WASECO RESOURCES INC.

(an exploration stage company)

Unaudited Consolidated Financial Statements

(Expressed in Canadian dollars)

As at and for the three months ended May 31, 2016 and May 31, 2015

(an exploration stage company)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Waseco Resources Inc. [the "Company"] are the responsibility of the management and have been approved by the Board of Directors of the Company.

The consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies as disclosed in the notes to the consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the consolidated financial statements have been prepared fairly, in all material respects and are in accordance with International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

As the Company is a Venture Issuer (as defined under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) ("NI 52-109"), the Company and Management are not required to include representations relating to the establishment and/or maintenance of disclosure controls and procedures ("DC&P") and/or ICFR, as defined in NI 52-109.

"Richard Williams"
President

"James (Jay) Richardson"
Chief Financial Officer

NOTICE TO READER

The accompanying unaudited interim consolidated condensed financial statements of the Company have been prepared by and are the responsibility of management. The Statements for the three months ended May 31, 2016 and 2015 have not been reviewed by the Company's auditors.

WASECO RESOURCES INC.

(an exploration stage company)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

Periods ended	**May 31, 2016**	February 29, 2016
	$	$
Assets		
Current assets		
Cash and cash equivalents (Note 5)	**617**	4,536
Sales taxes recoverable (Note 6)	**2,161**	2,284
	2,779	6,820
Other assets		
BLM Exploration Bond (Note 7)	**23,257**	23,990
Total Assets	**26,036**	30,810
Liabilities		
Current liabilities		
Trade payables and accruals (Note 8)	**36,936**	71,962
Due to Director (Note 9 and 10)	**76,993**	10,000
Exploration deposits received, net (Note 10)	**373,063**	382,205
	486,993	464,167
Long-term liabilities		
Provision for property restoration (Notes 7 and 14)	**23,257**	23,990
Shareholders' Equity (Deficiency in Asset)		
Share capital	**5,942,514**	5,942,514
Share payment reserves	**188,002**	188,002
Deficit	**(6,614,730)**	(6,587,863)
Total Shareholders' Equity (Deficiency in Assets)	**(484,214)**	(457,347)
Total Liabilities and Shareholders' Equity	**26,036**	30,810

Nature of Operations and Going Concern (Note 1)
Commitments and Contingencies (Notes 14)
Subsequent Events (Note 15)

Approved by the Board:

("Signed") James (Jay) Richardson
CFO & Director

("Signed") Richard Williams
CEO & Director

The accompanying notes are an integral part of these financial statements

Consolidated Statements of Comprehensive Loss

(Expressed in Canadian Dollars)

WASECO RESOURCES INC.

(an exploration stage company)

Periods ended	**May 31, 2016**	May 31, 2015
	$	$
Expenses		
General and administrative (Note 9)	**11,520**	11,137
Shareholder relations and regulatory fees	**2,305**	6,724
Professional fees	**3,500**	6,000
Share based payments	**-**	8,800
Exploration and evaluation expenditures (Note 10)	**10,374**	21,400
	27,698	54,061
Loss before other income	**(27,698)**	(54,061)
Other income:		
Management fee income on Joint Venture property	**831**	**-**
	831	-
Comprehensive loss	**(26,867)**	(54,061)
Loss per share -basic and diluted	**(0.001)**	(0.002)
Weighted average number of shares outstanding - basic and diluted	**33,796,390**	30,626,970

The accompanying notes are an integral part of these financial statements

WASECO RESOURCES INC.

(an exploration stage company)

Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

	Capital Stock		Reserves			
	Number of shares	Amount	Share based payments	Warrants	(Deficit)	Total
		$	$	$	$	$
Balance at March 1, 2015	30,626,970	5,804,506	175,202	-	(6,395,913)	(416,205)
Issue of options	-	-	8,800		-	8,800
Issue of shares	2,800,000	140,000	-	-	-	140,000
Debt settlement with common shares	369,420	7,389				7,389
Issue of warrants	-	(4,000)	-	4,000	-	-
Share issuance costs	-	(5,381)	-	-	-	(5,381)
Comprehensive loss for the year ended February 29, 2016	-	-	-	-	(191,950)	(191,950)
Balance at March 1, 2016	33,796,390	5,942,514	184,002	-	(6,587,863)	(457,347)
Comprehensive loss for the three months ended May 31, 2016	**-**	**-**	**-**	**-**	**(20,650)**	**(20,650)**
Balance at May 31, 2016	**33,796,390**	**5,942,514**	**184,002**	**-**	**(6,608,513)**	**(477,997)**

The accompanying notes are an integral part of these financial statements

WASECO RESOURCES INC.

