CLEGHORN MINERALS LTD.

(A Capital Pool Company)

Financial Statements

March 31, 2016 and 2015

Audited

Content

Raymond Chabot Grant Thornton

Independent Auditor's Report

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To the Shareholders of
Cleghorn Minerals Ltd.

We have audited the accompanying financial statements of Cleghorn Minerals Ltd., which comprise the statements of financial position as at March 31, 2016 and 2015 and the statements of comprehensive loss, the statements of changes in equity and the statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Cleghorn Minerals Ltd. as at March 31, 2016 and 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 to the financial statements which indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

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Raymond Chabot Grant Thornton L.L.P.

Val-d'Or
June 22, 2016

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[1] FCPA auditor, FCA public accountancy permit no. A107240

Cleghorn Minerals Ltd.

Statements of Financial Position

(In Canadian dollars)

	Notes	March 31, 2016 $	March 31, 2015 $
ASSETS			
Current			
Cash		56,256	35,834
Term deposit, 0.65%		-	125,000
Receivables	12	68,309	68,309
Sales taxes recoverable		342	4,376
Prepaid expenses		681	1,931
Total assets		125,588	235,450
LIABILITIES			
Current			
Accounts payable and accrued liabilities and total liabilities		396	5,182
EQUITY			
Capital stock	8	880,100	880,100
Contributed surplus		115,327	115,327
Deficit		(870,235)	(765,159)
Total equity		125,192	230,268
Total liabilities and equity		125,588	235,450

The accompanying notes are an integral part of the financial statements.

These financial statements were approved and authorized for issue by the Board of Directors on June 22, 2016.

"Glenn J. Mullan"
(signed Glenn J. Mullan)
Director

"Dr. C. Jens Zinke"
(signed C. Jens Zinke)
Director

Cleghorn Minerals Ltd.
Statements of Comprehensive Loss

(In Canadian dollars)

	Notes	March 31, 2016 $	March 31, 2015 $
Operating expenses			
Office expenses		714	208
Professional fees		39,167	34,385
Travel and transport		743	-
Expenses related to potential Qualifying Transaction	7	64,709	47,419
Operating loss		(105,333)	(82,012)
Financial income (costs)			
Interest income		376	2,059
Interest expense		(119)	(121)
		257	1,938
Net loss and total comprehensive loss		(105,076)	(80,074)
Basic and diluted loss per share	10	(0.038)	(0.029)

The accompanying notes are an integral part of the financial statements.

Cleghorn Minerals Ltd.
Statements of Changes in Equity

(In Canadian dollars)

	Common shares outstanding	Capital Stock	Contributed Surplus	Deficit	Total Equity
	Number	$	$	$	$
Balance at April 1, 2015	4,400,500	880,100	115,327	(765,159)	230,268
Net loss and total comprehensive loss				(105,076)	(105,076)
Balance at March 31, 2016	4,400,500	880,100	115,327	(870,235)	125,192
Balance at April 1, 2014	4,400,500	880,100	115,327	(685,085)	310,342
Net loss and total comprehensive loss				(80,074)	(80,074)
Balance at March 31, 2015	4,400,500	880,100	115,327	(765,159)	230,268

The accompanying notes are an integral part of the financial statements.

Cleghorn Minerals Ltd.
Statements of Cash Flows

(In Canadian dollars)

	March 31, 2016	March 31, 2015
	$	$
OPERATING ACTIVITIES		
Net loss	**(105,076)**	(80,074)
Changes in working capital items		
Receivables	**-**	(68,309)
Sales taxes recoverable	**4,034**	(2,686)
Prepaid expenses	**1,250**	(1,250)
Accounts payable and accrued liabilities	**(4,786)**	1,058
Cash flows from operating activities	**(104,578)**	(151,261)
INVESTING ACTIVITIES		
Purchase of term deposit	**-**	(125,000)
Disposal of term deposit	**125,000**	275,000
Cash flows from investing activities	**125,000**	150,000
Net increase (decrease) in cash	**20,422**	(1,261)
Cash, beginning of year	**35,834**	37,095
Cash, end of year	**56,256**	35,834

Cash transactions:		
Interest received related to operating activities:	**376**	2,059

The accompanying notes are an integral part of the financial statements.

