

PITCHBLACK RESOURCES LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended
March 31, 2016 and 2015
(expressed in Canadian dollars)

Unaudited

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim consolidated 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 condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

PITCHBLACK RESOURCES LTD.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	March 31, 2016	December 31, 2015	
ASSETS				
Current assets:				
Cash		\$ 9,344	\$ 10,553	
Amounts receivable		10,399	15,791	
Prepaid expenses		6,750	810	
Investments	3	475	448	
TOTAL ASSETS		\$ 26,968	\$ 27,602	
LIABILITIES AND SHAREHOLDERS' (DEFICIENCY)				
Current liabilities:				
Accounts payable and accrued liabilities	7	\$ 675,374	\$ 573,901	
Shareholders' (Deficiency):				
Share capital	5	69,250,980	69,250,980	
Share-based payments reserve	6	175,500	175,500	
Deficit		(70,074,886)	(69,972,779)	
Total shareholders' (deficiency):		(648,406)	(546,299)	
TOTAL LIABILITIES AND SHAREHOLDERS' (DEFICIENCY)		\$ 26,968	\$ 27,602	
Nature of operations and going concern				1
Commitments and contingencies				9
Subsequent event				12
APPROVED ON BEHALF OF THE BOARD:				
Signed "William Clarke",		Signed "G. Scott Moore"		
Director		Director		

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

PITCHBLACK RESOURCES LTD.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

Unaudited

(Expressed in Canadian Dollars)

		For the three months ended	
	Note	March 31,	
		2016	2015
Expenses			
Consulting, professional and management fees	7	\$ 97,662	\$ 96,753
Office and general		2,311	19,232
Shareholder communications and filing fees		2,161	3,572
Travel and promotion		-	2,520
Loss before the undernoted		102,134	122,077
Other items:			
General exploration expenses		-	1,125
Unrealized (gain) on investment	3	(27)	(20)
Net loss for the period		102,107	123,182
Basic and diluted (income) loss per share	5, 9	\$ 0.03	\$ 0.04
Weighted average number of common shares outstanding			
- Basic and diluted	5	3,639,163	3,312,415

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

PITCHBLACK RESOURCES LTD.

Condensed Interim Consolidated Statements of Cash Flows

Unaudited

(Expressed in Canadian Dollars)

	Notes	Three months ended March 31,	
		2016	2015
		\$	\$
Cash (used in) provided by operating activities:			
Net (loss) for the year		\$ (102,107)	\$ (123,182)
Adjustment for non-cash items			
Unrealized loss on investment	3	(27)	(20)
Net change in working capital		100,925	32,659
Net cash (used in) operating activities		(1,209)	(90,543)
Change in cash		(1,209)	(90,543)
Cash, beginning of the period		10,553	215,048
Cash, end of the period		\$ 9,344	\$ 124,505

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

PITCHBLACK RESOURCES LTD.

Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency

Unaudited

(Expressed in Canadian Dollars)

		Share capital	Share-based payments reserve	Accumulated other comprehensive loss	Deficit	Total shareholders' deficiency	
	Notes	No.	\$	\$	\$	\$	
Balance, December 31, 2015		4,624,061	69,250,980	175,500	-	(69,972,779)	(546,299)
(Loss) for the period		-	-	-		(102,107)	(102,107)
Balance, March 31, 2016		4,624,061	69,250,980	175,500	-	(70,074,886)	(648,406)
Balance, December 31, 2014		3,312,415	69,054,180	786,600	(35,250)	(70,583,645)	(778,115)
Reallocate value of expired warrants		-	-	(254,100)	-	254,100	-
(Loss) for the period		-	-	-	-	(123,182)	(123,182)
Balance, March 31, 2015		3,312,415	69,054,180	532,500	(35,250)	(70,452,727)	(901,297)

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

PITCHBLACK RESOURCES LTD.
Notes to the Condensed Interim Consolidated Financial Statements
March 31, 2016 and 2015 - Unaudited
(Expressed in Canadian Dollars)

1. Nature of operations and going concern

Pitchblack Resources Ltd. (“Pitchblack” or the “Company”) is incorporated under the laws of Ontario, Canada. The Company is primarily engaged in the acquisition, exploration and evaluation of mineral properties located in Canada. There has been no determination whether the Company’s interests in exploration and evaluation properties contain mineral reserves. The registered head office of the Company is located at 65 Queen Street West, Suite 815, Toronto, Ontario, Canada, M5H 2M5.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company’s continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs to the carrying values of the Company’s assets. The Company’s assets may also be subject to political uncertainty, increases in taxes and royalties, renegotiation of contracts and currency exchange fluctuations and restrictions.