Consolidated Statements of Cash Flow

(Expressed in Canadian Dollars)

(an exploration stage company)

Years ended	**May 31, 2016**	**May 31,** 2015
Operating activities		
Comprehensive loss for the quarter	**(20,650)**	(54,061)
Adjustments to reconcile Comprehensive loss to cash flow from operating activities:		
Share based payments	**-**	8,800
Reclamation bond provision	**(733)**	2,818
	(21,383)	(42,443)
Impact on cash flow of net changes in non-cash working capital items:		
Sales taxes recoverable	**123**	(1,009)
Exploration advances	**(9,142)**	-
Trade payables and accruals	**(41,243)**	56,600
	(71,645)	13,148
Financing		
Due to director	**66,993**	-
	66,993	-
Investing		
BLM exploration bond	**733**	(2,818)
	733	(2,818)
Decrease in cash and cash equivalents	**(3,919)**	10,330
Cash and cash equivalents, beginning of year	**4,536**	37,016
Cash and Cash Equivalents at End of year	**617**	47,346

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Waseco Resources Inc. ("Waseco" or the "Company") is continued under the laws of Ontario. Its shares trade on the TSX Venture Exchange under the symbol WRI and on the Frankfurt Exchange under the symbol WSE. The Company's registered office is Suite 1500, 2 Queen Street East, Toronto, Ontario, M5C 3G5.

The Company is an exploration stage company whose current and principal focus is on a gold prospect in Nevada, USA. The Company also has interests in exploration prospects in Ontario and Quebec, Canada and historic feasibility studies relating to a gold prospect in Indonesia. There has been no determination whether the Company's interests in mineral properties contain mineral reserves which are economically recoverable.

As at May 31, 2016, the Company had working capital deficiency of $477,997 (February 29, 2016 - $457,347), had not yet achieved profitable operations, had accumulated losses in the development of its business of $6,608,513 (February 29, 2016 - $6,587,863) and expects to incur future losses in the development of its business, all of which casts significant doubt on the Company's ability to continue as a going concern. These financial statements have been prepared on the basis that the Company will continue as a going concern and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, aboriginal claims, unregistered claims, and non-compliance with regulatory and environmental requirements.

Management plans to secure necessary financing, as and when needed, through a combination of the issue of new equity or debt instruments and the entering into of joint venture arrangements. Nevertheless, there is no assurance that these initiatives will be successful. In the meantime, Mr. Williams, the Chief Executive Officer and a Director of the Company, has been supporting the Company's operations by extending shareholder loans to the Company with nil interest or other consideration therefor.

For further comments on the Company's liquidity risk refer to Note 4 (ii) below.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These audited consolidated financial statements, including comparatives, have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

2. BASIS OF PREPARATION (continued)

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on July 29, 2016.

2.2 Basis of presentation and functional and presentation currency

These unaudited financial statements have been prepared on a going concern basis, under the historical cost convention, except fair value through profit and loss assets which are carried at fair value, and have been prepared using the accrual basis of accounting except for cash flow information on the basis of accounting policies and methods of computation consistent with those adopted in the Company's February 29, 2016 annual audited financial statements.

The consolidated financial statements are presented in Canadian Dollars, which is the functional currency of the Company.

2.3 Basis of consolidation

These audited consolidated financial statements include the financial statements of the Company and its wholly owned subsidiary: Waseco Resources US Inc., a Nevada corporation based in the United States. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All inter-company transactions, balances revenues and expenses are eliminated on consolidation.

2.4 Adoption of new and revised standards and interpretations

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

- IFRS 9, 'Financial instruments', effective for annual periods beginning on or after January 1, 2018, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact.