Cleghorn Minerals Ltd.

Notes to Financial Statements
March 31, 2016 and 2015
(All amounts are expressed in Canadian dollars)

1 - NATURE OF OPERATIONS

Cleghorn Minerals Ltd. (the "Company") is classified as a "Capital Pool Company" ("CPC") for purposes of the policies of the TSX Venture Exchange (the "Exchange"). The Company's current business is to identify and evaluate businesses and assets in order to complete a "Qualifying Transaction" in accordance with the rules of the Exchange. Until completion of such Qualifying Transaction, the Company will not carry on any other business.

2 - GOING CONCERN ASSUMPTION AND COMPLIANCE WITH IFRS

The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) and the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company's ability to continue as a going concern depends upon the realization of a successful Qualifying Transaction that will achieve a profitable level of operations and also on the ability of the Company to obtain necessary financing to fund its operations and continued support of suppliers and creditors. The Company's ability to achieve these objectives cannot be determined at this time. As at March 31, 2016, the Company has a cumulated deficit of $870,235 ($765,159 as at March 31, 2015).

The business of the Company involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment under the policies of the Exchange, and even if a business is identified, the Company may not be able to finance such an acquisition or investment. Additional funds may be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms that are satisfactory. Furthermore, there is no assurance that the business will be profitable. Any acquisition or investment proposed by the Company will be subject to regulatory approval. These material uncertainties cast significant doubt regarding the ability to continue as a going concern.

The carrying amounts of assets, liabilities, income and expenses presented in the financial statements and the classification used in the financial statements have not been adjusted as would be required if the going concern assumption was not appropriate. Those adjustments could be material.

3 - GENERAL INFORMATION

The Company was incorporated on February 16, 2010 under the Business Corporations Act of British Columbia. The head office of the Company is located at 152 Chemin de la Mine École, Val d'Or, Québec, Canada.

In February 2013, following the Company's failure to meet the Exchange requirement of completing a Qualifying Transaction within the prescribed time period of 24 months of its listing, the common shares of the Company were transferred to NEX, rather than being delisted. On February 21, 2013, the common shares of the Company commenced trading on NEX under the symbol JZZ.H.

4 - CHANGES IN ACCOUNTING POLICIES

4.1 - Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

IFRS 9 - Financial Instruments

In July 2014, the IASB published IFRS 9 which replaces IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces improvements which include a logical model for classification and measurement of financial assets, a single, forward-looking "expected credit loss" impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The Company has not yet assessed the impact of this new standard on its financial statements.

5 - SUMMARY OF ACCOUNTING POLICIES

5.1 - Overall considerations

The significant accounting policies that have been applied in the preparation of these financial statements are summarized below.

5.2 - Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

5.3 - Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets of the Company are classified into the category loans and receivables upon initial recognition.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within Interest expense or Interest income, if applicable.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash, receivables and term deposit (in 2015) fall into this category of financial instruments.

Impairment of financial assets

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

Objective evidence of impairment could include:

a) significant financial difficulty of the issuer or counterparty;

b) default or delinquency in interest or principal payments; or

c) it becoming probable that the borrower will enter bankruptcy or financial reorganization.

Financial liabilities

The Company's financial liabilities include accounts payable and accrued liabilities. Financial liabilities are measured subsequently at amortized cost using the effective interest method. All interest-related charges are reported in profit or loss within Interest expense, if applicable.

5.4 - Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognized in full, although IAS 12 "Income Taxes " specifies limited exemptions.

5.5 - Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to common equity holders of the Company by the weighted average number of common shares outstanding during the same period. Diluted earnings per share is calculated by adjusting loss attributable to common equity holders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares which includes stock options. Dilutive potential common shares shall be deemed to have been converted into common shares at the average market price at the beginning of the period or, if later, at the date of issue of the potential common shares.

