OLIVUT RESOURCES LTD.

FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED OCTOBER 31, 2015 AND 2014
(expressed in Canadian dollars)

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Olivut Resources Ltd.,

We have audited the accompanying financial statements of Olivut Resource Ltd., which comprise the statements of financial position as at October 31, 2015 and 2014, and the statements of operations and comprehensive loss, statements of cash flows, and statements of changes in equity 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 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 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 Olivut 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 1 in the financial statements which indicates that the Company had continuing losses during the year ended October 31, 2015 and limited working capital as at October 31, 2015. These conditions along with other matters set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

McGOVERN, HURLEY, CUNNINGHAM, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
December 9, 2015

OLIVUT RESOURCES LTD.
STATEMENTS OF FINANCIAL POSITION
(expressed in Canadian dollars)

As at:	October 31, 2015 $	October 31, 2014 $
ASSETS		
CURRENT		
Cash	551,846	755,663
Amounts receivable (Note 5)	2,727	3,267
Current portion of prepaid expenses (Note 6)	18,269	181,550
Current portion of loan receivable (Note 9)	17,356	17,356
TOTAL CURRENT ASSETS	590,198	957,836
PREPAID EXPENSES (Note 6)	-	66,035
EQUIPMENT (Note 8)	33,126	41,408
LOAN RECEIVABLE (Note 9)	220,911	222,679
TOTAL ASSETS	844,235	1,287,958
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Notes 10 and 12)	248,429	126,640
Convertible security (Note 11)	-	114,883
Securities Purchase Agreement advance (Note 14(b))	-	42,500
TOTAL CURRENT LIABILITIES	248,429	284,023
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 14(b))	17,757,386	17,567,375
EQUITY COMPONENT OF CONVERTIBLE SECURITY (Note 11)	-	66,524
EQUITY RESERVES		
Share options (Note 15)	3,315,060	3,529,950
DEFICIT	(20,476,640)	(20,159,914)
TOTAL SHAREHOLDERS' EQUITY	595,806	1,003,935
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	844,235	1,287,958

COMMITMENTS AND CONTINGENCIES (Notes 7 and 16)
GOING CONCERN (Note 1)

APPROVED ON BEHALF OF THE BOARD:

Signed "Leni Keough", Director

Signed "Craig Reith", Director

See accompanying notes to the financial statements.

OLIVUT RESOURCES LTD.
STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(expressed in Canadian dollars)
FOR THE YEARS ENDED OCTOBER 31

	2015 $	2014 $
Exploration expenses (Note 7)	138,006	160,889
Administrative and general expenses (Note 12)	411,387	456,743
Share-option amortization expense (Notes 12 and 15)	92,685	114,734
Other amortization	8,282	17,175
Loss before the under-noted	(650,360)	(749,541)
Interest income from financial assets at fair value through profit or loss	2,828	9,358
Interest income from loans and receivables	16,231	16,348
Loss before income taxes	(631,301)	(723,835)
Deferred income tax recovery (Note 13(a))	21,000	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	(610,301)	(723,835)
NET LOSS PER SHARE - basic and diluted	($0.02)	($0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - basic and diluted	38,618,590	36,434,391

See accompanying notes to the financial statements.

OLIVUT RESOURCES LTD.
STATEMENTS OF CASH FLOWS
(expressed in Canadian dollars)
FOR THE YEARS ENDED OCTOBER 31

	2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	(610,301)	(723,835)
Adjustments for charges not involving cash:		
Deferred income tax recovery	(21,000)	-
Share-option amortization expense	92,685	114,734
Other amortization	8,282	17,175
	(530,334)	(591,926)
Changes in non-cash working capital balances		
Amounts receivable	540	6,256
Prepaid expenses	4,810	(4,319)
Accounts payable and accrued liabilities	119,932	7,311
Cash flows from operating activities	(405,052)	(582,678)
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan receivable	1,768	1,651
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment) of convertible security (Note 11)	(150,000)	(150,000)
Issue of shares	340,110	378,000
Securities Purchase Agreement advance	-	42,500
Exercise of options	16,500	-
Cost of issue	(7,143)	(11,240)
Cash flows from financing activities	199,467	259,260
(Decrease) in cash	(203,817)	(321,767)
Cash, beginning of year	755,663	1,077,430
Cash, end of year	551,846	755,663

SUPPLEMENTARY CASH FLOW INFORMATION		
Common shares issued for SPA advance (Note 14(b))	42,500	52,000
Prepaid financing expense charged to share issue costs (Note 14(b))	224,506	158,471
Accretion of convertible security included in cost of issue (Note 11)	-	30,056

See accompanying notes to the financial statements.

