BITTERROOT RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED JULY 31, 2016 AND 2015

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

BITTERROOT RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
UNAUDITED – PREPARED BY MANAGEMENT
(Expressed in Canadian Dollars)

	Note		July 31, 2016		October 31, 2015
ASSETS					
Current assets					
Cash		$	2,842	$	57,063
Receivables	4		37,596		36,800
Prepaid expenses			7,792		5,973
Total current assets			48,230		99,836
Non-current assets					
Reclamation deposit			21,500		21,500
Exploration and evaluation assets	5		4,396,698		4,417,166
Equipment	6		3,247		3,895
Total non-current assets			4,421,445		4,442,561
TOTAL ASSETS		$	4,469,675	$	4,542,397
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities		$	37,315	$	29,012
Due to related party	10		94,500		10,500
Loan payable	7		10,000		-
Total liabilities			141,815		39,512
SHAREHOLDERS' EQUITY					
Share capital	8		23,811,182		23,807,682
Equity reserves	8		3,802,214		3,769,563
Deficit			(23,285,536)		(23,074,360)
Total shareholders' equity			4,327,860		4,502,885
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	4,469,675	$	4,542,397

Nature of operations (Note 1)

Approved by the Board of Directors on September 28, 2016:

"Michael S. Carr "	*"George W. Sanders"*
Michael S. Carr, Director	George W. Sanders, Director

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

BITTERROOT RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
UNAUDITED – PREPARED BY MANAGEMENT
(Expressed in Canadian Dollars)

		Three months ended	July 31,	Nine months ended	July 31,
	Note	**2016**	**2015**	**2016**	**2015**
EXPENSES					
Bank charges and interest		$ 140	$ 328	$ 607	$ 713
Depreciation	6	216	282	648	845
Foreign exchange loss		601	12,385	1,059	20,143
Interest expense	7	-	3,961	-	10,449
Management fees	10	30,000	30,000	90,000	90,000
Office and printing		9,450	10,657	33,703	41,861
Professional fees		3,750	20,363	26,887	37,395
Project investigation		2,880	-	2,880	-
Regulatory fees		-	-	5,200	-
Share-based compensation	10	-	-	32,651	-
Shareholder information		200	251	6,234	6,135
Transfer agent fees		5,407	2,890	11,307	17,051
Write-down of exploration and evaluation assets		-	-	-	(3,555)
Loss and comprehensive loss for the period		$ (52,644)	$ (81,117)	$ (211,176)	$ (221,037)
Basic and diluted loss per share		$ (0.00)	$ (0.01)	$ (0.01)	$ (0.02)
Weighted average number of common shares outstanding		20,459,367	13,230,831	20,448,418	13,230,831

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

BITTERROOT RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED JULY 31,
UNAUDITED – PREPARED BY MANAGEMENT
(Expressed in Canadian Dollars)

	2016	2015
Cash flows from operating activities		
Loss for the period	$ (211,176)	$ (221,037)
Items not involving cash:		
Depreciation	648	845
Interest expense	-	10,449
Share-based payments	32,651	-
Write-down of exploration and evaluation assets	-	(3,555)
Changes in non-cash working capital:		
Prepaid expenses	(1,819)	(658)
Receivables	4,619	(441)
Accounts payable and accrued liabilities	8,848	40,470
Due to related party	84,000	98,699
Cash used in operating activities	(82,229)	(75,228)
Cash flows from financing activities		
Loans from non-arm's length party	10,000	71,000
Cash provided by financing activities	10,000	71,000
Cash flows from investing activities		
Exploration and evaluation assets expenditures	(48,585)	(22,913)
Exploration and evaluation assets recoveries	66,593	55,559
Cash provided by investing activities	18,008	32,646
Change in cash during the period	(54,221)	28,418
Cash, beginning of period	57,063	5,977
Cash, end of period	$ 2,842	$ 34,395

Supplemental disclosure with respect to cash flows (Note 9).