5.6 - Provisions

Provisions are recognized when present legal or constructive obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

At March 31, 2016 and 2015, there is no provision in the statement of financial position.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

5.7 - Equity

Capital stock represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs. In addition, if shares were issued as consideration for the acquisition of a mineral property or some other form of non-monetary assets, they are measured at their fair value according to the quoted price on the day of the conclusion of the agreement. In addition, if shares are issued when options are exercised, the capital stock account also comprises the compensation costs and the fair value of the options value previously recorded as contributed surplus.

Other elements of equity

Contributed surplus includes charges related to stock options until such stock options are exercised.

Deficit includes all current and prior period retained profits and losses.

5.8 -Equity-settled share-based payments

The Company operates an equity-settled share-based payments plan for its eligible directors, officers, employees and management companies employees. The Company's plan does not feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with employees and others providing similar services, the Company measured the fair value of the services received by reference to the fair value of the equity instruments granted.

All equity-settled share-based payments (except equity-settled share-based payments to brokers) are ultimately recognized as an expense in the profit or loss with a corresponding credit to Contributed surplus, in equity. Equity-settled share-based payments to brokers, in respect of an equity financing are recognized as issuance costs of the equity instruments with a corresponding credit to Contributed surplus, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of stock options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of stock options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if stock options ultimately exercised are different to that estimated on vesting.

Upon exercise of stock options, the proceeds received net of any directly attributable transaction costs are recorded as capital stock. The accumulated charges related to the stock options recorded in contributed surplus are then transferred to capital stock.

5.9 - Tax credits

The Company is entitled to a refundable tax credit on qualified exploration expenditures incurred and refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as a reduction of the exploration costs incurred based on estimates made by management. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company comply with the conditions associated to them.

6 - JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

6.1 - Significant management judgements

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgement. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period (See Note 5.4).

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year, and to fund the realization of a successful Qualifying Transaction, involves significant judgement based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

7 - QUALIFYING TRANSACTION

On October 9, 2012, the Company entered into a Mineral Claim Purchase Agreement (the "Purchase Agreement") with Globex Mining Enterprises Inc. ("Globex") to acquire Globex's 100% ownership interest in the mineral claims located on the Hematite Property in the Labrador Trough in Northern Quebec. The Company was unable to raise the required financing to complete the acquisition of the Hematite Property by the April 30, 2013 deadline and the transaction was dropped. The Company had spent a total of $192,031 (net after deduction of refundable tax credits) in view of acquiring the Hematite Property.

Meech Lake Matachewan Prospect

On January 5, 2015, the Company entered into a Mineral Claim Purchase Agreement, as amended and restated on April 1, 2015 and further amended and restated on May 14, 2015, with 2973090 Canada Inc. (the "Vendor") to acquire a 100% undivided interest in the Meech Lake Matachewan Prospect. The Meech Lake Matachewan Prospect consists of three (3) mining claims situated in the Argyle, McNeil and Robertson Townships, approximately 25 km Northwest of Matachewan, in Northeastern Ontario.

As consideration for the property, the Company shall, on the closing of the acquisition, a) pay to the Vendor $5,000 (representing staking fees with respect to the property), b) issue an aggregate of 7,888,928 common shares , c) grant the Vendor a 3% net smelter royalty ("NSR") on the property.

Cleghorn Minerals Ltd.

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(All amounts are expressed in Canadian dollars)

Meech Lake Matachewan Prospect (continued)

The transaction is subject to the following conditions, among others, which had not all been fulfilled at March 31, 2016: a) the Company obtaining approval of the transaction by its minority shareholders, its board of directors and amongst others by the regulatory authorities, and b) the Vendor providing the Company with a title opinion satisfactory to the Company.

Concurrent with the acquisition of the Meech Lake Matachewan Prospect, the Company intends to complete a non brokered private placement for gross proceed of $500,000, by issuing 5,000,000 units at a price of $0.10 per unit. Each unit will consist of one common share and one-half of one non-transferable common share warrant. Each whole warrant will entitle the holder to purchase one common share at a per share price of $0.15 for a period of two years from the date of issuance.

