GRANDE PORTAGE RESOURCES LTD.
(An Exploration Stage Company)
Consolidated Financial Statements
October 31, 2015 and 2014
(Expressed in Canadian Dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Grande Portage Resources Ltd.

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

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

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

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

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

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

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Grande Portage Resources Ltd. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
February 26, 2016

GRANDE PORTAGE RESOURCES LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT OCTOBER 31, 2015 AND 2014
(Expressed in Canadian Dollars)

	Note	2015	2014
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		5,581	42,941
Marketable securities	7	485	60,859
Amounts receivable		4,930	24,883
Prepaid expenses		15,565	13,270
Asset held for sale	9	-	9,000
		26,561	150,953
RECLAMATION BONDS	6	15,000	33,500
EQUIPMENT	10	-	1,252
EXPLORATION AND EVALUATION ASSETS	8	4,082,207	4,052,043
		4,123,768	4,237,748
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		270,717	97,490
Decommissioning liability	9	3,000	12,000
		273,717	109,490
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	11	17,722,547	17,722,547
RESERVES		1,744,517	1,744,517
DEFICIT		(15,617,013)	(15,338,806)
		3,850,051	4,128,258
		4,123,768	4,237,748

Nature of Operations and Going Concern (Note 1)
Commitment (Note 16)
Subsequent Event (Note 17)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

"Ian Klassen" Director — Ian Klassen

"Harold Forzley" Director — Harold Forzley

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

GRANDE PORTAGE RESOURCES LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED OCTOBER 31, 2015 AND 2014
(Expressed in Canadian Dollars)

	Note	2015	2014
		$	$
Expenses			
Management fees	13	162,000	165,000
Legal and accounting	13	63,828	67,256
Rent		18,000	18,000
Regulatory and transfer agent fees		17,007	14,312
Office and miscellaneous		9,509	16,212
Investor and shareholder relations		3,658	5,383
Travel and promotion		655	2,634
Amortization		375	3,903
Loss before other items		(275,032)	(292,700)
Other items			
Gain (loss) on sale of marketable securities	7	4,574	(402,316)
Unrealized gain on marketable securities	7	-	329,493
Interest and investment income		686	15,330
Write-off of exploration and evaluation assets	8	(500)	(6,456,742)
Foreign exchange gain (loss)		(869)	19,116
Impairment of equipment	10	(877)	(4,465)
Reclamation expenses	9	(6,189)	-
		(3,175)	(6,499,584)
Net loss and comprehensive loss		(278,207)	(6,792,284)
Loss per share – basic and diluted		(0.04)	(0.98)
Weighted average number of common shares outstanding		6,950,239	6,946,047

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

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

	Note	Issued Capital Shares Note 5(b)	Issued Capital Amount	Contributed Surplus	Deficit	Total
			$	$	$	$
Balance, October 31, 2013		6,935,239	17,719,547	1,744,517	(8,546,522)	10,917,542
Shares issued for property	8(a) and 8(d)	15,000	3,000	-	-	3,000
Comprehensive loss		-	-	-	(6,792,284)	(6,792,284)
Balance, October 31, 2014		**6,950,239**	**17,722,547**	**1,744,517**	**(15,338,806)**	**4,128,258**
Comprehensive loss		**-**	**-**	**-**	(278,207)	(278,207)
Balance, October 31, 2015		**6,950,239**	**17,722,547**	**1,744,517**	**(15,617,013)**	**3,850,051**

On February 18, 2016, the Company enacted a consolidation of its common shares on the basis of ten (10) pre-consolidation shares for one (1) post-consolidation share. All current and comparative references to the number of shares, warrants, options, weighted average number of common shares and loss per share have been retroactively adjusted to reflect the share consolidation. See Note 11.

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

GRANDE PORTAGE RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31, 2015 AND 2014
(Expressed in Canadian Dollars)

