BITTERROOT RESOURCES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 2015 AND 2014

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Bitterroot Resources Ltd.

We have audited the accompanying consolidated financial statements of Bitterroot Resources Ltd., which comprise the consolidated statements of financial position as at October 31, 2015 and 2014 and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and 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, 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 audit 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 the auditors' 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, the auditor considers 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, these consolidated financial statements present fairly, in all material respects, the financial position of Bitterroot Resources Ltd. as at October 31, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Bitterroot Resources Ltd.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Professional Accountants

February 2, 2016

1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, B.C., Canada V7Y 1G6
Telephone (604) 687-0947 Davidson-co.com

BITTERROOT RESOURCES LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	October 31, 2015	October 31, 2014
ASSETS			
Current assets			
Cash		$ 57,063	$ 5,977
Receivables	4	36,800	4,569
Prepaid expenses		5,973	4,247
Total current assets		99,836	14,793
Non-current assets			
Reclamation deposit		21,500	21,500
Exploration and evaluation assets	5	4,417,166	4,416,441
Equipment	6	3,895	5,021
Total non-current assets		4,442,561	4,442,962
TOTAL ASSETS		$ 4,542,397	$ 4,457,755
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		$ 29,012	$ 210,402
Due to related party	10	10,500	43,534
Loan payable	7	-	67,500
Total liabilities		39,512	321,436
SHAREHOLDERS' EQUITY			
Share capital	8	23,807,682	23,107,269
Equity reserves	8	3,769,563	3,769,563
Deficit		(23,074,360)	(22,740,513)
Total shareholders' equity		4,502,885	4,136,319
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 4,542,397	$ 4,457,755

Nature of operations (Note 1)
Income taxes (Note 13)
Subsequent events (Note 5, 8, and 14)

Approved by the Board of Directors on February 2, 2016:

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

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

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

	Note	2015	2014
EXPENSES			
Bank charges and interest		$ 867	$ 1,344
Depreciation	6	1,126	1,474
Foreign exchange loss		23,282	13,164
Interest expense	7	8,375	-
Management fees	10	120,000	120,000
Office and printing		56,362	74,143
Other income		(3,792)	-
Professional fees		97,967	55,704
Regulatory fees		5,200	5,200
Share-based payments		-	47,479
Shareholder information		6,357	10,130
Transfer agent fees		17,823	17,464
Write-down of exploration and evaluation assets	5	280	1,140,847
Loss and comprehensive loss for the year		$ (333,847)	$ (1,486,949)
Basic and diluted loss per share		$ (0.02)	$ (0.11)
Weighted average number of common shares outstanding		13,855,799	13,010,203

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

BITTERROOT RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31,
(Expressed in Canadian Dollars)

	2015	2014
Cash flows from operating activities		
Loss for the year	$ (333,847)	$ (1,486,949)
Items not involving cash:		
Depreciation	1,126	1,474
Interest expense	8,375	-
Share-based payments	-	47,479
Write-down of exploration and evaluation assets	280	1,140,847
Changes in non-cash working capital:		
Prepaid expenses	(1,726)	(2)
Receivables	(321)	258
Accounts payable and accrued liabilities	134,669	12,982
Due to related party	(33,034)	43,534
Cash used in operating activities	(224,478)	(240,377)
Cash flows from financing activities		
Loans from related party	71,000	67,500
Private placements	400,000	260,000
Share issue costs	(7,289)	(14,300)
Cash provided by financing activities	463,711	313,200
Cash flows from investing activities		
Exploration and evaluation assets expenditures	(238,395)	(660,253)
Exploration and evaluation assets recoveries	50,248	-
Cash provided by (used in) investing activities	(188,147)	(660,253)
Change in cash during the year	51,086	(587,430)
Cash, beginning of year	5,977	593,407
Cash, end of year	$ 57,063	$ 5,977