The TSX Venture Exchange had issued its conditional acceptance of the acquisition of the Meech Lake Matachewan Prospect by the Company, the proposed private placement offering and the proposed 10% rolling stock option incentive plan, subject to the Company fulfilling all of the requirements of the Exchange on or before August 20, 2015. Subsequently, the Exchange granted the Company extensions to the required deadline for completion of the Qualifying Transaction to August 18, 2016.

Non-arm's length transaction

The Vendor is a privately held mineral exploration company wholly-owned and controlled by Glenn J. Mullan, who is also the president and CEO of the Company. In addition, in the case of a successful closing of the transaction, other directors of the Company would receive some of the shares to be issued by the Company in payment of the property.

7.1 - Amount spent toward the acquisition of the Meech Lake Matachewan Prospect

	Year ended March 31, 2016	Year ended March 31, 2015
	$	$
Legal fees	61,932	29,177
Technical consultants	-	4,227
Other expenses	11,440	14,015
	73,372	47,419

(All amounts are expressed in Canadian dollars)

7.2 - Total amount spent toward the identification and acquisition of a Qualifying Transaction

	Years ended before March 31, 2015	Year ended March 31, 2015	Year ended March 31, 2016	Cumulative amount
	$	$	$	$
Non refundable deposit	50,000	-	-	50,000
Legal fees	26,739	29,177	61,932	117,848
Technical consultants	76,528	4,227	-	80,755
Other expenses	12,417	14,015	11,440	37,872
Airborne survey	146,967	-	-	146,967
Tax credits (1)	(68,506)	-	(8,663)	(77,169)
	244,145	47,419	64,709	356,273

(1) Refundable tax credit and refundable mining duties related to the airborne survey performed on Hematite Property, received in February 2014 and in July 2015, respectively.

8 - EQUITY

8.1 - Capital stock

The capital stock of the Company consists only of fully paid common shares.

Authorized
Unlimited number of common shares, without par value, voting and participating.

Unlimited number of preferred shares, without par value, non-participating. The directors will define the rights, privileges, restrictions and conditions of these shares upon issuance.

8.2 - Escrowed Shares

The Company issued 3,200,000 common shares (the "Seed Shares") to the founders of the Company in consideration of $320,000 cash. These shares are subject to an escrow agreement, 10% of the escrowed common shares will be released from escrow on the issuance of the bulletin of the Exchange announcing final acceptance of the Qualifying Transaction (the "Initial Release"). An additional 15% of the escrowed common shares will be released every 6 months following the Initial Release. Any common shares acquired pursuant to the Company Stock Option Plan prior to the completion of the Company's Qualifying Transaction will be deposited in escrow and subject to the same terms. In addition, shares acquired by related parties as part of the Company's initial public offering were also escrowed under the same terms.

In February 2013 in connection with the transfer of the Company's common shares to NEX and as required by the Exchange policy, an aggregate 1,600,000 common shares beneficially owned by the four founder directors of the Company have been cancelled and returned to treasury. As at March 31, 2016, there were 1,625,000 common shares held in escrow (1,625,000 as of March 31, 2015).

(All amounts are expressed in Canadian dollars)

9 - SHARE-BASED PAYMENTS

The Company has adopted an incentive stock option plan dated May 11, 2010 and amended on December 17, 2010 in accordance with the policies of the TSX Venture Exchange (the "Stock Option Plan") pursuant to which it has granted options to purchase common shares to directors, officers and technical consultants. The options will be exercisable at the price set by the Company's board of directors and for a period of up to ten years from the date of grant, provided that the number of common shares reserved for the Share Option Plan do not exceed ten percent (10%) of the issued and outstanding common shares of the Company and that the option price is not to be lower than the Initial Public Offering share price. Any common share acquired pursuant to the exercise of options prior to the completion of the Qualifying Transaction must be deposited in escrow.

