2016***

On February 3, 2016, the Company issued 500,000 common shares as consideration for an amendment to its Property Option agreement. The shares were valued at \$2,500 based on current market value on the date of issue.

On July 30, 2015, the Company completed a private placement of 1,336,866 Units at \$0.03 per Unit for gross proceeds of \$40,106. Each Unit comprised one common share without par value in the capital of the Company and one common share purchase warrant. Each such warrant entitles the holder to acquire one common share of the Company for a period of two years from the date of issuance of the warrant, with an exercise price of \$0.05 per share in the first year, and an exercise price of \$0.07 per share in the second year. The proceeds of \$40,106 were allocated to common shares. The Company paid \$771 in cash finder's fees.

The Company issued 25,680 warrants as a finder's fee in connection with the private placement, having the same terms and conditions as the Unit warrants. The warrants were valued at \$259 using the Black-Scholes option pricing model with an average risk-free rate of 0.45%, estimated life of 2 years, volatility of 109.4% and dividend yield of 0%.

**Stock Options**

***Stock-Option Plan***

The Company has a stock option plan in place. Under the stock option plan the Company can issue up to 10% of the issued and outstanding Shares as incentive stock options to directors, officers, insiders, employees and other service providers to the Company. The stock option plan limits the number of incentive stock options which may be granted to any one individual to not more than 5% of the total issued Shares of the Company in any 12 month period. The number of incentive stock options granted to any one consultant or a person employed to provide investor relations activities in any 12 month period must not exceed 2% of the total issued Shares of the Company. The options granted under the Stock Option Plan are subject to the vesting schedule of the Stock Option Plan wherein 25% of the options will vest on the day which is 3 months from the day of grant and 25% of the options will vest every 3 months thereafter for a period of 12 months after the day of grant.

***For the period ended August 31, 2016***

On June 22, 2016, 450,000 stock options were granted to directors and officers of the Company, exercisable at \$0.05 per share. The options have a five year expiry date from date of grant. Also on June 22, 2016, 100,000 stock options were granted to a consultant of the Company, exercisable at \$0.05 per share. All of the options have a five year expiry date from date of grant.

The Company incurred a stock-based compensation expense of \$4,948, which was charged to the statement of income and credited to contributed surplus.

***For the year ended May 31, 2016***

The Company incurred a stock-based compensation expense of \$5,920, which was charged to the statement of income and credited to contributed surplus.

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**9. EQUITY AND RESERVES (Continued)**

Summary of stock option activity in the current period and the prior year:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Life Remaining(Years)</b>
			\$
<b>Balance, May 31, 2015</b>	<b>1,150,000</b>	0.05	4.47
Expired	(100,000)	0.05	
<b>Balance, May 31, 2016</b>	<b>1,050,000</b>	0.05	3.81
Granted	550,000	0.05	
<b>Balance August 31, 2016</b>	<b>1,600,000</b>	<b>0.05</b>	<b>3.99</b>

Summary of outstanding and exercisable share options at August 31, 2016:

<b>Outstanding Options</b>				<b>Exercisable Options</b>	
<b>Exercise Price</b>	<b>Number of Options</b>	<b>Remaining Life (Years)</b>	<b>Expiry Date</b>	<b>Number of Options</b>	<b>Exercise Price</b>
\$0.05	150,000	2.74	May 28, 2019	150,000	\$0.05
\$0.05	900,000	3.70	May 11, 2020	900,000	\$0.05
\$0.05	550,000	4.81	June 22, 2021	-	\$0.05
	<b>1,600,000</b>			<b>1,050,000</b>	

**Warrants**

***For the period ended August 31, 2016***

In connection with a private placement, the Company granted 5,200,000 share purchase warrants on June 28, 2016. Each warrant entitles the holder to acquire one common share of the Company for a period of two years from the date of issuance of the warrant, with an exercise price of \$0.05 per share in the first year, and an exercise price of \$0.08 per share in the second year. The Company issued 292,500 warrants as a finder's fee in connection with the private placement, having the same terms and conditions as the share purchase warrants.

***For the year ended May 31, 2016***

In connection with a private placement, the Company granted 1,336,866 share purchase warrants on July 30, 2015. Each warrant entitles the holder to acquire one common share of the Company for a period of two years from the date of issuance of the warrant, with an exercise price of \$0.05 per share in the first year, and an exercise price of \$0.07 per share in the second year. The Company issued 25,680 warrants as a finder's fee in connection with the private placement, having the same terms and conditions as the share purchase warrants

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**9. EQUITY AND RESERVES (Continued)**

Summary of warrant activity:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Life Remaining (Years)</b>
<b>Balance, May 31, 2015</b>	<b>1,620,000</b>	<b>\$0.14</b>	<b>0.97</b>
Expired	(1,620,000)		
Granted	1,362,546	\$0.06	
<b>Balance, May 31, 2016</b>	<b>1,362,546</b>	<b>\$0.06</b>	<b>1.16</b>
Granted	5,492,500		
<b>Balance, August 31, 2016</b>	<b>6,855,046</b>	<b>\$0.064</b>	<b>1.64</b>

Summary of warrants outstanding at August 31, 2016:

<b>Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
1,362,546	<b>\$0.05</b> to July 30, 2016 then <b>\$0.07</b> to July 30, 2017	July 30, 2017
5,492,500	<b>\$0.05</b> to June 22, 2017 then <b>\$0.08</b> to June 22, 2018	June 22, 2018
<b>6,855,046</b>		

**10. COMMITMENTS**

The Company is committed to certain contractual obligations described in Note 7.

**11. RELATED PARTY TRANSACTIONS**

The value of transactions and outstanding balances relating to key officers and directors and entities over which they have control or significant influence were as follows:

At August 31, 2016, the Company owed a director \$43,969 (May 31, 2016 - \$43,969) for expenses incurred on behalf of the Company, rent, and management fees, plus \$24,155 (May 31, 2016 - \$23,520) for loan advances and accrued interest.

The Company incurred \$3,000 (August 31, 2015 - \$Nil) in professional fees from a company controlled by an officer, for corporate secretarial services. At August 31, 2016, the Company owed \$44,365 (May 31, 2016 - \$44,365) to a company controlled by the officer for professional services.

The Company incurred \$18,000 (August 31, 2015 - \$Nil) in fees from a company controlled by a director and Chief Executive Officer for business development and management services. At August 31, 2016, the Company owed \$54,750 (May 31, 2016 - \$55,250) to the director's company.

At August 31, 2016, the Company owed \$3,000 (May 31, 2016 - \$3,000) to a director for geologist services.

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**11. RELATED PARTY TRANSACTIONS (Continued)**

Amounts due to related parties are unsecured, without specified repayment terms and, other than loan advances, are non-interest bearing.

**12. SUBSEQUENT EVENTS**

Management has evaluated subsequent events and the impact on the reported results and disclosures and has concluded that no other significant events require disclosure as of the date these financial statements were issued.