The condensed interim consolidated financial statements of the Company for the period ended March 31, 2016 were reviewed, approved and authorized for issue by the Board of Directors on May 30, 2016.

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

The Company has a need for equity capital and financing for working capital and exploration and evaluation of its properties. Because of continuing operating losses and a working capital deficiency at March 31, 2016, the Company’s continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

2. Significant accounting policies

a) Statement of compliance

These condensed interim consolidated financial statements of the Company and its subsidiaries were prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), and have been prepared in accordance with accounting policies based on the IFRS standards and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations. The policies set out in the Company’s Annual Consolidated Financial Statements for the twelve months ended December 31, 2015 were consistently applied to all the periods presented unless otherwise noted below.

b) Basis of preparation

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for held for trading and available-for-sale investments which are reflected at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

c) New and future accounting policies

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality considerations apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. This new standard did not have any material impact on the Company’s condensed interim consolidated financial statements.

PITCHBLACK RESOURCES LTD.
Notes to the Condensed Interim Consolidated Financial Statements
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2. Significant accounting policies (continued)

c) New and future accounting policies (continued)

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

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IAS 12 – Income Taxes (“IAS 12”) was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument’s holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted.

d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its wholly-owned subsidiary Signet Minerals Inc.

Subsidiaries

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

e) Critical judgments and estimation uncertainties

The preparation of consolidated financial statements in conformity with IFRS requires the Company’s management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- **Assets’ carrying values and impairment charges**

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

PITCHBLACK RESOURCES LTD.
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2. Significant accounting policies (continued)

e) Critical judgments and estimation uncertainties (Continued)

- Impairment of exploration and evaluation assets

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

- Estimation of decommissioning and restoration costs and the timing of expenditure

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

- Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

- Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment is used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Contingencies

Refer to Note 9.

PITCHBLACK RESOURCES LTD.
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3. Investments

The Company's investments include shares in the following securities:

	Classification	March 31, 2016		December 31, 2015	
		No. held	Value	No. held	Value
Klondike Gold Corp. (a)	Held-for-trading	667	\$ 100	667	\$ 73
Inform Resources Corp. (b)	Available for sale	37,500	375	37,500	375
			\$ 475		\$ 448

Investments are designated between held-for-trading or available-for-sale based on management intentions with the investment.

- (a) The Company has investment in Klondike Gold Corp. ("Klondike"). These shares are designated as "held for trading". At March 31, 2015, the quoted market value of these shares was \$0.14 per share, or \$100, and consequently an unrealized gain of \$27 was recorded for the period ended March 31, 2016 (December 31, 2015 – unrealized loss of \$27).
- (b) The Company owns common shares of Inform Resources Corp. ("Inform"). At March 31, 2016, the quoted market value for these shares was \$0.01 per share, or \$375.

4. Exploration and evaluation properties

Igor Property, Yukon, Canada

As at December 31, 2015 and March 31, 2015 the Company holds a 50% interest in the Igor Property.

The Company has terminated the option with Mega Uranium Ltd. to earn an additional 25% in the Igor Property. The Company will maintain its 50% interest and will continue to be the operator on the property. The Company has written down the full amount of the carrying value of the property as it has not done any exploration work on the property in the last three years and does not intend on doing additional work on the property for the foreseeable future.

The Company has allowed certain claims to lapse and will continue to allow certain claims which make up the Igor property to lapse.

Division Mountain Coal Property, Yukon, Canada

The Company owns the rights to various coal exploration licenses and coal leases located in the Whitehorse Mining District and certain coal exploration licenses located in the Watson Lake Mining District, Yukon.