A summary of the status of the Company's incentive stock options as at March 31, 2016 and 2015, is presented below:

	Remaining life	Expiry Date	Options Number	Exercise price $
Outstanding and exercisable as at March 31, 2014	6.63 years	Nov 16, 2020	350,000	0.20
Outstanding and exercisable as at March 31, 2015	5.63 years	Nov 16, 2020	350,000	0.20
Outstanding and exercisable as at March 31, 2016	4.63 years	Nov 16, 2020	350,000	0.20

10- LOSS PER SHARE

The calculation of basic loss per share is based on the net loss for the period divided by the weighted average number of shares in circulation during the period. The diluted loss per share, calculated as if potential common shares would have had the effect of decreasing the loss per share which would be antidilutive. Therefore potential dilutive common shares such as stock options, have not been included in the calculation as they would result in a reduction of the loss per share. Detail of stock options issued that could potentially dilute earnings per share in the future is given in Note 9.

Both the basic and diluted loss per share have been calculated using the loss attributable to owners of the Company as the numerator, i.e. no adjustment to the loss were necessary in either of the years ended March 31, 2016 and 2015.

Cleghorn Minerals Ltd.

Notes to Financial Statements
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(All amounts are expressed in Canadian dollars)

	March 31, 2016	March 31, 2015
Net loss for the year	$ (105,076)	$ (80,074)
Weighted average number of shares outstanding (1)	2,800,500	2,800,500
Basic and diluted loss per share	$ (0.038)	$ (0.029)

There have been no other transactions involving common shares between the reporting date and the date of authorization of these financial statements.

(1) Seed shares are excluded from weighted average number of shares outstanding because they are considered as contingently issuable share until the qualifying transaction occurs.

11 -INCOME TAXES

11.1 - Relationship between tax expense and accounting profit or loss

The income tax expense attributable to earnings differs from the amounts computed by applying the combined federal and provincial income tax rate of 26.9% to earnings before income taxes as a result of the followings:

	March 31, 2016	March 31, 2015
	$	$
Loss before income taxes	(105,076)	(80,074)
Expected income tax recovery at combined statutory rate	(28,265)	(21,540)
Increase (decrease) in income taxes resulting from:		
Temporary difference not recorded	32,851	18,777
Difference of previous year deferred tax	(2,330)	-
Other	(2,256)	2,763
	-	-

11.2 - Composition of deferred income taxes in the income statements

	March 31, 2016	March 31, 2015
	$	$
Inception and reversal of temporary differences	(30,521)	(18,777)
Temporary difference not recorded	32,851	18,777
Difference of previous year deferred tax	(2,330)	
	-	-

(All amounts are expressed in Canadian dollars)

11.3 - Variation in deferred income taxes

	Balance March 31, 2015	Recognized in profit or loss	Balance March 31, 2016
	$	$	$
Exploration and evaluation assets	44,620	-	44,620
Non-capital losses	(44,620)	-	(44,620)
	-	-	-

	Balance March 31, 2014	Recognized in profit or loss	Balance March 31, 2015
	$	$	$
Exploration and evaluation assets	42,124	2,496	44,620
Non-capital losses	(42,124)	(2,496)	(44,620)
	-	-	-

11.4 - Deductible timing differences

The deductible timing differences for which the Company has not recognized deferred tax asset as at March 31, 2016 are as follows:

	Federal	Quebec
	$	$
Exploration and evaluation assets	165,876	165,876
Share issue expenses	-	-
Other assets	1,417	1,417
Non-capital losses	595,501	595,217
	762,794	762,510

The ability to realize the tax benefits is dependant upon a number of factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient profits will be available to allow the asset to be recovered. At March 31, 2016, deferred tax assets totalling $205,158 have not been recognized.

(All amounts are expressed in Canadian dollars)

***11.4 - Deductible timing differences* (continued)**

The deductible timing differences for which the Company has not recognized deferred tax asset as at March 31, 2015 are as follows:

	Federal	Quebec
	$	$
Exploration and evaluation assets	165,876	165,876
Share issue expenses	2,726	2,726
Other assets	1,417	1,417
Non-capital losses	479,230	479,131
	649,249	649,150

The ability to realize the tax benefits is dependant upon a number of factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient profits will be available to allow the asset to be recovered. At March 31, 2015, deferred tax assets totalling $174,637 have not been recognized.

