

**BARSELE MINERALS CORP.**

**FINANCIAL STATEMENTS**  
**(Expressed in Canadian Dollars)**

**DECEMBER 31, 2015**

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of  
Barsele Minerals Corp.

We have audited the accompanying financial statements of Barsele Minerals Corp., which comprise the statements of financial position as at December 31, 2015 and April 30, 2015, and the statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for the eight-month period ended December 31, 2015 and the year ended April 30, 2015, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of Barsele Minerals Corp. as at December 31, 2015 and April 30, 2015, and its financial performance and its cash flows for the eight-month period ended December 31, 2015 and year ended April 30, 2015 in accordance with International Financial Reporting Standards.

**“DAVIDSON & COMPANY LLP”**

Vancouver, Canada

Chartered Professional Accountants

April 28, 2016



**BARSELE MINERALS CORP.**  
**STATEMENTS OF FINANCIAL POSITION**  
As at  
(Expressed in Canadian Dollars)

	December 31, 2015	April 30, 2015
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 432,767	\$ 1
Receivables	2,894	-
Prepaid expenses	<u>4,405</u>	<u>-</u>
	440,066	1
<b>Exploration and evaluation assets (Note 5)</b>	<u>1</u>	<u>-</u>
	<u>\$ 440,067</u>	<u>\$ 1</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ <u>25,744</u>	\$ <u>-</u>
<b>Shareholders' equity</b>		
Share capital (Note 6)	500,001	1
Reserves (Note 6)	703,462	-
Deficit	<u>(789,140)</u>	<u>-</u>
	<u>414,323</u>	<u>-</u>
	<u>\$ 440,067</u>	<u>\$ 1</u>

**Nature and continuance of operations (Note 1)**  
**Subsequent event (Note 13)**

Approved and authorized by the board on April 28, 2016

_____ /s/ Gary Cope Gary Cope	Director	_____ /s/ Rick Sayers Rick Sayers	Director
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**BARSELE MINERALS CORP.**  
**STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars)

	Eight month period ended December 31, 2015	Year ended April 30, 2015
<b>EXPLORATION EXPENSES</b>		
General exploration	\$ 6,403	\$ -
	<u>6,403</u>	<u>-</u>
<b>GENERAL EXPENSES</b>		
Consulting	3,997	-
Foreign exchange	131	-
Investor relations	8,930	-
Management fees	14,400	-
Office and administrative	16,715	-
Professional fees	29,003	-
Share-based payments (Note 6)	703,462	-
Transfer agent and filing fees	6,099	-
	<u>782,737</u>	<u>-</u>
<b>Loss and comprehensive loss for the period</b>	<u>\$ (789,140)</u>	<u>\$ -</u>
<b>Basic and diluted loss per common share</b>	<u>\$ (0.02)</u>	<u>\$ -</u>
<b>Weighted average number of common shares outstanding</b>	<u>41,062,087</u>	<u>-</u>

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

**BARSELE MINERALS CORP.**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Expressed in Canadian Dollars)

	Common Shares	Share Capital	Reserves	Deficit	Total Shareholders' Equity
<b>Balance, April 30, 2014 and 2015</b>	1	\$ 1	\$ -	\$ -	\$ 1
Cancellation of shares (Note 4)	(1)	(1)	-	-	(1)
Shares issued from plan of arrangement (Note 4)	103,290,199	500,001	-	-	500,001
Share-based payments (Note 6)	-	-	703,462	-	703,462
Loss and comprehensive loss	-	-	-	(789,140)	(789,140)
<b>Balance, December 31, 2015</b>	103,290,199	\$ 500,001	\$ 703,462	\$ (789,140)	\$ 414,323