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

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

BITTERROOT RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Number of shares	Share capital	Equity reserves	Deficit	Total
Balance - October 31, 2013	**12,660,831**	**$22,859,785**	**$ 3,701,762**	**$ (21,253,564)**	**$ 5,307,983**
Private placements	520,000	260,000	-	-	260,000
Share issue costs	-	(14,300)	-	-	(14,300)
Share issued for property	50,000	7,500	-	-	7,500
Share-based payments	-	-	62,085	-	62,085
Finder's fees	-	(5,716)	5,716	-	-
Loss for the year	-	-	-	(1,486,949)	(1,486,949)
Balance – October 31, 2014	**13,230,831**	**23,107,269**	**3,769,563**	**(22,740,513)**	**4,136,319**
Private placements	4,051,514	400,000	-	-	400,000
Share issue costs	-	(7,289)	-	-	(7,289)
Shares for debt	3,077,022	307,702	-	-	307,702
Loss for the year	-	-	-	(333,847)	(333,847)
Balance – October 31, 2015	**20,359,367**	**$23,807,682**	**$ 3,769,563**	**$ (23,074,360)**	**$ 4,502,885**

The accompanying notes are an integral part of these consolidated 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 consolidated financial statements of the Company are presented in Canadian dollars unless otherwise indicated, which is the functional currency.

2. BASIS OF PREPARATION

Statement of compliance and basis of measurement

These audited consolidated 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"). The policies applied in these consolidated financial statements are based on IFRS issued and effective as of October 31, 2015.

The consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These consolidated financial statements include the accounts of the Company, and its wholly-owned subsidiaries, Trans Superior Resources, Inc. and Voyageur Lands Corporation, both of which are holding companies incorporated in Michigan, USA. All significant inter-company balances and transactions have been eliminated upon consolidation.

Exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of exploration and evaluation assets are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general and administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the farmee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction.” Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Equipment

Equipment is recorded at cost, including betterment and renewals subsequent to acquisition, less accumulated depreciation. When equipment is sold or abandoned, the recorded costs and related accumulated depreciation are removed from the accounts and any gains or losses are included in the determination of net earnings. Repairs and maintenance are recorded as an expense as incurred.

Depreciation is calculated on the declining balance method at the following rates per annum:

Computer hardware	-	30%
Furniture and fixtures	-	20%
Leasehold improvements	-	20%

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign currency translation

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for all entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates.*

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the year.

Earnings/loss per share

The Company presents basic loss per share 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 year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Share-based payments

The Company has a plan for granting stock options to directors, employees and consultants. The fair value of stock options granted to employees is recognized as share-based payments over the vesting period and credited to equity reserve. Stock options granted to non-employees are measured at their fair value on the vesting date. Prior to the vesting date, the then-current fair value of stock options granted to non-employees is recognized as share-based payments from the date of grant to the reporting date and credited to equity reserves. Upon the exercise of stock options, consideration paid and the fair value amounts previously credited to equity reserves are recorded as share capital. The Company uses the Black-Scholes option-pricing model to estimate the fair value of stock options granted.

Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement, the Warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the agreement. Warrants that are part of units are assigned a value based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for agency fees or other transactions costs are accounted for as share-based payments.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it is not recorded.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and the premium is recognized as other income.

Decommissioning and restoration provision

The Company records a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate and the liability is recognized at the time environmental disturbance occurs. The resulting costs are capitalized to the corresponding asset. The provision for closure and reclamation liabilities is estimated using expected cash flows, based on engineering and environmental reports prepared by third party industry specialists, discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgements and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows.

Changes in closure and reclamation estimates are accounted for as a change in the corresponding capitalized cost.

Cost of rehabilitation projects for which a provision has been recorded are recorded directly against the provision as incurred, most of which are incurred at the end of the life of mine.

Cash

Cash includes demand deposits and guaranteed investment certificates that on acquisition have a term to maturity of three months or less, or may be redeemed during this period. Face value represents the fair value due to the highly liquid nature of the investment certificates.