2. BASIS OF PREPARATION (continued)

The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Board. Early adoption is permitted.

2.4 Adoption of new and revised standards and interpretations (continued)

- IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016.

Changes in Accounting Policies

The IASB issued a number of new and revised International Accounting Standards, International Financial Reporting Standards, amendments and related interpretations which are effective for the Company's financial year beginning on or after January 1, 2015. For the purpose of preparing and presenting the Financial Information for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods.

The following new standards have been adopted:

- IFRS 13 – Fair Value Measurement ("IFRS 13") was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32. The amendment is effective for annual periods beginning on or after July 1, 2014. On January 1, 2015, the Company adopted this pronouncement and there was no impact on the Company's financial statements.
- IAS 24 – Related Party Disclosures ("IAS 24") was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The amendments to IAS 24 are effective for annual periods beginning on or after July 1, 2014. On January 1, 2015, the Company adopted this pronouncement and there was no impact on the Company's financial statements.

3. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties and to ensure it continues as a going concern. 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.

3. CAPITAL MANAGEMENT (continued)

All of the properties in which the Company currently has an interest are in the exploration stage with no operating revenues; as such the Company may be dependent on external financing to fund its activities. If, however, the joint venture decides to continue the exploration in Quebec then the Company would have a source of revenue. In order to carry out the planned exploration and pay for administrative costs, the Company will further deplete its negative 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.

There has been significant market turbulence worldwide due to the credit crisis and a global recession. These market conditions have and are expected to continue to have an adverse impact on the ability of junior mining exploration companies to secure equity funding. The Company has historically relied, beyond revenue amounts generated, on equity financing to raise capital and expects to be able to continue to do so, but its ability to do so may be impacted by the current global situation and economic uncertainties and Mr. Williams support as noted above, is vital to the Company's continued operations. Management has considered how these conditions have impacted the Company's viability given its current capital structure and considers that until the outcome of future financing activities is known there is considerable uncertainty about the appropriateness of the use of the going concern basis of accounting.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Company, is reasonable.

The Company is not subject to any capital requirements imposed by regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of May 31, 2016, the Company is not compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

There were no changes in the Company's approach to capital management during the quarter ended May 31, 2016.

4. FINANCIAL INSTRUMENTS

Fair value

The Company has designated its cash and cash equivalents as Fair Value Through Profit and Loss ("FVTPL"), which are measured at fair value. Trade and other payables and due to related parties are classified for accounting purposes as other financial liabilities, which are measured at amortized cost, which also equals fair value. Fair values of trade and other payables and due to related parties are determined from transaction values which were derived from observable market inputs.

4. FINANCIAL INSTRUMENTS (continued)

As at May 31, 2016, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these instruments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

A summary of the Company's risk exposures as it relates to financial instruments is reflected below:

i) Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is attributable to various financial instruments, as noted below. The credit risk is limited to the carrying value amount carried on the balance sheet.

Cash and cash equivalents – Cash and cash equivalents are held with major Canadian banks and therefore the risk of loss is minimal.

ii) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. At May 31, 2016, the Company had a working capital deficiency of $477,997 (February 29, 2019 – $457,347). In order to meet its longer-term working capital and property exploration expenditures, the Company would, if necessary, attempt to secure further financing to ensure that those obligations were properly discharged. There can be no assurance that Waseco will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. In the meantime, Mr. Williams, the Chief Executive Officer and a Director of the Company, has been supporting the Company's operations by extending shareholder loans to the Company with nil interest or other consideration therefor. If additional financing is raised by the issuance of shares from the treasury of the Company, control of Waseco may change and shareholders may suffer additional dilution.

iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity prices and/or stock market movements (price risk).

iv) Interest rate risk

The Company is not exposed to significant interest rate price risk due to the short-term nature of its monetary assets and liabilities. Cash not required in the short term, is invested in short-term guaranteed investment certificates, as appropriate.

5. CASH AND CASH EQUIVALENTS

The balance at May 31, 2016, consists of $617 (February 29, 2016 - $4,536) on deposit with a major Canadian bank.