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

**BARSELE MINERALS CORP.**  
**STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)

	Eight month period ended December 31, 2015	Year ended April 30, 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (789,140)	\$ -
Items not affecting cash:		
Share-based payments	703,462	-
Changes in non-cash working capital items:		
Increase in receivables	(2,894)	-
Increase in prepaid expenses	(4,405)	-
Increase in accounts payable and accrued liabilities	<u>25,744</u>	<u>-</u>
Cash used in operating activities	<u>(67,233)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Share cancellation (Note 5)	(1)	-
Plan of arrangement proceeds (Note 4)	<u>500,000</u>	<u>-</u>
Cash provided by financing activities	<u>499,999</u>	<u>-</u>
<b>Increase in cash during the period</b>	432,766	-
<b>Cash, beginning of period</b>	<u>1</u>	<u>1</u>
<b>Cash, end of period</b>	<u>\$ 432,767</u>	<u>\$ 1</u>

**Supplemental disclosure with respect to cash flows (Note 8)**

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

**BARSELE MINERALS CORP.**  
NOTES TO THE FINANCIAL STATEMENTS  
EIGHT MONTH PERIOD ENDED DECEMBER 31, 2015  
(Expressed in Canadian Dollars)

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Barsele Minerals Corp. (the “Company”) was incorporated under the laws of the Province of British Columbia, Canada on February 20, 2013. The Company’s principal business activities include the acquisition and exploration of mineral properties in Sweden.

The head office of the Company is located at Suite 1130 - 1055 West Hastings Street, Vancouver, BC, Canada, V6C 2E9. The registered address and records office of the Company is located at Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC, Canada V6C 2X8.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) 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. The Company has limited financial resources and no source of operating cash flow. While the Company has been successful in obtaining certain funding in 2015, there is no assurance that such future financing will be available or be available on favourable terms. These material uncertainties may cast significant doubt as to the Company’s ability to continue as a going concern.

On September 25, 2015, the Company completed a plan of arrangement under the provision of the Business Corporations Act (British Columbia) pursuant to which certain assets of Orex Minerals Inc. were spun-out to the Company (Note 4).

The Company changed its financial year-end from April 30 to December 31 in order to align the Company’s year-end with that of its equity investment (Note 5). Accordingly, these financial statements present the statements of financial position as at December 31, 2015 and April 30, 2015 and the results of operations and comprehensive loss for the eight and twelve month periods then ended.

**2. BASIS OF PREPARATION**

These financial statements have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These financial statements have been prepared on a historical cost basis, except financial instruments classified as fair value through profit or 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.

**2. BASIS OF PREPARATION** (cont'd...)

**Critical Accounting Estimates**

The preparation of these financial statements in accordance 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 expenses during the year. 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:

- a) 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 Black-Scholes option 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 estimated forfeiture rate.
- b) 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.



### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Exploration and evaluation assets**

The Company is currently in the exploration stage with its mineral interest. Exploration and evaluation costs include the costs of acquiring concessions, costs incurred to explore and evaluate properties, and the fair value, upon acquisition, of mineral properties acquired in a business combination. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the statement of operations and comprehensive loss.

Exploration and evaluation expenditures are expensed in the period they are incurred except for expenditures associated with the acquisition of exploration and evaluation assets through a business combination or an asset acquisition. Significant property acquisition costs are capitalized only to the extent that such costs can be directly attributed to an area of interest where it is considered likely to be recoverable by future exploitation or sale.

#### **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 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.

#### **Investment in Associate**

Associated companies over which the Company has significant influence are accounted for using the equity basis of accounting, whereby the investment is initially recorded at cost, adjusted to recognize the Company's share of earnings or losses and reduced by dividends received. The Company assesses its equity investments for impairment if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the equity investment and that the event or events has an impact on the estimated future cash flow of the investment that can be reliably estimated.

Objective evidence of impairment of equity investment includes:

- Significant financial difficulty of the associated companies;
- Becoming probable that the associated companies will enter bankruptcy or other financial reorganization; or
- National or local economic conditions that correlate with defaults of the associated companies.

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

**Provision for environmental rehabilitation**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets 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 the related 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 the related 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 the related 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 or loss for the period.

**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 statements of financial position at fair value with changes in fair value recognized in the statement of operations 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 operations 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 results of operations.

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

**Financial instruments (cont'd...)**

Financial assets (cont'd...)

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 acquired. 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 results of operations.

*Other financial liabilities:* This category includes accounts payable and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified its cash as fair value through profit or loss. The Company's receivables are classified as loans and receivables. The Company's accounts payable are classified as other financial liabilities.