	2015	2014
	$	**$**
Operating activities		
Net Loss	(278,207)	(6,792,284)
Items not involving cash:		
Amortization	375	3,903
Write-off of exploration and evaluation assets	500	6,456,742
Impairment of equipment	877	4,465
Loss (gain) on sale of marketable securities	(4,574)	402,316
Unrealized gain on marketable securities	-	(329,493)
	(281,029)	(254,351)
Changes in non-cash working capital balances		
Amounts receivable	19,953	(1,855)
Prepaid expenses	(2,295)	16,049
Accounts payable and accrued liabilities	170,227	7,503
Decommissioning liability	3,000	-
	(90,144)	(232,654)
Investing activities		
Expenditures on exploration and evaluation assets	(30,664)	(82,630)
Redemption of a reclamation bond	18,500	7,000
Proceeds from sale of marketable securities	64,948	192,355
	52,784	116,725
Decrease in cash and cash equivalents	(37,360)	(115,929)
Cash and cash equivalent, beginning of year	42,941	158,870
Cash and cash equivalent, end of year	5,581	42,941
Non-cash investing and financing activity		
Common shares issued for exploration and evaluation assets	**-**	3,000
Supplemental cash flow information		
Interest paid	**-**	-
Income taxes paid	**-**	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Grande Portage Resources Ltd. (the “Company”) was incorporated under the Business Corporations Act of British Columbia. The Company is an exploration stage public company whose principal business activities are the exploration for and development of natural resource properties, namely gold, in Alaska and British Columbia. The Company’s shares are listed for trading on the TSX Venture Exchange under the symbol GPG.

The address of the Company’s corporate office and principal place of business is #501 - 595 Howe Street, Vancouver, British Columbia, V6C 2T5.

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether they contain reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition thereof.

The Company incurred a net loss of $278,207 (2014 - $6,792,284) for the year ended October 31, 2015 and has an accumulated deficit of $15,617,013 which has been funded primarily by the issuance of equity. The Company’s ability to continue as a going concern is dependent upon the generation of profits from exploration and evaluation assets, obtaining additional financing or maintaining continued support from its shareholders and creditors. These factors raise significant doubt on the Company’s ability to continue as a going concern. While the Company has been successful in obtaining financing in the past, there is no assurance that such financing will continue to be available or be available on favourable terms in the future. An inability to raise additional financing may impact the future assessment of the Company as a going concern. In the event that additional financial support is not received or operating profits are not generated, the carrying values of the Company’s assets may be adversely affected.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements. In assessing the appropriateness of the going concern assumption management is required to consider all available information about the future, which is at least, but not limited to, twelve months from the year end date. Management has carried out an assessment of the going concern assumption and has concluded that it is appropriate that the consolidated financial statements are prepared on a going concern basis. Accordingly, these consolidated financial statements do not reflect any adjustments to the carrying value of assets and liabilities, or the impact on the consolidated statements of loss and consolidated statements of financial position classifications that would be necessary were the going concern assumption not appropriate.

2. BASIS OF PREPARATION

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”)

These audited consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issuance by the Board of Directors on February 26, 2016.

2. BASIS OF PREPARATION (continued)

b) Consolidation and Measurement

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, GPG Alaska Resources Inc. All material inter-company balances and transactions have been eliminated upon consolidation.

These consolidated financial statements are prepared on an accrual basis and are based on historical costs except for certain financial instruments which are measured at fair value as explained in the accounting policies set out in Note 4. The consolidated financial statements are presented in Canadian dollars unless otherwise noted. The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

3. APPLICATION OF NEW ACCOUNTING STANDARDS

Accounting standards adopted in the current period

As of November 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 consolidated financial statements.

IAS 36 – *Impairment of Assets* – In May 2013, the IASB issued an amendment to address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

IFRS 8 – *Operating Segments* – In December 2013, the IASB issued an amendment to address the disclosure of the judgements made by management in applying the aggregation criteria to operating segments and clarify that reconciliations of segment assets are only required if segment assets are reported regularly.

IFRIC 21 – *Levies* – IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain.

New accounting standards issued but not yet effective
Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

The following standard will be effective for annual periods beginning on or after November 1, 2017:

IAS 1 – *Presentation of Financial Statements* - In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements.

3. APPLICATION OF NEW ACCOUNTING STANDARDS (continued)

New accounting standards issued but not yet effective (continued)
IAS 16 – *Property, Plant and Equipment* and IAS 38 – *Intangible Assets* - In May 2014, the IASB issued amendments to IAS 16 and IAS 38. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The following standard will be effective for annual periods beginning on or after November 1, 2018:

IFRS 9 – *Financial Instruments* - In November 2009, as part of the IASB project to replace IAS 39 *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9 *Financial Instruments*, that introduce new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities.

The extent of the impact of adoption of these standards and interpretations on the consolidated financial statements of the Company has not been determined.