11.5 - Non-capital losses

The Company has non-capital tax losses, which are available to reduce income taxes in the future years. Non-capital tax losses total and expire as follows:

	Federal amount	Québec amount
	$	$
2031	49,230	49,230
2032	90,143	90,143
2033	155,720	155,621
2034	81,112	81,112
2035	103,025	103,025
2036	116,271	116,086
	595,501	595,217

The Company has investment tax credit carryovers of $14,535 ($14,535 in 2015) that expire between 2033 and 2034, which are available to reduce income taxes payable in future years.

12 - RELATED PARTY TRANSACTIONS

Transaction with key management

Key management includes members of the Board of Directors. There were no transaction with key management during the years ended March 31, 2016 and 2015.

The proposed acquisition of the Meech Lake Matachewan Prospect would, if realized, constitute a related party transaction. The Vendor is a privately held mineral exploration company wholly owned and controlled by Glenn J. Mullan, who is also the president, CEO, secretary and a director of the Company.

In addition, in the case of a successful closing of the transaction, other directors of the Company would receive some of the shares to be issued by the Company in payment of the property.

As at March 31, 2016 and 2015, the Company had total receivables from related parties of $68,309; $55,554 from the Vendor, an entity wholly-owned by the Company's President, and $12,755 from a company with common directors. The aggregate $68,309 represents disbursements incurred by the Company on behalf of the Vendor in connection with exploration of the Meech Lake Matachewan Prospect.

13 - FINANCIAL INSTRUMENT RISKS

The Company is exposed to various financial risks in relation to its financial instruments. The main types of risks the Company is exposed to are credit risk, liquidity risk and interest sensitivity.

The Company focuses on actively securing short to medium-term cash flow by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial instruments for speculative purposes.

The Company's main financial risk exposure and its financial risk management policies are as follows.

a) Credit risk

Credit risk relates to the risk that one party to a financial instrument will not fulfill some or all of its obligations, thereby causing the Company to sustain a financial loss. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets, cash, receivables and term deposit (in 2015) at the reporting dates for amounts of $124,565 at March 31, 2016 and $229,143 at March 31, 2015. The risk related to cash and term deposit (in 2015) is considered negligible as the Company is dealing with a reputable financial institution whose credit rating is excellent. The receivables are from an entity wholly-owned by the Company's President and a company with common directors, the credit risk to the Company is considered limited. The Company continuously monitors defaults of counterparties. No impairment loss has been recognized in the periods presented. The Company's management considers that the above financial assets are of good credit quality.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and term deposit (in 2015) and to ensure that the Company has potential financing sources. The Company establishes budget and cash estimates to ensure it has the necessary funds to fulfil its obligations.

Accounts payable and accrued liabilities are due within less than 90 days. The Company's existing cash resources significantly exceed the current cash outflow requirements.

c) Interest rate sensitivity

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Interest rate movements may affect the fair value of fixed interest financial assets. Because, as at March 31, 2015, term deposit bears interest at a fixed rate and are recognized at cost, the fair value variation has no impact on profit or loss.

14- CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives in managing capital is to safeguard its ability to continue its operations as a going concern as well as completing a qualifying transaction. The Company manages its capital structure and makes adjustments to it in 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 to improve its financial performance and flexibility.

The Company monitors capital on the basis of the carrying amount of equity. Capital for reporting period under review is summarized in Note 8 and in the statement of changes in equity. The Company is not subject to any externally imposed capital requirements.

15- SUBSEQUENT EVENT

The TSX Venture Exchange had issued a conditional acceptance of the acquisition of the Meech Lake Matachewan Prospect by the Company, the proposed private placement offering and the proposed 10% rolling stock option incentive plan, subject to the Company fulfilling all of the requirements of the Exchange by a certain date. The Company has presented the Exchange with a fourth extension request to push back this deadline and has been granted an ultimate extention to August 18, 2016. See Note 7 'Qualifying Transaction' for more details.