**Foreign exchange**

The functional currency is the currency of the primary economic environment in which the Company operates. The functional currency of the Company 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 the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date 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 the results of operations.

**Share-based payments**

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants.

The fair value of stock options granted to directors, officers, employees and consultants is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period as expense, with a corresponding increase in reserves. Consideration paid for the shares on the exercise of stock options is credited to share capital.

**BARSELE MINERALS CORP.**  
NOTES TO THE FINANCIAL STATEMENTS  
EIGHT MONTH PERIOD ENDED DECEMBER 31, 2015  
(Expressed in Canadian Dollars)

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

**Share-based payments (cont'd...)**

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 the fair value of the share-based payments. Otherwise, share-based payments are measured at the fair value of goods or services received.

**Loss per share**

The Company recognizes the dilutive effect on income or loss per share based on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive.

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period.

**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 by 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. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset.

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.

**New standards not yet adopted**

The following standards have not yet been adopted and are being evaluated to determine their impact on the Company's financial statements:

*IFRS 9 Financial Instruments ("IFRS 9")*

IFRS 9 was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at

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

**New standards not yet adopted (cont'd...)**

amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is required to be applied for annual periods beginning on or after January 1, 2013. IFRS 9 has a tentative effective date of January 1, 2018.

**4. PLAN OF ARRANGEMENT**

On September 25, 2015, the Company completed the plan of arrangement (the "Arrangement") pursuant to which all of the common shares of the Company were distributed (the "Spinout") to the shareholders of Orex Minerals Inc. ("Orex"). Immediately prior to the Spinout, Orex transferred to the Company Orex's 45% interest in the Barsele gold project located in Sweden (the "Barsele Project") (Note 5), \$500,000 in cash and all of Orex's right, title and interest in and to, and all of its benefits and obligations under, the joint venture agreement (the "JV Agreement") dated June 11, 2015 among Orex, Agnico Eagle Sweden AB and certain other parties.

Under the Arrangement, each common share of Orex outstanding immediately before the effective date of the Arrangement was exchanged for one new common share of Orex and one Company share. Also under the Arrangement, outstanding options and warrants of Orex to purchase old Orex shares were exchanged for options and warrants, respectively, of both Orex and the Company to purchase new Orex shares and Company shares, as applicable. As a result of the Arrangement, existing Orex shareholders maintained their interest in Orex and obtained a proportionate interest in the Company by receiving all the issued and outstanding new Orex shares and Company shares immediately upon completion of the Arrangement.

**5. EXPLORATION AND EVALUATION ASSETS – EQUITY INVESTMENT**

On September 25, 2015, a 45% interest in the Barsele Project which includes Gunnarn Mining AB and Gunnarn Exploration AB (collectively "Barsele JV") was transferred from Orex to the Company. The Barsele Project is now a joint venture with Agnico Eagle Mines Limited ("Agnico"). As part of the joint venture agreement, Agnico has committed to spend US \$7 million on Project expenditures over three years and will earn an additional 15% interest in the corporate entity, which owns the Barsele Project, if it completes a pre-feasibility study.

As Agnico has elected to solely-fund the expenditures on behalf of the Barsele JV until completion of the pre-feasibility study, the Company does not have any responsibility for expenditures or net liabilities of the Barsele JV until such point that Agnico has completed earning its additional 15% interest. Summarized financial information for the Barsele JV is as follows:

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**5. EXPLORATION AND EVALUATION ASSETS – EQUITY INVESTMENT (cont'd...)**

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	December 31, 2015
Current assets	\$ 3,414,734
Non-current assets	8,002,831
Current liabilities	135,099
Loss for the period	3,091,184
The Company's ownership %	45%
The Company's share of loss for the period	\$ Nil

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As at December 31, 2015, the Company's investment in Barsele JV was \$1. The Company's unrecognized share of the loss for the eight-month period ended December 31, 2015 was approximately \$1,391,033. The Company has a minority position on the board of its associated company Gunnarn Mining AB and does not control operational decisions. The Company's judgment is that it has significant influence, but not control and therefore equity accounting is appropriate.