4. SIGNIFICANT ACCOUNTING POLICIES

a) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and highly liquid market investments with original terms of maturity of less than ninety days at time of acquisition, or which are redeemable at the option of the Company.

b) Exploration and Evaluation Assets

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

All exploration and evaluation costs incurred prior to obtaining licenses are expensed in the period in which they are incurred. Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized as exploration and evaluation assets and are classified as intangible assets. Such expenditures include, but are not limited to, exploration license expenditures, leasehold property acquisition costs, evaluation costs including drilling costs directly attributable to a property, and directly attributable general and administrative costs including share-based payments to geologists. General exploration costs not related to specific exploration and evaluation property are expensed as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Exploration and Evaluation Assets (continued)

Recorded costs of mineral properties and deferred exploration costs are not intended to reflect present or future values of resource properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount. Exploration and evaluation assets are tested for impairment and no amortization is taken during the exploration and evaluation phase.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, capitalized costs of the related property are reclassified as mining assets. Upon commencement of commercial production, are amortized using the units of production method over estimated recoverable reserves

Exploration costs renounced due to flow-through share subscription agreements remain capitalized, however, for corporate income tax purposes, the Company has no right to claim these costs as tax deductible expenses. The Company's entitlement to mineral exploration tax credits are accounted for on an accrual basis to reduce the exploration costs.

i) Impairment

Impairment is assessed at the level of cash-generating units. Management regularly assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if one of the following factors are present; the rights to explore have expired or are near to expiry with no expectation of renewal, no further substantive expenditures are planned or budgeted, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, indications that in an area with development likely to proceed the carrying amount is unlikely to be recovered in full be development or sale. The related property costs are written down to management's estimate of their net recoverable amount.

The recoverability of the carrying amount of exploration and evaluation assets is dependent on successful development and commercial exploitation or alternatively the sale of the respective areas of interest.

ii) Decommissioning liabilities

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or on-going production.

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged against operations through depreciation of the asset and unwinding of the discount on the provision.

Depreciation is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset.

The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operations as extraction progresses.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Exploration and Evaluation Assets (continued)

iii) Decommissioning liabilities (continued)

Changes in the measurement of a liability, which arises during production, are charged against operating profit. The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

c) Equipment

Equipment is recorded at cost less accumulated amortization and impairment. Amortization is calculated at the following annual rates:

Vehicles	- 30% declining-balance

Amortization on additions during the year is calculated at one-half of the annual rate. Useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of loss.

Where an item of equipment comprises significant components with different useful lives, the components are accounted for as separate items of equipment. Subsequent costs to replace parts of an item of equipment are recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and the cost of the item can be measured reliably.

d) Income Taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years.

Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting not taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Basic and Diluted Loss per Share

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

f) Share-Based Payment Transactions

The Company grants share options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as either an expense or as mineral property interests with a corresponding increase in option reserves. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in capital stock and the related share-based payment in option reserves is transferred to capital stock.

g) Investment Income

Investment income consists of dividends and interest. Interest income derived from cash and cash equivalents and short-term investments is recognized on an accrual basis as earned at the stated rate of interest.

h) Government Assistance

Mining exploration tax credits for certain exploration expenditures incurred are treated as a reduction of the exploration and development costs of the respective mineral property.

i) Flow-Through Shares

Resource expenditures for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. At the time flow-through shares are issued, there may be a potential premium paid on the flow-through shares calculated based on the share issuance price and the market price at the time of closing. A liability is recognized for the premium on the flow-through shares and is subsequently reversed and recorded as other income or deferred tax expense as the Company incurs qualifying Canadian exploration expenses.

In instances where the Company has issued flow-through shares by way of a unit offering, the proceeds are allocated first to capital stock based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve first based on the fair value of the warrant component on grant date using the Black-Scholes option pricing model. Any remaining residual value is then recognized as a liability for the premium on the flow-through shares.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Share Issuance Cost

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to expenses.

k) Marketable Securities

Investments in publicly traded companies listed on an active stock exchange are recorded at fair value based upon the closing bid price at the year end date. If an active market does not exist, the investments are recorded at fair value using a valuation techniques based upon management's estimates which consider reliable and observable market inputs. The amounts at which investments in publicly traded companies could be disposed of may differ from fair value as a result of a number of factors including, but not limited to, premiums paid for large blocks of shares or discounts due to a lack of liquidity.

l) Financial Instruments

All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available for sale, loans and receivable or at fair value through profit or loss ("FVTPL"). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities. Financial instruments comprise cash and cash equivalents, marketable securities and accounts payable. The Company does not use any derivative or hedging instruments. Transaction costs related to financial instruments other than at FVTPL are capitalized as part of the cost of the financial instrument.

At initial recognition management has classified financial assets and liabilities as follows:

i) Financial assets
The Company has classified its cash and cash equivalents and marketable securities at FVTPL. A financial instrument is classified at FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value and changes therein are recognized in income.