	Shares	Capital Stock	Equity Reserves Share Options	Equity Component of Convertible Security	Deficit	Total
	# (Note 14(b))	$ (Note 14(b))	$ (Note 15)	$ (Note 11)	$	$
Balance, October 31, 2013	36,020,147	17,337,413	3,415,216	133,048	(19,436,079)	1,449,598
Common shares issued	2,134,588	409,000	-	-	-	409,000
Share issue costs	-	(199,764)	-	-	-	(199,764)
Share-option amortization expense	-	-	114,734	-	-	114,734
Redemption of convertible security	-	20,726	-	(66,524)	-	(45,798)
Net loss for the year	-	-	-	-	(723,835)	(723,835)
Balance, October 31, 2014	**38,154,735**	**17,567,375**	**3,529,950**	**66,524**	**(20,159,914)**	**1,003,935**
Common shares issued	2,691,937	359,753	-	-	-	359,753
Share issue costs	-	(231,649)	-	-	-	(231,649)
Options exercised	100,000	30,500	(14,000)	-	-	16,500
Options expired		-	(293,575)	-	293,575	-
Share-option amortization expense	-	-	92,685	-	-	92,685
Redemption of convertible security	-	31,407	-	(66,524)	-	(35,117)
Net loss for the year	-	-	-	-	(610,301)	(610,301)
Balance, October 31, 2015	**40,946,672**	**17,757,386**	**3,315,060**	**-**	**(20,476,640)**	**595,806**

See accompanying notes to the financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Olivut Resources Ltd. (the "Company" or "Olivut") is engaged in the acquisition, exploration and evaluation of mineral properties for the purpose of mining diamonds and other precious and base minerals. The Company's shares are listed on the TSX Venture Exchange ("TSXV"). The head office is located at 27010 Hwy 16, 14 Mountain Park Properties, Jasper East, Alberta. These financial statements were reviewed, approved and authorized for issue by the Board of Directors on December 9, 2015.

The Company is in the process of exploring properties for mineral resources and has not determined whether the properties contain economically recoverable reserves. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current or future exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the ability of the Company to obtain financing, the preservation and confirmation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. The outcome of these matters cannot be predicted at this time. These financial statements do not include any adjustments to the carrying values and classification of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its liabilities in anything other than the ordinary course of operations. Such adjustments could be material.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, native land claims and non-compliance with regulatory and environmental requirements. The Company's assets and operations are subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

The Company needs equity capital financing in order to explore and evaluate its properties and for working capital requirements (Note 18(a)). Because of limited working capital and continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and/or to reach profitable levels of operation. There is no assurance that funds will be available on terms acceptable to the Company or at all. All of these indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements have been prepared using the accrual basis of accounting, except for cash flow information, and have been prepared using the historical cost basis, except for financial instruments measured at fair value. As at October 31, 2015 and 2014, the Company did not have any financial instruments measured at fair value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Use of Judgements and Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. By their very nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Actual results could differ from those reported. Management believes that the estimates are reasonable.

The areas which require management to make significant judgements, estimates and assumptions in determining the reported amounts include, but are not limited to:

(i) 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 relevant tax planning opportunities that are within the Company's control, are feasible and 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.

(ii) Share-Based Payments

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

(iii) Contingencies

Refer to Note 16.

(iv) Convertible Security

Refer to Note 11.

(v) Impairment of Financial Assets

Refer to Note 3(m).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances in accounts with banks and guaranteed investment certificates issued by Canadian chartered banks, with original maturities of three months or less.

As at October 31, 2015 and 2014, the Company did not have any cash equivalents.

(c) Currency Translation

The functional and reporting currency of the Company is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at rates prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translation differences are recognized in profit and loss.

(d) Acquisition, Exploration, Evaluation and Development of Mineral Property Interests

Exploration and evaluation costs including property acquisition costs are expensed as incurred.