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

BITTERROOT RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
UNAUDITED – PREPARED BY MANAGEMENT
(Expressed in Canadian Dollars)

	Number of shares	Share capital	Equity reserves	Deficit	Total
Balance – October 31, 2014	**13,230,831**	**$23,107,269**	**$ 3,769,563**	**$ (22,740,513)**	**$ 4,136,319**
Loss for the period	-	-	-	(221,037)	(221,037)
Balance – July 31, 2015	**13,230,831**	**$23,107,269**	**$ 3,769,563**	**$ (22,961,550)**	**$ 3,915,282**

	Number of shares	Share capital	Equity reserves	Deficit	Total
Balance – October 31, 2015	**20,359,367**	**$23,807,682**	**$ 3,769,563**	**$ (23,074,360)**	**$ 4,502,885**
Shares issued for exploration and evaluation assets	100,000	3,500	-	-	3,500
Share-based payments	-	-	32,651		32,651
Loss for the period	-	-	-	(211,176)	(211,176)
Balance – July 31, 2016	**20,459,367**	**$23,811,182**	**$ 3,802,214**	**$ (23,285,536)**	**$ 4,327,860**

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

1. NATURE OF OPERATIONS

Bitterroot Resources Ltd. (the "Company") is in the exploration stage and its principal business activity is the sourcing and exploration of resource properties.

The Company was incorporated on March 13, 1951 under the Laws of British Columbia. The Company's head office address is Suite 206-B – 1571 Bellevue Avenue, West Vancouver, BC, V7V 1A6, Canada and its registered office address is Suite 900 – 900 West Hastings Street, Vancouver, BC, V6C 1E5, Canada. The Company is listed on the TSX Venture Exchange under the symbol "BTT". During the year ended October 31, 2015, the Company consolidated its share capital, options and warrants on a ten to one basis. All shares and per share amounts have been retroactively restated for all periods presented.

The condensed consolidated interim financial statements of the Company are presented in Canadian dollars, which is the functional currency, unless otherwise indicated.

2. BASIS OF PREPARATION

Statement of compliance and basis of measurement

These unaudited condensed consolidated interim financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and effective as of July 31, 2016.

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

Use of estimates and judgments

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Share-based payments

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

2. BASIS OF PREPARATION (cont'd)

Use of estimates and judgments (cont'd)

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recorded any deferred tax assets.

Exploration and evaluation assets

Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of these 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.

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements include, but are not limited to, the following:

Determination of functional currency

In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, management determined that the functional currency of the Company and its subsidiaries is the Canadian dollar.

Going concern of operations

These condensed consolidated interim financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends on its ability to raise adequate financing and to develop profitable operations.

Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In addition, management closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur.

As the Company is in the exploration and evaluation stage, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues. The Company expects to incur further losses in the development of its business. These circumstances comprise a material uncertainty which may cast substantial doubt on the Company's ability to continue as a going concern.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual consolidated financial statements as at October 31, 2015. These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended October 31, 2015.

New accounting standards and interpretations

IFRS 7 is effective for annual periods beginning after January 31, 2015. IFRS 7 is amended to require additional disclosures on transition from IAS 39 to IFRS 9. The Company has adopted this policy and it does not have a significant effect on the condensed consolidated interim financial statements.

Effective for annual periods beginning on or after January 1, 2018:

IFRS 9, Financial Instruments – Classification and Measurement. IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

IFRS 15, Revenue from Contracts with Customers: IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service.

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early-adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its condensed consolidated interim financial statements.

4. RECEIVABLES

The Company's receivables currently arise from two main sources: cost recoveries and management fees receivable from Altius Minerals Corporation and goods and services tax ("GST") receivable due from the Canadian taxation authorities.

	July 31, 2016	October 31, 2015
Altius Minerals Corporation	$ 37,596	$ 31,910
GST receivable	-	4,890
	$ 37,596	$ 36,800