Financial instruments

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as 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 risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

Held-to-maturity ("HTM")

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

Available for sale ("AFS")

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

The Company has classified its financial assets as follows:

- Cash is classified as FVTPL.
- Receivables are classified as loans and receivables.
- Reclamation deposits are classified as held-to-maturity.

Financial liabilities

Financial liabilities are classified into one of two categories:

- Fair value through profit or loss;
- Other financial liabilities.

Fair value through profit or loss

This category comprises derivatives, or liabilities, acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities

These liabilities are initially recognized at fair value less directly attributable costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Company classified its financial liabilities which consisted of accounts payable and accrued liabilities, and due to related party and loan payable as other financial liabilities.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Government assistance

Investment tax credits are accounted for using the cost reduction approach. This approach requires investment tax credits received or receivable to be deducted from capitalized resource expenditures. Investment tax credits are accrued when the Company has made the qualifying expenditures, provided there is reasonable assurance that the credits will be realized. Recognition is based on collection history.

New accounting standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2014, including IFRS 10, IFRS 12, IAS 27, Exception from Consolidation for "Investment Entities". IFRS 10 is amended to define an "investment entity" and introduce an exception from consolidation for investment entities. IFRS 12 and IAS 27 are amended to introduce disclosures that an investment entity needs to make.

IAS 32, Financial Instruments: Presentation. Amended to clarify aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of 'currently has a legally enforceable right of set-off;
- the application of simultaneous realization and settlement;
- the offsetting of collateral amounts; and
- the unit of account for applying the offsetting requirements.

The Company has adopted these policies and none of them had a significant effect on the financial statements. 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 financial statements.

Effective for annual periods beginning on or after January 1, 2015:

IFRS 7, Financial Instruments – Disclosure. Amended to require additional disclosures on transition from IAS 39 to IFRS 9.

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.

(Expressed in Canadian Dollars)

4. RECEIVABLES

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

	October 31, 2015	October 31, 2014
Altius Minerals Corporation	$ 31,910	$ -
GST receivable	4,890	4,569
	$ 36,800	$ 4,569

5. EXPLORATION AND EVALUATION ASSETS

	Michigan Lands Michigan USA	North Brenda Property B.C., Canada	Total
Balance - October 31, 2013	$ 3,805,205	$ 972,018	$ 4,777,223
Acquisition costs	53,532	-	53,532
Claims, leases and permits	5,098	2,750	7,848
Consulting and professional	168,771	206	168,977
Drilling	407,514	-	407,514
Field supplies	6,003	-	6,003
Fuel	3,486	-	3,486
Geochemistry	1,508	-	1,508
Geophysics	65,953	-	65,953
Ground transportation	8,656	-	8,656
Other	18,792	1,680	20,472
Room and board	10,249	-	10,249
Share-based payments	14,606	-	14,606
Travel and freight	11,261	-	11,261
Expenditures during the year	775,429	4,636	780,065
Write-down of exploration and evaluation assets	(164,193)	(976,654)	(1,140,847)
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

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.

5. EXPLORATION AND EVALUATION ASSETS (cont'd)

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. Following a drilling program conducted during the year ended October 31, 2013, the Company wrote-down $1,199,615 of exploration costs related to the Norwich target, located on the Company's 100%-owned mineral rights in Michigan.

State Mineral Rights

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).

Mineral Rights Leased from a Third Party

During the year ended October 31, 2013, the Company entered into mineral leases covering approximately 1,240 acres owned by a third party in the Upper Peninsula of Michigan. The Company made rental payments of US$12,000 in fiscal 2013. During the year ended October 31, 2013, the Company released 640 acres. During the year ended October 31, 2014, the Company released the remaining 600 acres of mineral rights held under lease from a third party. As a result, the Company wrote-down $64,152 of costs related to these lands during the year ended October 31, 2013.