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

iii) Financial liabilities
The Company has classified its accounts payable as other financial liabilities. Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost using the effective interest method. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method. Other financial liabilities are classified as current or non-current based on their maturity date.

The Company derecognizes a financial liability when it its contractual obligations are discharged, cancelled or expire.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Financial Instruments (continued)

vi) Impairment of financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

m) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

n) Foreign Currency Translation

The functional currency of both the Company and its subsidiary, being the currency of the primary economic environment in which the Company operates, is the Canadian dollar. Foreign denominated monetary assets and liabilities are translated at the year-end rates of exchange. Non-monetary items are translated using the exchange rates prevailing at the date of the transaction. Revenues and expenses are translated using average rates of exchange during the year. Exchange gains or losses arising from currency translation are recognized in the consolidated statement of comprehensive loss.

o) Assets Held for Sale

Properties are classified as held for sale when the asset or disposal group is available for sale in present condition, and the sale is highly probable. A sale is highly probable if management is committed to a plan to sell, is actively locating a buyer at a sale price that is reasonable in relation to the current fair value of the asset or disposal group, and the sale is expected to be completed within a one-year period. Assets held for sale are stated at the lower of their carrying amount and fair value less costs to sell. Assets held for sale are classified as current.

p) Use of Estimates and Judgements

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Use of Estimates and Judgements (continued)

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, 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) Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether indicators of impairment exits, considering estimates and assumptions around the reserves, prices and future costs required to develop and decommission those reserves. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the carrying amount exceeds the recoverable amount, the amount capitalized is written down to the recoverable amount in the profit or loss in the period the new information becomes available.

ii) Estimated reclamation provisions

The Company's provision for decommissioning liabilities represents management's best estimate of the present value of the future cash outflows required to settle estimated reclamation and closure costs at the end of mine's life. The provision reflects estimates of future costs, inflation, movements in foreign exchange rates and assumptions of risks associated with the future cash outflows, and the applicable risk free interest rates for discounting the future cash outflows. Changes in the above factors can result in a change to the provision recognized by the Company.

Changes to reclamation and closure cost obligations are recorded with a corresponding change to the carrying amounts of related mining properties. Adjustments to the carrying amounts of related mining properties can result in a change to future depletion expense.

iii) Share-based payment transactions

Management uses the Black-Scholes pricing model to determine the fair value of stock options and standalone share purchase warrants issued. This model requires assumptions of the expected future price volatility of the Company's common shares, expected life of options and warrants, future risk-free interest rates and the dividend yield of the Company's common shares.

iv) Impairment of exploration and evaluation assets

Management considers both external and internal sources of information in assessing whether there are any indications that the Company's exploration and evaluation assets are impaired. External sources of information management considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of its mining interests. Internal sources of information management consider include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of economic performance of the assets.

In determining the recoverable amounts of the Company's exploration properties, management makes estimates of the discounted future pre-tax cash flows expected to be derived from the Company's exploration properties, and the appropriate discount rate.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Use of estimates and judgements (continued)

v) Income taxes

Management exercises judgment to determine the extent to which deferred tax assets are recoverable, and can therefore be recognized in the consolidated statements of financial position and consolidated comprehensive income or loss.

vi) Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgement. The management monitor future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

vii) Impairment of equipment

Management considers both external and internal sources of information in assessing whether there are any indications that the Company's equipment is impaired. External sources of information management considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of its equipment. Internal sources of information management consider include the manner in which the equipment is being used or is expected to be used and indications of economic performance of the equipment.

5. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's financial instruments are categorized in a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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).

The Company's financial instruments include cash and cash equivalents, marketable securities and accounts payable.

The fair value of cash and cash equivalents and marketable securities are determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. As at October 31, 2015, the Company believes that the carrying values of accounts payable approximate their fair values because of their nature and relatively short maturity dates or durations.

5. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Assets measured at fair value on a recurring basis were presented on the Company's consolidated statements of financial position as of October 31, 2015 as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets For Identical Instruments (Level 1) $	Significant Other Observable Inputs (Level 2) $	Significant Unobservable Inputs (Level 3) $	October 31, 2015 $
Financial Assets:				
Cash and cash equivalents	5,581	–	–	5,581
Marketable securities	485	–	–	485

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents and marketable securities as all are placed with two major Canadian financial institutions. The Company is not exposed to significant credit risk on its cash and cash equivalents and marketable securities as all have been placed with major financial institutions.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. At October 31, 2015, the Company had a working capital deficiency of $247,156 (October 31, 2014 – working capital of $41,463). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As at October 31, 2015, the Company does not have adequate working capital to discharge its existing financial obligations and will need to acquire additional funding in order to meet its current obligations.

c) Interest Rate Risk

The Company is not subject to any significant interest rate risk. In management's opinion, the Company's interest rate risk is minimal as its cash equivalents may be redeemed upon demand without significant penalty.

d) Foreign Currency Risk

The Company's currency risk exposures arise from transactions denominated in foreign currencies. The Company's foreign exchange risk arises primarily with respect to the United States dollars ("USD"). The Company incurs exploration expenditures denominated in the USD. Fluctuations in the exchange rates between United States dollars and Canadian dollars could have a material effect on the Company's business, financial condition and results of options. The result of sensitivity analysis conducted by the Company shows an increase (decrease) of 10% in the foreign exchange rates between USD and Canadian Dollar could result in an increase (decrease) of the Company's net assets by approximately $4,200 (2014 - $7,000). The Company does not engage in any hedging activity.

5. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

e) Commodity Price Risk

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

f) Market Risk

The Company's financial instruments include marketable securities which are publicly traded and therefore subject to the risks related to the fluctuation in market prices. The Company closely monitors market values to determine the most appropriate course of action.

6. RECLAMATION BONDS

The Company placed Guaranteed Interest Certificates ("GICs") in trust as reclamation deposits pursuant to a condition of receiving consent from a government agency to explore its resource property interests. At October 31, 2015, the Company has one GIC of $15,000, related to the Pass Property, with a nominal interest rate. The GIC matures May 27, 2016 and will be renewed indefinitely until the Company has ceased exploration on the related resource property and inspections reveal no environmental disturbance. During the year ended October 31, 2015, the Company redeemed two reclamation bonds for a total amount of $18,500.

7. MARKETABLE SECURITIES

At October 31, 2015:

Investees	Shares	Cost	Fair Value
Public Companies:		**$**	**$**
Quaterra Resources Inc.	3,000	2,118	240
Four River Ventures Ltd (formerly Auracle Resources Ltd.)	3,750	22,500	245
Total		24,618	485

At October 31, 2014:

Investees	Shares	Cost	Fair Value
		$	**$**
Public Companies:			
Lightstream Resources Ltd. (formerly PetroBakken Energy Ltd.)	3,660	63,938	10,907
Quaterra Resources Inc.	901,400	636,280	49,577
Auracle Resources Ltd.	75,000	22,500	375
Total		722,718	60,859

Marketable securities have been recorded at their fair value as of October 31, 2015 in accordance with the Company's policy described in Note 4(k). During the year ended October 31, 2015, the Company sold a portion of its investments for cash proceeds of $64,948 and realized a net gain of $4,574 on sale.

7. MARKETABLE SECURITIES (continued)

During the year ended October 31, 2015, Four River Ventures Ltd. (formerly Auracle Resources Ltd.) executed a 20 to 1 reverse stock split, and 75,000 old shares held by the Company were exchanged for 3,750 post-split shares.

8. EXPLORATION AND EVALUATION ASSETS

	Merry/New Merry Widow	Herbert Glacier	Total
	$	$	$
Balance, October 31, 2014	–	4,052,043	4,052,043
Deferred exploration costs:			
Claim maintenance fees	500	17,551	18,051
Geological consulting	–	3,920	3,920
Travel	–	2,548	2,548
Utilities	–	834	834
Warehouse rental	–	25,477	25,477
Cost recoveries	–	(20,166)	(20,166)
	500	30,164	30,664
Total additions, net of recoveries	500	30,164	30,664
Impairment	(500)	–	(500)
Balance, October 31, 2015	–	4,082,207	4,082,207

8. EXPLORATION AND EVALUATION ASSETS (continued)

	Merry/New Merry Widow	Herbert Glacier	Pass / New Mine	Total
	$	$	$	$
Balance, October 31, 2013	5,797,326	3,993,667	620,161	10,411,154
Acquisition costs:				
Shares	3,000	–	–	3,000
Cash	2,500	21,812	–	24,312
Property taxes	1,050	–	–	1,050
	6,550	21,812	–	28,362
Deferred exploration costs:				
Assay & recording	–	–	729	729
Camp supplies / advances	11,809	1,522	–	13,331
Claim maintenance fees	354	15,681	–	16,035
Food / Lodging	–	1,023	–	1,023
Geological fees	250	5,852	250	6,352
Road access	1,803	–	–	1,803
Travel	–	18,309	–	18,309
Site Personnel	5,510	–	–	5,510
Warehouse rental	–	26,796	–	26,796
Cost Recoveries / refunds	–	(32,619)	–	(32,619)
	19,726	36,564	979	57,269
Total additions, net of recoveries	26,276	58,376	979	85,631
Reclamation provision	12,000	–	–	12,000
Impairment	(5,835,602)	–	(621,140)	(6,456,742)
Balance, October 31, 2014	–	4,052,043	–	4,052,043