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

	Michigan Lands Michigan USA	North Brenda Property B.C., Canada	Total
Balance - October 31, 2014	$ 4,416,441	$ -	$ 4,416,441
Acquisition costs	1,137	-	1,137
Claims, leases, and permits	4,000	-	4,000
Consulting and professional	61,129	-	61,129
Fuel	246	-	246
Ground transportation	1,375	-	1,375
Other	5,036	280	5,316
Room and board	2,145	-	2,145
Travel and freight	7,815	-	7,815
Expenditures during the year	82,883	280	83,163
Write-down of exploration and evaluation assets	-	(280)	(280)
Cost recoveries	(82,158)	-	(82,158)
Balance – October 31, 2015	$ 4,417,166	$ -	$ 4,417,166
Acquisition costs	12,819	-	12,819
Claims, leases, and permits	9,593	-	9,593
Consulting and professional	12,369	-	12,369
Field supplies	374	-	374
Fuel	121	-	121
Geophysics	4,927	-	4,927
Ground transportation	1,552	-	1,552
Other	7,094	-	7,094
Room and board	1,004	-	1,004
Travel and freight	1,687	-	1,687
Expenditures during the period	51,540	-	51,540
Cost recoveries	(72,008)	-	(72,008)
Balance – July 31, 2016	$ 4,396,698	$ -	$ 4,396,698

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

Michigan Lands, Michigan, U.S.A.

Mineral Rights

The Company owns a 100% interest in certain mineral rights in the Upper Peninsula of Michigan, U.S.A. On some of the mineral rights the vendor retains a 2% net smelter return royalty (NSR) and the Company has the option to purchase one half of this NSR royalty by paying $1,000,000 U.S. on or before December 31, 2048. The Company's remaining wholly-owned mineral rights are subject to a 2% NSR payable to a subsidiary of Altius Minerals Corporation.

Mineral Rights Leased from the State of Michigan

During the year ended October 31, 2014, the Company released State of Michigan metallic minerals leases covering 1,498 acres. As a result, the Company wrote down total costs of $164,193. During the year ended October 31, 2015, the Company released state leases covering 880 acres of State of Michigan mineral rights. The Company currently holds no State of Michigan metallic minerals leases. During the year ended October 31, 2015, and following the release of all of its metallic minerals leases, the Company recovered a cash bond from the State of Michigan in the amount of US$30,000 (CAD$37,026). Subsequent to July 31, 2016, the Company acquired new State of Michigan metallic minerals leases covering 3,050.87 acres. A cash bond of US$30,000 has been posted by a subsidiary of Altius Minerals Corporation.

5. EXPLORATION AND EVALUATION ASSETS (cont'd)

Michigan Lands, Michigan, U.S.A. (cont'd)

Mineral Rights Leased from a Third Party

During the year ended October 31, 2014, the Company's Michigan subsidiary entered into an agreement whereby it purchased an arms-length company's entire interest in a 40-acre minerals lease in Baraga County, Michigan, known as the LM Property. The Company issued 50,000 units (valued at $7,500), with each unit consisting of one common share and one common share purchase warrant, exercisable for two years at $1.00, plus made a one-time $7,500 cash payment to the arms-length company. The lease required annual advance royalty payments of US$100 per acre and the lessor retains a 3% NSR royalty.

During the year ended October 31, 2015, the Company and the lessors of the LM Property agreed to amend the terms of their mineral leases. The amendment gives the Company the option to reduce the current 3% net smelter returns royalty (NSR) to a 2% NSR by paying US$1,000,000 at any time prior to December 31, 2064. The option is being purchased for US$4,000 (paid), plus issuing 100,000 common shares of the Company to the lessors (issued at a value of $3,500). The common shares bear legends defining other resale restrictions, as per the regulations of the TSX Venture Exchange and US securities regulations.

During to the period ended July 31, 2016, the Company and the lessors agreed to a second amendment which extends the term of the LM Property minerals lease by 41 years to December 31, 2064. In consideration for extending the term, the next annual advance royalty payment will be increased to US$110/acre/year, commencing May 31, 2016 (paid). The advance royalty payments will increase by $10/acre/year for each subsequent year that the lease is in effect.

Altius Transaction

During the year ended October 31, 2015, the Company and its wholly-owned subsidiaries entered into an agreement with Altius Minerals Corporation (ALS, TSX) and its wholly-owned subsidiaries, ("Altius"), whereby the parties closed a strategic transaction (the "Transaction") under which Altius has the option to finance future mineral exploration on the Company's Voyageur Lands and Copper Range Lands in the Upper Peninsula of Michigan (the "Properties").