The Company has written down the full amount of the carrying value of the property as it has not done any exploration work on the property in the last three years and does not intend on doing additional work on the property for the foreseeable future.

Mike Lake Property, Yukon, Canada

The Mike Lake Property was acquired by the Company on May 5, 2009. The Mike Lake Property consists of mining claims in the Tintina Gold Belt, Yukon.

The Company has impaired the full amount of the carrying value of the property as it has not done any exploration work on the property in the last three years and does not intend on doing additional work on the property for the foreseeable future.

PITCHBLACK RESOURCES LTD.
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5. Share capital

a) As at March 31, 2016 and December 31, 2015 the Company's authorized number of common shares were unlimited without par value.

b)

Common shares	Number of Shares	Amount
Balance, December 31, 2014	3,312,415	\$ 69,054,180
Share issued for debt	1,312,000	196,800
Adjustment	(354)	-
Balance, December 31, 2015 and March 31, 2016	4,624,061	\$ 69,250,980

On August 28, 2015, the Company entered into a shares for debt agreement with Forbes & Manhattan, Inc. ("Forbes") and 2227929 Ontario Inc. ("2227929") wherein \$656,000 worth of debt was settled through the issuance of 13,120,000 shares. The shares issued had an estimated fair market value of \$196,800 on the date of issuance. As a result, a gain of \$459,200 was recorded on the settlement of debt at December 31, 2015.

6. Share-based payments reserve

The Company has a stock-option plan whereby the Company may grant to directors, officers, employees and consultants options to purchase shares of the Company. The plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding share capital increases. Options granted under the plan will be for a term not to exceed 5 years.

	No. of options	Weighted Average Exercise Price	Value of Options	No. of warrants	Weighted Average Exercise Price	Value of Warrants	Total Value
December 31, 2013	320,000	\$ 2.40	\$ 646,500	1,100,000	\$ 2.00	\$ 254,100	\$ 900,600
Expired	(125,000)	1.20	(114,000)	-	-	-	(114,000)
December 31, 2014	195,000	\$ 3.20	\$ 532,500	1,100,000	\$ 2.00	\$ 254,100	\$ 786,600
Expired	(105,000)	4.00	(357,000)	(1,100,000)	2.00	(254,100)	(611,100)
December 31, 2015 and March 31, 2016	90,000	\$ 2.32	\$ 175,500	-	\$ -	\$ -	\$ 175,500

As at March 31, 2016, outstanding options to acquire common shares of the Company were as follows:

Number of options outstanding	Number of options exercisable	Exercise Price \$	Expiry Date	Estimated Grant Date Fair Value \$
40,000	40,000	2.50	May 5, 2016	84,000
25,000	25,000	2.50	June 10, 2016	52,500
10,000	10,000	2.80	July 29, 2016	24,000
15,000	15,000	1.20	September 11, 2017	15,000
90,000	90,000			175,500

The Company recorded stock based compensation of \$nil in consulting and management fees in the consolidated statement of operations during the period ended March 31, 2016 (period ended March 31, 2015: \$nil).

The weighted average remaining contractual life of outstanding options as at March 31, 2016 is 0.37 years (March 31, 2015 – 0.98 years).

PITCHBLACK RESOURCES LTD.
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7. Related party disclosures

During the periods ended March 31, 2016 and 2015, the Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

	Purchases of goods and services Three months ended March 31,		Amounts owed to related parties Three months ended March 31,		Amounts owed by related parties Three months ended March 31,	
	2016	2015	2016	2015	2016	2015
Forbes & Manhattan, Inc.	\$ 30,000	\$ 30,000	\$ 223,100	\$ 415,500	\$ -	\$ -
Otami-Yew Management Corp.	45,000	-	45,000	-	-	-
Apogee Silver Ltd.	7,218	7,218	7,218	7,218	-	-

The Company shares its office space with other companies who may have similar officers or directors. The costs associated with this space, including the provision of office equipment and supplies, are administered by 2227929 Ontario Inc, to whom the Company pays a monthly fee. 2227929 Ontario Inc. does not have any officers or directors in common with the Company.