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 requires 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 subsequent to year end), plus issuing 100,000 common shares of the Company to the lessors (issued subsequent to year end). The common shares will be subject to a four month hold period and will bear legends defining other resale restrictions, as per the regulations of the TSX Venture Exchange and US securities regulations.

Subsequent to the year ended October 31, 2015, the Company and the lessors agreed to a second amendment. The amendment 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. 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 will finance future mineral exploration on the Company's Voyageur Lands and Copper Range Lands in the Upper Peninsula of Michigan (the "Properties").

5. EXPLORATION AND EVALUATION ASSETS (cont'd)

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

Altius Transaction (cont'd)

As part of the Transaction, Altius acquired a 50.1% interest in the Properties, which will revert to the Company if Altius does not fund $600,000 of exploration expenditures on the Properties before September 29, 2016. Following the Year 1 earn-in, Altius will have 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 on a private placement basis for 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 will own 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 decided to write 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.

Other

During the year ended October 31, 2015, the Company forfeited the claims comprising the GK Property in south-central British Columbia. During the year ended October 31, 2014, the Company forfeited the claims comprising the SPN Property in south-central British Columbia.

(Expressed in Canadian Dollars)

6. EQUIPMENT

	Computer hardware	Furniture and fixtures	Leasehold improvements	Total
Cost				
Balance –October 31, 2015, 2014 and 2013	$ 11,111	$ 9,381	$ 10,646	$ 31,138
Accumulated depreciation				
Balance - October 31, 2013	9,363	7,041	8,239	24,643
Additions	525	459	490	1,474
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
Carrying amounts				
October 31, 2013	1,748	2,340	2,407	6,495
October 31, 2014	1,223	1,881	1,917	5,021
October 31, 2015	$ 857	$ 1,505	$ 1,533	$ 3,895

7. LOAN PAYABLE

During the year ended October 31, 2015, the Company received loan proceeds of $71,000 (October 31, 2014 - $67,500) from a non-arm's length party.

During the year ended October 31, 2015, the Company entered into a loan agreement whereby the loan proceeds advanced bear interest at a rate of 12% per annum and are payable on demand. Subject to registration, the loan is secured by a general security agreement over all of the present and subsequently acquired assets of the Company. In September 2015, the loan proceeds 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).

8. SHARE CAPITAL AND EQUITY RESERVES

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

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.

During the year ended October 31, 2014, the Company issued common shares pursuant to the following:

(i) Issued 520,000 units at a price of $0.50 per unit for gross proceeds of $260,000. Each unit consists of one common share and one common share purchase warrant which is exercisable at $1.00 expiring March 4, 2015. The warrants expired unexercised. In connection with this private placement, the Company issued 24,500 broker warrants which are exercisable into common shares at $1.00 per share expiring March 4, 2015. The warrants expired unexercised. The fair value of the broker warrants under the Black-Scholes pricing model was $5,716 and was recorded as share issue costs. The Company paid $14,300 of share issue costs in relation to the private placement.

(ii) Issued 50,000 units consisting of 50,000 common shares (valued at $7,500) and 50,000 warrants exercisable at $1.00 for two years in conjunction with acquiring the LM Property lease obligations.

(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, 2013	1,279,815	$ 1.50
Issued	594,500	1.00
Expired	(1,279,815)	1.50
Balance - October 31, 2014	594,500	$ 1.00
Expired	(544,500)	1.00
Balance - October 31, 2015	50,000	$ 1.00

The following share purchase warrants were outstanding at October 31, 2015:

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

The following weighted average assumptions were used for the Black-Scholes valuation of broker warrants:

	Year ended October 31, 2015	Year ended October 31, 2014
Volatility	-	170.58%
Risk-free interest rate	-	1.05%
Dividend yield	-	-
Expected life	-	1.00 year

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.