During the period ended July 31, 2016, Altius acquired a 50.1% interest in the Properties by funding $600,000 of exploration expenditures on the Properties. Altius has the right to acquire an additional 19.9% of the Properties by completing $2.5 million in exploration spending by September 29, 2021, plus the right to acquire an additional 10% of the Properties by completing exploration spending of a further $5 million, or completing an NI 43-101 compliant pre-feasibility study on a mineral resource on the Properties, before September 29, 2025. The Company also granted to Altius a 2% net smelter returns (NSR) royalty on the Voyageur Lands (covering approximately 250 square miles of mineral rights) and assigned to Altius its right to repurchase a 1% NSR held by a third party on the Copper Range Lands, both of which are subject to Altius funding the required Year 1 exploration expenditures.

In conjunction with the Transaction, the Company consolidated its common shares on a 10 for 1 basis and settled debts of $307,702 through the issuance of 3,077,022 post-consolidation common shares (Note 8).

Altius also subscribed for a private placement of 4,051,514 post-consolidation common shares of the Company, priced at $0.0987 per share for gross proceeds of $400,000 (Note 8). Upon completion of the share consolidation, the share issuance to Altius and the shares-for-debt settlements, Altius owned 19.9% of the outstanding common shares of the Company.

North Brenda Property, B.C., Canada

During the year ended October 31, 2015 and 2014, the Company performed minimal exploration work on the North Brenda claims and as a result wrote off $976,654 of costs related to the property. The vendors retain a 2% net smelter returns royalty, of which the Company can purchase half by paying $1,000,000.

(Expressed in Canadian Dollars)

6. EQUIPMENT

	Computer hardware	Furniture and fixtures	Leasehold improvements	Total
Cost				
Balance –July 31, 2016, October 31, 2015, and 2014	$ 11,111	$ 9,381	$ 10,646	$ 31,138
Accumulated depreciation				
Balance - October 31, 2014	9,888	7,500	8,729	26,117
Additions	366	376	384	1,126
Balance – October 31, 2015	10,254	7,876	9,113	27,243
Additions	192	226	230	648
Balance – July 31, 2016	10,446	8,102	9,343	27,891
Carrying amounts				
October 31, 2014	1,223	1,881	1,917	5,021
October 31, 2015	857	1,505	1,533	3,895
July 31, 2016	$ 665	$ 1,279	$ 1,303	$ 3,247

7. LOAN PAYABLE

During the year ended October 31, 2015, the Company entered into a loan agreement whereby the loan proceeds advanced in fiscal 2015 bear interest at a rate of 12% per annum and are payable on demand. Subject to registration, the loan was secured by a general security agreement over all of the present and subsequently acquired assets of the Company. During the year ended October 31, 2015, the loan proceeds of $138,500 and accrued interest of $8,375 were settled by the issuance of 1,468,755 common shares of the Company at $0.10 per share (Note 8).

During the period ended July 31, 2016, the Company received loan proceeds of $10,000 (October 31, 2015 - $71,000) from a non-arm's length party. The loan proceeds are unsecured, bear interest at a rate of 12% per annum and are payable by demand.

8. SHARE CAPITAL AND EQUITY RESERVES

The authorized share capital consists of an unlimited number of common shares without par value.

During the period ended July 31, 2016, the Company issued common shares pursuant to the following:

(i) Issued 100,000 shares at a fair value of $0.035 for an exploration and evaluation asset.

During the year ended October 31, 2015, the Company issued common shares pursuant to the following:

(i) Issued 4,051,514 shares at a fair value of $0.098729 per share for gross proceeds of $400,000. The Company paid $7,289 of share issue costs in relation to the private placement.

(ii) Issued 3,077,022 shares at a fair value of $0.10 per share, pursuant to debt settlement agreements the Company entered into with certain creditors and lenders to settle an aggregate amount of debt of $307,702.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND EQUITY RESERVES (cont'd)

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance - October 31, 2014	594,500	$ 1.00
Expired	(544,500)	1.00
Balance - October 31, 2015 and July 31, 2016	50,000	$ 1.00

The following share purchase warrants were outstanding at July 31, 2016:

Number of Warrants	Exercise Price $	Expiry Date
50,000*	1.00	September 15, 2016

*Subsequently expired unexercised

Stock options

The Company, in accordance with the policies of the TSX Venture Exchange, has a stock option plan in place under which it is authorized to grant options to directors, employees, and consultants, to acquire up to 10% of the issued and outstanding common shares. Under the plan, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of five years. Pursuant to the stock option plan, vesting restrictions may be applied to certain other options grants, at the discretion of the directors.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number Of Options	Weighted Average Exercise Price
Balance - October 31, 2014	1,028,500	$ 1.06
Cancelled	(40,000)	1.05
Expired	(149,000)	1.09
Balance - October 31, 2015	839,500	$ 1.05
Granted	1,200,000	0.10
Expired	(125,500)	1.25
Balance – July 31, 2016	1,914,000	$ 0.44

The following stock options were outstanding and exercisable at July 31, 2016:

Range of Exercise Price	Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
($)			($)
0.00 – 1.00	1,656,000	3.66	0.35
1.01 – 2.00	258,000	1.41	1.05
Total	1,914,000		

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND EQUITY RESERVES (cont'd)

Stock options (cont'd)

The weighted average fair value of each stock option granted during the period was $0.03 (2015 - $Nil), calculated using the Black-Scholes option-pricing model on the grant date using the following weighted average assumptions:

	Period ended July 31, 2016	Period ended July 31, 2015
Volatility	172.72%	-
Risk-free interest rate	0.56%	-
Dividend yield	-	-
Expected life	5.00 years	-

Share-based payments

Total share-based payments recognized for stock options granted during the period ended July 31, 2016 was $32,651 (2015 - $Nil). Of this amount, $23,128 (2015 - $ Nil) was expensed to operations for options granted to directors and officers of the Company.

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the period ended July 31, 2016 included:

(a) Included in exploration and evaluation assets is $4,053 which relates to accounts payable and accrued liabilities.

(b) Included in exploration and evaluation asset is $3,500 which relates to shares issued for exploration and evaluation assets.

Significant non-cash transactions during the period ended July 31, 2015 included:

(a) Included in exploration and evaluation assets is $213,257 which relates to accounts payable and accrued liabilities.

10. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel.

The following is a summary of related party transactions and balances during the period ended July 31, 2016, not disclosed elsewhere in the financial statements:

(a) Management fees of $90,000 (2015 - $90,000) were incurred from a company controlled by a Director of the Company.

(b) Share-based payments include stock options granted to directors and officers recorded at a fair value of $23,128 (2015 - $Nil).

As at July 31, 2016, the Company owed $94,500 (October 31, 2015 - $10,500) to a company controlled by a director in common. During the period ended July 31, 2016, the Company received loan proceeds from a non-arms-length party in the aggregate amount of $10,000 (2015 - $71,000) (Note 7).

11. SEGMENTED INFORMATION

Industry information

The Company operates in one reportable operating segment, being the acquisition, exploration and development of exploration and evaluation assets.

Geographic information

The Company operates in both Canada and the U.S.A. The Company's equipment and reclamation deposits are in Canada. The Company's exploration and evaluation assets are located in the U.S.A.

12. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

Capital management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in share capital as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through short-term prospectuses and private placements, or return capital to shareholders. As at July 31, 2016, the Company is not subject to externally imposed capital requirements.

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, currency risk, interest rate risk and price risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is considered to be in the exploration stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash consists of cash deposited in business accounts and redeemable guaranteed investment certificates held by high credit quality financial institutions. The Company is not invested in any asset backed commercial paper.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash, receivables and reclamation deposits. The Company limits exposure to credit risk by maintaining its cash and reclamation deposits with high-credit quality financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. The receivables balance consists of GST recoverable. There is ongoing review to evaluate the credit worthiness of these counterparties. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash, receivables and reclamation deposits.

Currency risk

The Company's operations are in Canada and the United States. The international nature of the Company's operations results in foreign exchange risk as transactions are denominated in a foreign currency. The operating results and the financial position of the Company are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will, consequently, have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time. A strengthening (weakening) of the Canadian dollar against the US dollar of 10% would not have a significant effect on net loss.

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

Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash. The Company's practice has been to invest cash at floating rates of interest in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash as they are generally held with large financial institutions.

Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of cash is measured based on level 1 inputs of the fair value hierarchy.

The estimated fair value of financial liabilities is equal to their carrying values due to the short-term nature of these instruments.