Mr. Stan Bharti is the Executive Chairman of Forbes. Mr. Bharti was a director of the Company until June 10, 2011.

Otami-Yew Management Corp. is a corporation controlled by an officer of the Company.

Mr. Gregory Duras, an officer of the Company, is a former officer of Apogee Silver Ltd.

The remuneration of directors and other members of key management personnel during the period ended March 31, 2016 and 2015 were as follows:

Compensation of key management personnel of the Company

	Three months ended March 31,	
	2016	2015
Short-term benefits	\$ 62,250	\$ 23,500

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. See Note 5 (b).

8. Commitments and contingencies

The Company is party to certain management contracts. These contracts require that payments of up to approximately \$646,000 be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these financial statements. Additional minimum management contractual commitments remaining under these contracts approximate \$106,000 due within one year.

The Company's exploration and evaluation activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

PITCHBLACK RESOURCES LTD.
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9. Loss per share

All options and warrants were excluded from the computation of diluted loss per share for the periods presented because their effect would be anti-dilutive.

10. Financial instruments

Financial assets and financial liabilities as at March 31, 2016 and December 31, 2015 were as follows:

March 31, 2016	Cash	Loans and other financial liabilities	Held-for-trading	Available-for-sale	TOTAL
Cash	\$ 9,344	\$ -	\$ -	\$ -	\$ 9,344
Investments	-	-	100	375	475
Accounts payable and accrued liabilities	-	(675,374)	-	-	(675,374)
December 31, 2015	Cash	Loans and other financial liabilities	Held-for-trading	Available-for-sale	TOTAL
Cash	\$ 10,553	\$ -	\$ -	\$ -	\$ 10,553
Investments	-	-	73	375	448
Accounts payable and accrued liabilities	-	(573,901)	-	-	(573,901)

The Company's risk exposure and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures for managing risk during the periods ended March 31, 2016 and 2015.

The carrying values of cash and accounts payable and accrued liabilities reflected on the consolidated statements of financial position approximate fair value due to the limited terms of these instruments.

Credit risk

The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to these financial instruments is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2016, the Company had a cash balance of \$9,344 (December 31, 2015 - \$10,553) to settle current liabilities of \$675,374 (December 31, 2015 - \$573,901). The Company's financial liabilities generally have contractual maturities of less than 30 days.

(a) Interest rate risk

The Company has cash balances subject to fluctuations in the prime rate. The Company's current policy is to invest excess cash in investment-grade deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars.

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10. Financial instruments (Continued)

(c) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company's future operations will be significantly affected by changes in the market prices for commodities. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, the level of interest rates, the rate of inflation, and stability of exchange rates can all cause significant fluctuations in commodity prices. Such external economic factors may in turn be influenced by changes in international investment patterns, monetary systems and political developments. The Company is also exposed to price risk with respect to its investments.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over the year.

- The Company does not hold interest bearing debt at interest rates subject to market fluctuations to give rise to interest rate risk.
- The Company does not hold significant cash balances in foreign currencies to give rise to foreign exchange risk.

(d) Fair value

A fair value hierarchy prioritizes the methods and assumptions used to develop fair value measurements for those financial assets where fair value is recognized on the balance sheet. These have been prioritized into three levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data.

Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment.

At March 31, 2016 and 2015, the Company's financial instruments that are carried at fair value, consist of investments which have been classified as Level 1 within the fair value hierarchy.

11. Capital management

The Company manages and adjusts its capital structure based on available funds in order to support its operations and the acquisition, exploration and evaluation of mineral properties. The capital of the Company consists of share capital, warrants and options. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration and evaluation stage; as such the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geological or economic potential and if it has adequate financial resources to do so.

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

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

12. Subsequent event

On April 20, 2016, Radical Capital Ltd. and Stockhouse Publishing Ltd. have agreed to discharge the Company from previous litigation filed on August 9, 2013 for an amount of \$60,000 which is meant to represent a partial reimbursement for litigation costs.

On May 5, 2016, 40,000 options expired unexercised.