a) Merry Widow Property

Pursuant to an option agreement dated March 25, 2004, the Company acquired an undivided 100% legal and beneficial interest in certain Crown granted mineral claims situated in the Nanaimo Mining Division of British Columbia, by payment of $75,000 and issuance of 45,000 common shares of the Company. The investment in the Merry Widow Property is subject to a 2% net smelter return, with a minimum advance payment of $16,000 due each calendar year following the year the option is exercised. The Company may purchase 100% of the net smelter return for $750,000.

On December 4, 2012, the option agreement was amended. Starting from December 31, 2012, the annual minimum advance royalty payment was reduced from $16,000 cash to $5,000 cash (paid) and issuance of 6,000 common shares (issued). On January 8, 2013, the Company issued 6,000 common shares at a fair value of $1.30 per share for a total of $7,800.

8. EXPLORATION AND EVALUATION ASSETS (continued)

a) Merry Widow Property (continued)

On December 31, 2013, the option agreement was further amended. The minimum advance royalty payment for December 31, 2013 was amended to $5,000 cash (half due immediately and half due upon the Company's next equity financing) ($2,500 paid) and issuance of 15,000 common shares (issued). On February 11, 2014, the Company issued 15,000 common shares at a fair value of $0.20 per share for a total of $3,000.

During the year ended October 31, 2014, the Company decided not to proceed with any further exploration work and as a result all previous recorded exploration and evaluation costs were written off.

b) New Merry Widow Property

Pursuant to an option agreement dated March 10, 2006, the Company acquired an undivided 100% legal and beneficial interest in nine Crown granted claims and one two post mineral claim covering 25 hectares, located in the Nanaimo Mining Division of British Columbia, an area adjoining the Company's Merry Widow Property. The Company paid $75,000 and issued 32,500 common shares. The investment in the New Merry Widow Property is subject to a 2% net smelter return. The Company may purchase 100% of the net smelter return for $750,000.

During the year ended October 31, 2014, the Company decided not to proceed with any further exploration work and as a result all previous recorded exploration and evaluation assets on this property were written off.

c) Herbert Glacier

Pursuant to an agreement dated June 16, 2010, as amended on June 12, 2012, (the "Option Agreement") with Quaterra Alaska, Inc. ("Quaterra"), the Company was granted and has exercised an option to acquire a 65% interest in a mining lease dated November 1, 2007 (the "Mining Lease") for the Herbert Glacier gold property, consisting of 84 mining claims, located 20 miles north of Juneau, Alaska. The Company was required to incur at least USD$1,250,000 (incurred) under the Option Agreement in exploration expenditures on the property to acquire its 65% interest. In addition, the Mining Lease requires minimum annual advance royalty payments due November 1 of each year, with the amount of USD$12,000 per year for Years 1-4, USD$20,000 for Years 5-10, and USD$30,000 per year thereafter, provided that before the tenth year of the lease such advance royalties will be adjusted for inflation.

On October 24, 2011, the Company entered into a joint operation with Quaterra (the "JVA") with their initial joint interests being Quaterra 35% and the Company 65%. Under the JVA, the Company's subsidiary is appointed as operator of the project. Pursuant to the JVA, Quaterra and the Alaska subsidiary were required to contribute a value of $673,077 and $1,250,000, respectively, as Initial Contributions. These initial values were contributed in full by both parties as at October 31, 2012. Each party is also required to contribute its proportionate share of costs for all future exploration and development work.

During the year ended October 31, 2015, Quaterra gave the Company a notification of its election not to participate in future programs on the property. This notice did not cancel the JVA between the Company and Quaterra, according to which Quaterra will continue to be responsible for 35% claim maintenance fee.

8. EXPLORATION AND EVALUATION ASSETS (continued)

c) Herbert Glacier (continued)

A party's interest in the project will be diluted in the event of non-payment of its share, in accordance with the terms of the JVA. By operation of the dilution formula in the JVA, if a non-contributing party's interest falls below 10%, then such non-contributing party's interest will be converted into a 1% net smelter returns royalty (the "NSR"). The contributing party has the option at any time to acquire the NSR for USD $1.0 million.