**6. SHARE CAPITAL AND RESERVES**

**Authorized**

Unlimited number of common shares without par value.

**Stock options and warrants**

The Company has a plan to grant stock options to directors, officers, employees and consultants of the Company. Under the plan, the board of directors has the discretion to issue the equivalent of up to 10% of the issued and outstanding shares of the Company from time to time. Stock options are generally for a term of up to five years from the date granted and are exercisable at a price that is not less than the market price on the date granted.

Vesting terms are determined at the discretion of the board of directors. Options issued to consultants providing investor relations services must vest in stages over a minimum of 12 months with no more than one-quarter of the options vesting in any three-month period.

On October 30, 2015, the Company granted 250,000 stock options to a consultant at an exercise price of \$0.20 per share with a two year term. The options vest immediately.

**BARSELE MINERALS CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**EIGHT MONTH PERIOD ENDED DECEMBER 31, 2015**  
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**6. SHARE CAPITAL AND RESERVES (cont'd...)**

Stock option and share purchase warrant transactions are summarized as follows:

**Stock options and warrants (cont'd...)**

	Warrants		Stock options	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding, April 30, 2014 and 2015	-	\$ -	-	\$ -
Issued as part of plan of arrangement	14,643,680	0.30	6,294,000	0.16
Granted	-	-	250,000	0.20
Outstanding, December 31, 2015	14,643,680	\$ 0.30	6,544,000	\$ 0.16
Exercisable at December 31, 2015	14,643,680	\$ 0.30	6,544,000	\$ 0.16

The following stock options to acquire common shares of the Company were outstanding at December 31, 2015:

	Number of Shares	Exercise Price	Expiry Date
<b>Options</b>			
	1,739,000	0.30	February 17, 2017
	1,730,000	0.10	January 17, 2019
	150,000	0.10	May 9, 2019
	250,000	0.15	July 2, 2016
	250,000	0.15	September 10, 2016
	2,175,000	0.10	June 26, 2020
	250,000	0.20	October 30, 2017
	6,544,000		

The following warrants to acquire common shares of the Company were outstanding at December 31, 2015:

	Number of Shares	Exercise Price	Expiry Date
<b>Warrants</b>			
	4,114,300	0.30	September 13, 2017
	3,393,200	0.30	November 21, 2017
	5,179,000	0.30	March 24, 2018*
	671,000	0.30	March 31, 2018*
	1,192,240	0.25	March 24, 2016**
	93,940	0.25	March 31, 2016**
	14,643,680		

\* Subsequent to December 31, 2015, the Company extended the exercise period of 7,136,180 warrants, currently exercisable at a price of \$0.30 per warrant share for a further two-year period to 2018.

\*\*Subsequent to December 31, 2015, these warrants expired unexercised.

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**6. SHARE CAPITAL AND RESERVES (cont'd...)**

**Stock options and warrants (cont'd...)**

During the eight-month period ended December 31, 2015, the Company issued as part of the plan of arrangement 6,294,000 stock options to directors, officers and consultants of the Company. Additionally, the Company granted 250,000 (2014 – nil) stock options to consultants of the Company. The weighted average fair values of options granted was calculated using the Black-Scholes option pricing model. During the eight-month year ended December 31, 2015, the weighted average fair value of each option granted was \$0.11 (2014 - \$nil) and was calculated using the following weighted average assumptions:

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	2015	2014
Expected option lives	3.05 years	-
Risk-free interest rate	0.54%	-
Expected dividend yield	0%	-
Expected stock price volatility	75%	-

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The share-based payments expense for stock options, vesting during in the eight-month period ended December 31, 2015 was \$703,462 (2014 – \$nil).

**7. CAPITAL MANAGEMENT**

The Company defines its capital as shareholder equity. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company may invest its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns on unused capital. The Company does not pay dividends. The Company is not subject to any externally imposed capital requirements.