(Expressed in Canadian Dollars)

6. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables arise from the following sources:

	As at	
	May 31, 2016	May 31, 2015
Sales taxes recoverable	**2,161**	4,020
	$ 2,161	$ 4,020

At May 31, 2016, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The Company holds no collateral at May 31, 2016 against these receivables except as discussed in Note 8 below.

7. BLM EXPLORATION BOND

The lease covering 29 claims on the Battle Mountain Gold Trend, in Larder County, Nevada, has been transferred to Waseco Resources US Inc., a wholly owned subsidiary of the Company. There was an initial US$10,200 exploration bond on the leased property and this was increased in the period to US$17,740 to cover the planned follow up drill program. The Bond has been transferred to Waseco Resources US Inc.

8. TRADE PAYABLES AND OTHER LIABILITIES

Trade payables and other liabilities of the Company are principally amounts owing for operating activities and deposit received re the Labrador Trough AREVA joint venture and amounts owing to professional advisors in the normal course of business.

	As at	
	May 31, 2016	May 31, 2015
Trade payables and accruals	**30,719**	130,627
Due to director	**76,993**	-
Exploration deposits received, net	**373,063**	382,205
	$ 480,776	$ 512,832

9. RELATED PARTY TRANSACTIONS AND DUE TO A DIRECTOR

The financial statements include no balances and transactions with directors and/or officers of the Company other than management fee payments and reimbursements of out of pocket amounts paid by them on behalf of the Company. The amount of $3,000 is owing to Jay Richardson, a director of the Company, for management fees incurred but not paid. These transactions are measured and recorded at their exchange amounts, being the amounts agreed to by the related parties which are not in excess of fair market values.

During the three month period ended May 31, 2016 the Company expensed $11,000 (2016 –

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS AND DUE TO A DIRECTOR (continued)

$11,000) to officers of the Company for management fees of which $1,500 was paid and $9,500 was deferred and remains an accrued payable to them.

In addition to the above, $76,993 was lent to the Company by Richard Williams, a director. The amount is non-interest bearing and repayable on demand.

The Company's related parties consist of the following officers, directors, and companies:

Officers and directors	Title
Richard Williams	President, Chief Executive Officer and Director
James Richardson	Chief Financial Officer and Director
Rick Ekstein	Director
Derek Bartlett	Director
Peter Sever	Director

10. EXPLORATION AND EVALUATION EXPENDITURES

The exploration and evaluation expenses for the Company are broken down as follows:

Property	(CANADA) James Bay Lowland Ontario	(CANADA) Labrador Trough Quebec	(FOREIGN) Battle Mountain Nevada
Balance, March 1, 2015	170,324	81,175	837,722
Property expenditures	-	-	143,115
Balance, March 1, 2016	170,324	81,175	980,837
Property expenditures	-	8,301	(4,144)
Balance, May 31, 2016	**$ 170,324**	**$ 89,476**	**$ 976,693**

The Company has interests in the following properties:

1. Quebec-Labrador Trough – The Company controls these uranium prospects which consist of multiple blocks. The Company has a joint venture agreement with AREVA and to date the Company's monetary contribution has been $89,476 in addition to the underlying properties.

2. James Bay Lowlands – The Company acquired a 5% interest in 2003 in a 2,440 acre claim block adjacent to the DeBeers Victor mine in the Attawapisakat Region in Northern Ontario. The property is subject to a 2% net smelter return ("NSR"), with the Company and its joint venture partners having a right of first refusal to buy out 1%.

3. Battle Mountain Nevada - NSR royalty, of which 2.5% NSR, can be acquired at any time for US$1.5 Million. (Refer to Note 7. The NSR Agreement calls for advance royalty payments of US$75,000 per year; as at quarter end, a total of US$675,000 has been paid. The Advance Royalty

(Expressed in Canadian Dollars)

10. EXPLORATION AND EVALUATION EXPENDITURES (continued)

requirement for 2016 had been reduced by negotiation with the property owner to US$37,500; inclusive of cash $12,500 to settle an outstanding instalment from 2015 requirement and cash $10,000 and issuance of shares to settle current year requirement (Refer to Note 11 below). In addition, quarterly lease payments of US$5,000 are due after the August quarterly payment which has been waived. Refer to Note 15 below.