(Expressed in Canadian Dollars)

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

Stock options (cont'd)

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

	Number Of Options	Weighted Average Exercise Price
Balance - October 31, 2013	1,018,000	$ 1.20
Granted	200,000	1.00
Forfeited	(10,000)	1.00
Cancelled	(5,000)	1.00
Expired	(174,500)	1.50
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

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

Range of Exercise Price	Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
($)			($)
0.00 – 1.00	456,000	2.29	1.00
1.01 – 2.00	383,500*	1.56	1.10
Total	839,500		

*Subsequent to year end, on January 13, 2016, 65,000 stock options with an exercise price of $1.20 expired unexercised.

The weighted average fair value of each stock option granted during the year was $Nil (2014 - $0.30), calculated using the Black-Scholes option-pricing model on the grant date using the following weighted average assumptions:

	Year ended October 31, 2015	Year ended October 31, 2014
Volatility	-	148.56%
Risk-free interest rate	-	1.60%
Dividend yield	-	-
Expected life	-	5.00 years

Share-based payments

Total share-based payments recognized for stock options granted during the year ended October 31, 2015 was $Nil (2014 - $62,085). Share-based payments of $Nil (2014 - $14,606) were capitalized to exploration and evaluation assets for options granted to field consultants and $Nil (2014 - $47,479) 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 year ended October 31, 2015 included:

(a) Included in exploration and evaluation assets is $4,598 which relates to accounts payable and accrued liabilities.

(b) The Company issued 3,077,022 common shares valued at $307,702 to settle accounts payable and accrued liabilities of $160,827 and a loan payable of $146,875.

Significant non-cash transactions during the year ended October 31, 2014 included:

(a) The Company issued 24,500 broker warrants valued at $5,716 as a share issue cost in connection with the private placement during the year.

(b) Included in exploration and evaluation assets is $159,830 which relates to accounts payable and accrued liabilities.

(c) Included in exploration and evaluation assets is $14,606 which relates to share-based payments.

(d) Issued 500,000 common shares valued at $7,500 for an exploration and evaluation asset.

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 year ended October 31, 2015, not disclosed elsewhere in the financial statements:

(a) Management fees of $120,000 (2014 - $120,000) 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 $Nil (2014 - $47,479).

As at October 31, 2015, the Company owed $10,500 (2014 - $43,534) to a company controlled by a director in common. During the year ended October 31, 2015, the Company received loan proceeds from a non-arms-length party in the aggregate amount of $71,000 (2014 - $67,500) (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 October 31, 2015, 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.

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.

(Expressed in Canadian Dollars)

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

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.

13. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial income tax rate to the income tax recovery presented in the accompanying consolidated statements of loss and comprehensive loss is provided below:

	Years ended October 31, 2015	2014
Loss for the year	$ (333,847)	$ (1,486,949)
Expected income tax (recovery)	$ (87,000)	$ (387,000)
Change in statutory, foreign tax, foreign exchange rates and other	(20,000)	6,000
Permanent difference	-	12,000
Share issue costs	(2,000)	(4,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	694,000	342,000
Change in unrecognized deductible temporary differences	(585,000)	31,000
Total income tax expense (recovery)	$ -	$ -

The significant components of the Company's deferred tax assets and liabilities are as follows:

	Years ended October 31, 2015	2014
Deferred tax assets		
Exploration and evaluation assets	$ -	$ 662,000
Share issue costs	9,000	18,000
Property and equipment	7,000	7,000
Non-capital losses	1,278,000	1,192,000
Net deferred tax asset	$ 1,294,000	$ 1,879,000

The Company has non-capital losses for Canadian income tax purposes of approximately $4,866,000 which may be carried forward and applied against taxable income. These losses, if not utilized, will expire through to 2035.

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

14. SUBSEQUENT EVENT

Subsequent to the year ended October 31, 2015, the Company granted incentive stock options to acquire 1.2 million common shares at $0.10 per share, expiring January 21, 2021.