All advance royalties will be shared on a proportionate share basis with Quaterra, based on the share of the Company and Quaterra in the Mining Lease, and will be credited towards any net smelter returns ("NSR") royalty paid upon the commencement of commercial production. The Mining Lease provides for a sliding scale royalty of up to a 5% NSR, when the price of gold exceeds USD $601 per oz. As at October 31, 2015, all advance royalty payments had been made to date.

d) Pass Property

Pursuant to an option agreement dated August 30, 2007, as amended on August 5, 2011 and September 12, 2013, the Company had the option to acquire an undivided 100% legal and beneficial interest in two mineral claims located in the Omineca Mining Division of British Columbia. Under the terms of the agreement, the Company earned its 100% interest in the Pass Property by issuing 25,000 common shares, cash payments of $7,500 and by incurring $475,000 in exploration expenditures.

The Pass Property is subject to a 3% net smelter return. The Company may purchase 50% of the net smelter return for $1,000,000 in order to reduce the total net smelter return to 1.50%.

During the year ended October 31, 2014, the Company decided not to proceed with any further exploration work and as a result all previous recorded exploration and evaluation costs were written off.

e) New Mine Property

Pursuant to an agreement dated September 17, 2009, the Company acquired ten mineral claims located in the Omineca Mining Division of British Columbia for a total acquisition cost of $75,000 and the issuance of 5,000 common shares.

During the year ended October 31, 2014, the Company decided not to proceed with any further exploration work and as a result all previous recorded exploration and evaluation costs were written off.

8. EXPLORATION AND EVALUATION ASSETS (continued)

Realization of assets

The investment in and expenditures on exploration and exploration assets comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims allowed to lapse.

Environmental

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the resource property interests, the potential for production on the property may be diminished or negated.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its property interests and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former property interests that may result in material liability to the Company.

9. DECOMMISSIONING LIABILITIES

The Company is subject to various regulatory and statutory requirements relating to the protection of the environment. During the year ended October 31, 2015, the Company settled $9,000 of site restoration costs through the exchange of the asset previously held for sale.

During the year ended October 31, 2015, the Company incurred provision for site restoration costs in the amount of $3,189 (2014 - $nil) with respect to the Pass Property. An additional future restoration cost of $3,000 is also expected for this property in order to fulfil all environmental liabilities. The obligation is recognized based on the future reclamation costs estimated by management and has been recorded as decommissioning liabilities at October 31, 2015.

As the restoration costs are expected to be incurred within twelve months after the year-end date, the value of the decommissioning liability of $3,000 was recorded as current asset.

10. EQUIPMENT

	Cost	Accumulated Amortization	Impairment	2015 Net Book Value	2014 Net Book Value
	$	$	$	$	$
Vehicles	12,000	11,123	877	-	1,252
	12,000	11,123	877	-	1,252

During the year ended October 31, 2015, the Company's vehicle was considered impaired due to significant damage. As a result, the remaining net book value of $877 was written off as at October 31, 2015.

11. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value

b) Issued

As at October 31, 2015, there were 6,950,239 common shares issued and outstanding (2014: 6,950,239).

(i) On February 19, 2016, the Company consolidated its outstanding common shares on the basis of one post-consolidated share for ten pre-consolidated shares held, rounded to the nearest share. The total outstanding common shares of 69,502,392 were consolidated to 6,950,239. The outstanding shares, weighted average outstanding shares and loss per share information have been retrospectively adjusted to reflect this change. In addition, all share issuances, options and warrant transactions have been retrospectively adjusted to reflect the changes.

(ii) During the year ended October 31, 2014, the Company issued 15,000 shares as required by the option agreement relating to the Merry Widow Property and Pass Property (Note 8 (a)).

c) Stock options

Effective October 31, 2012, the Company adopted a revised rolling stock option plan under whereby a maximum of 10% of the issued shares will be reserved for issuance under the plan. The stock option plan provides for the granting of stock options to directors, officers, employees, consultants, consulting company or management company employees, and eligible charitable organizations. Shares issuable under the plan to insiders, to any one Optionee, consultants, and investor relation persons are restricted up to a limit of 10%, 5%, 2% and 2%, respectively, of the Company's total number of issued and outstanding shares per year. An option shall be granted as fully vested, unless a vesting schedule is imposed by the board as a condition of the grant date and provided that if the option is being granted to an eligible period who is providing investor relating activities to the Company, than the option must vest in stages over at least a one-year period and not more than ¼ of such options may be vested in any three month period.