11. CAPITAL STOCK

Share Capital

Waseco is authorized to issue an unlimited number of common shares. The issued and outstanding share capital consists of common shares.

An analysis of movements in Capital Stock is set out in the Equity analysis (Page 6) above.

Share-Based Payment Plan

Waseco has established a stock option plan to provide additional incentive to its directors, officers, employees, service providers, or consultants in their efforts on behalf of the Company in the conduct of its affairs. The total number of shares which may be issued thereunder shall not exceed 10% of the then issued and outstanding shares of the Company. Under the terms of the plan, options shall vest immediately except those options granted to consultants or persons employed in investor relations activities, which are to vest over a twelve month period. All options expire on the fifth anniversary from the grant date, unless specified otherwise in a Director's Resolution.

The exercise price of each option issued shall not be less than the closing market price of the Company's stock on the day immediately preceding the date of grant.

The following table summarizes stock options issued:

Three months ended	**May 31, 2016**		May 31, 2015	
	Weighted Average Exercise Price	**No. of Options**	Weighted Average Exercise Price	No. of Options
Outstanding at beginning of year	**$0.10**	**1,000,000**	$0.10	200,000
Transactions during the year				
Granted		-	$0.10	800,000
Exercised		-	-	-
Expired		-	-	-
Outstanding at end of the period	**$0.10**	**1,000,000**	$0.10	1,000,000
Exercisable at end of the period	**$0.10**	**1,000,000**	$0.10	1,000,000

The weighted average life remaining on the outstanding options is 1.5 years (2015 – 2.4 years).

(Expressed in Canadian Dollars)

12. RESERVE FOR SHARE BASED PAYMENTS

An analysis of movements in Share-Based Payments is set out in the Equity analysis (Page 5) above.

13. INCOME TAXES – Year end balances

At February 29, 2016, the Company has $639,691 (2015 - $516,720) in non-capital losses carried forward for which no benefit has been recognized in the accounts. If these losses are not utilized they will expire between 2027 and 2036.

At February 29, 2016, the Company has $5,581,000 (2015 - $5,444,000) of unused CCEE, CCDE, FEDE and CFRE expenses and capital losses of $312,400 (2015 - $312,400). The tax benefits pertaining to these expenses are available to be carried forward and similarly no benefit has been recognized in the accounts.

The tax effect of temporary differences that gave rise to the deferred tax assets and liabilities are:

	2016	2015
Deferred Tax Assets		
Loss carry-forwards	211,000	178,000
Temporary differences	1,479,000	1,442,000
Less: valuation allowance	(1,690,000)	(1,620,000)
Net Deferred Tax Assets	-	-

14. COMMITMENTS AND CONTINGENCIES

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations. Certain commitments pertaining to the Nevada property are detailed in Note 7 above.

15. SUBSEQUENT EVENTS

The Company has negotiated a reduction of the Annual Advance Royalty payable on the Battle Mountain Ridge gold property, in Nevada, and settled the current lease payments and the 2017 and coming year's Advance Royalty payment for shares.

The Annual Advance Royalty will be reduced from US $75,000 annually to US $50,000, starting in year three (2018/9). The current Annual Advance Royalty and the outstanding lease obligation have been settled by way of a shares for debt issuance of 1.5 million common shares at Cdn $0.05 per share, plus 750,000 share purchase warrants, exercisable at $0.075 for 2 years from the date of regulatory approval. This year's Advance Royalty has been satisfied by the payment of US$10,000 and the issuance of shares in settlement of debt (subsequent to the quarter under review), and next year's Advance Royalty will be satisfied by the payment of US$ 20,000 on July 17,

15. SUBSEQUENT EVENTS (continued)

2017. The leaseholder has agreed to waive the next US $5,000 lease payment, which is due in August, 2016.

Subsequent to the end of the quarter under review, 650,000 warrants, which were part of a unit offering issued last year, were exercised for proceeds of $48,750. The exercise resulted in the issuance from treasury of 650,000 shares at $0.075 per share.