The Company raises capital to fund its corporate and exploration costs and other obligations through the sale of its common shares or units consisting of common shares and warrants in order to operate its business and safeguard its ability to continue as a going concern. Although the Company management has been successful at raising funds in the past through issuance of share capital, it is uncertain whether it will continue this financing due to uncertain economic conditions. There have been no changes to the Company's approach to capital management during the period.

**8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

There were no significant non-cash transactions during the eight month period ended December 31, 2015 and year ended April 30, 2015.

**9. RELATED PARTY TRANSACTIONS**

During the eight months' year ended December 31, 2015, the Company entered into the following transactions with related parties, directors and key management personnel. Key management personnel are individuals responsible for planning, directing and controlling the activities of the Company and include all directors and officers.



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**9. RELATED PARTY TRANSACTIONS (cont'd...)**

Compensation paid or payable to key management personnel for services rendered are as follows:

	Eight-month period ended December 31, 2015	Year ended April 30, 2015
Management fees	\$ 14,400	\$ -
Share-based payments	475,178	-
<b>Total</b>	<b>\$ 489,578</b>	<b>\$ -</b>

	Eight-month period ended December 31, 2015	Year ended April 30, 2015
Administration fees*	\$ 23,280	\$ -
Geological consulting fees	6,403	-
<b>Total</b>	<b>\$ 29,683</b>	<b>\$ -</b>

\*Administration fees paid to a management service company controlled by the chief executive officer and director of the Company that provides a corporate secretary, investor relations and accounting and administration staff to the Company.

Included in accounts payable and accrued liabilities as at December 31, 2015 is \$2,285 (2015 - \$Nil) due to directors or officers or companies controlled by directors.

**10. FINANCIAL AND CAPITAL 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 described below.

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).

**Fair value of financial instruments**

The Company has various financial instruments including cash, receivables and accounts payable. Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables and accounts payable approximates its fair values due to the short-term maturity of the financial instruments.

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**10. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd...)**

**Concentrations of business risk**

The Company maintains a majority of its cash with a major Canadian financial institution. Deposits held with this institution may exceed the amount of insurance provided on such deposits.

**Credit risk**

The Company is exposed to credit risk only with respect to uncertainties as to timing and amount of collectability of receivables. The Company believes its credit risk is low because its receivables are primarily comprised of goods and services tax (GST), which are recoverable from the governing body in Canada.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

**Foreign exchange risk**

The Company is not subject to significant foreign exchange risk.

**Interest rate risk**

The Company limits its exposure to interest rate risk by holding cash deposits at major Canadian financial institutions and accordingly is not subject to significant interest rate risk.

**Price risk**

Mineral prices, in particular gold and silver, are volatile, and have fluctuated sharply in recent periods. The prices are subject to market supply and demand, political and economic factors, and commodity speculation, all of which can interact with one another to cause significant price movement from day to day and hour to hour. These price movements can affect the Company's ability to operate and to raise financing through the sale of its common shares.

**11. SEGMENTED INFORMATION**

The Company's one reportable operating segment is the acquisition and exploration of mineral properties. Geographic information is as follows:

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	December 31, 2015	April 30, 2015
Exploration and evaluation assets		
Sweden	\$ 1	\$ -
Canada	-	-

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**12. INCOME TAXES**

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

	<b>As at December 31, 2015</b>	<b>As at April 30, 2015</b>
Basic statutory and provincial income tax rate	26%	-
Loss for the period	\$ (789,140)	\$ -
Expected tax recovery	\$ (205,000)	\$ -
Permanent difference	183,000	-
Change in statutory, foreign tax, foreign exchange rates and other	-	-
Change in unrecognized deductible temporary difference	22,000	-
Deferred tax recovery	\$ -	\$ -

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	<b>December 31, 2015</b>	<b>Expiry</b>	<b>April 30, 2015</b>	<b>Expiry</b>
Allowable capital losses	86,000	2034	-	No expiry

Tax attributes are subject to review and potential adjustment by tax authorities.

**13. EVENTS AFTER THE REPORTING DATE**

On February 5, 2016, the Company granted 3,200,000 incentive stock options to directors, officers, and consultants. The incentive stock options have an exercise price of \$0.10 per share, expire five years from the date of grant and vest immediately.