11. SHARE CAPITAL (continued)

c) Stock options (continued)

Details of the status of the Company's stock options as at October 31, 2015 are as follows:

	Number of Options	Weighted-Average Exercise Price
		$
Balance, October 31, 2014	465,000	1.60
Expired	(15,000)	1.50
Balance, October 31, 2014	450,000	1.70
Expired	(37,500)	1.90
Balance, October 31, 2015	412,500	1.60

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for stock options granted to employees. Stock options granted to non-employee are valued using the Black-Scholes Option Pricing Model as the fair values of services received were not reliably measurable.

As at October 31, 2015, the following stock options were outstanding and exercisable:

Outstanding Number of Options	Expiry Date	Exercise Price
50,000	April 29, 2016	$1.50
130,000	February 3, 2017	$1.90
190,000	June 19, 2017	$1.50
5,000	September 20, 2017	$1.50
37,500	October 29, 2017	$1.50
412,500		

The weighted average remaining contractual life of stock options outstanding at October 31, 2015 is 1.42 years (2014 – 2.29 years).

12. INCOME TAXES

Significant components of the Company's deferred income tax assets are as follows:

	2015	2014
	$	$
Exploration and evaluation assets	1,303,201	1,305,541
Non-capital and capital losses	995,088	840,050
Equipment	-	8,212
Marketable securities	6,275	169,483
Unrecognized deferred tax assets, net	2,304,564	2,323,286

12. INCOME TAXES (continued)

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2015	**2014**
	$	$
Expected income tax recovery	(72,334)	(1,765,994)
Net adjustment for deductible and non-deductible amounts	91,056	97,365
Deferred tax not recognized	(18,722)	1,668,629
	-	-
Combined statutory rate	26%	26%

The Company has capital losses of $1,348,933 carried forward and $3,182,000 in non-capital tax losses carried forward available to reduce future Canadian taxable income. The capital losses can be carried forward indefinitely unless used. The non-capital losses that may be carried forward to apply against future years' income for Canadian income tax purposes will expire as follows:

Available to	**Amount**
	$
2027	602,000
2028	773,000
2029	402,000
2031	180,000
2032	331,000
2033	312,000
2034	270,000
2035	312,000
	3,182,000

As at October 31, 2015, the Company has tax losses of $23,000 available to be offset against income in the United States.

13. RELATED PARTY TRANSACTIONS AND KEY PERSONNEL COMPENSATION

Included in accounts payable at October 31, 2015 is $196,086 (2014 - $60,097) owing for services to companies controlled by directors of the Company. These amounts are unsecured, non-interest bearing, and are due on demand.

During the year ended October 31, 2015, the Company incurred the following related party transactions:

a) $9,328 (2014 - $11,256) in legal fees to a law firm of which a shareholder is a director of the Company;

13. RELATED PARTY TRANSACTIONS AND KEY PERSONNEL COMPENSATION (continued)

b) The Company has identified its directors and senior officers as its key management personnel. No post-employment benefits, other long-terms benefits and termination benefits were made during the year ended October 31, 2015 and 2014. Short-term key management compensation consists of the following for the year ended October 31, 2015 and 2014:

	2015	2014
	$	$
Management fees	162,000	165,000

During the year ended October 31, 2015, the Company entered into management fee agreements for the term of two years with a Director and the President of the Company ("Contractors") in the amounts of annual compensation of $66,000 per annum and $96,000 per annum, respectively (see Note 16).

14. CAPITAL MANAGEMENT

The Company defines capital as all components of shareholders' equity. 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, exploration and development of exploration and evaluation assets. 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 is not subject to any externally imposed capital requirements.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. 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. There have been no changes to the Company's approach to capital management during the year ended October 31, 2015.

15. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition and exploration of resource properties. The Company operates in both Canada and the U.S.A. The Company's exploration and evaluation assets in geographic locations are as follows:

	2015	2014
	$	**$**
U.S.A.	4,082,207	4,052,043

16. COMMITMENT

During the year ended October 31, 2015, the Company entered into management fee agreements with a Director and the President of the Company (see Note 13). The agreements can be terminated by the Company upon providing twelve months of notice, based on the mutual agreement or for just cause. In case of the absence of just cause of or the mutual agreement, the Company is required to pay a full twelve months of additional compensation to the terminated Contractor.

17. SUBSEQUENT EVENT

On February 19, 2016, the Company completed the share consolidation as described in Note 11(b).