Development costs are expensed until it has been established that a mineral deposit is commercially viable and a mine development decision has been made by the Company. Thereafter, the Company capitalizes expenditures subsequently incurred to develop the mine, prior to the start of mining operations.

(e) Provisions

Provisions represent liabilities of the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expected expenditures to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. The Company does not have any significant provisions as of October 31, 2015 or October 31, 2014.

(f) Rehabilitation Provision

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Rehabilitation Provision (continued)

The obligation generally arises when the asset is installed or the ground and/or environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is expensed under exploration expenses. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the statement of operations as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in the statement of operations. The Company does not have any material rehabilitation provisions as of October 31, 2015 or October 31, 2014.

(g) Equipment

Equipment is stated at acquisition cost, less accumulated amortization and accumulated impairment losses. Cost comprises the fair value of the consideration given to acquire or construct an asset and includes direct charges associated with bringing the asset to the location and condition necessary for putting it into use.

When parts of an item of equipment have different lives, they are accounted for as separate items (major components) of equipment.

Equipment is amortized over the estimated useful lives of the assets on the declining balance basis using the following annual rates:

Drill rig	- 20% declining balance

The carrying value of equipment is assessed for impairment when indicators of such impairment exist. If any indication of impairment exists, an estimate of the equipment's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell the equipment and the equipment's value in use.

(h) Flow-Through Financing

The proceeds from the issuance of common shares with flow-through tax benefits to the shareholders ("flow-through shares") are segregated as follows: the premium investors pay for the flow-through feature, if any, is recorded as a liability and included in accounts payable and accrued liabilities; the remaining net proceeds are recorded as share capital. Upon renunciation to the investor of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the liability previously recorded in accounts payable is reversed with any difference being recorded as a deferred tax recovery (expense). To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

(i) Share-Based Payments

Equity-settled share-based payments to directors, employees and consultants that meet the definition of an employee under IFRS are measured at the fair value of the equity instruments at the grant date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Share-Based Payments (continued)

The Company has a share option plan that provides for vesting of rights under the plan in tranches over a period of time. Each tranche is recognized on a graded-vesting basis over the period in which options vest and is recorded as a charge to operations and a credit to equity reserves. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the statement of operations such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves. When options are exercised the consideration received plus the related share-based payments reserve is credited to share capital. The equity reserve relating to options cancelled or forfeited before vesting is credited to operations and after vesting directly to retained earnings (deficit).

Equity-settled share-based payment transactions with parties other than directors, employees and consultants that meet the definition of an employee under IFRS are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(j) Interest Income

Interest income is recognized on a time-proportion basis using the effective interest rate method.

(k) Taxation

(i) Current Tax

Income tax expense, if any, represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of operations because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. To the extent that the Company does not consider it to be probable that taxable profits will be available against which deductible temporary differences can be utilized, it provides a valuation allowance against the excess.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Taxation (continued)

(ii) Deferred Tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

(l) (Loss) Per Share

Basic (loss) per share is calculated by dividing (loss) attributable to common shares by the weighted average number of shares outstanding during the period.

Diluted (loss) per share is calculated using the denominator of the basic calculation described above adjusted to include the potentially dilutive effect of outstanding stock options, warrants and convertible security. The denominator is increased by the total number of additional common shares that would have been issued by the Company assuming exercise of all stock options, warrants and convertible security with exercise prices below the average market price for the year.

For the years ended October 31, 2015 and 2014 all outstanding options and convertible security were excluded from the computation of diluted loss per share because their effect would have been anti-dilutive.

(m) Financial Instruments

Financial instruments are defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

Financial assets are classified into the following categories at their initial recognition:

- financial assets at fair value through profit or loss;
- held-to-maturity investments;
- loans and receivables; or
- available-for-sale investments.

Financial liabilities are classified into the following categories at their initial recognition:

- financial liabilities at fair value through profit or loss; or
- other financial liabilities.

Financial assets and liabilities are initially measured at fair value, plus, in the case of a financial asset or liability not measured at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the financial asset or liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Financial Instruments (continued)

Financial assets are subsequently measured after initial recognition at fair value, except for financial assets classified as held-to-maturity investments or loans and receivables, which are subsequently measured at amortized cost using the effective interest method.

Financial liabilities measured at fair value through profit or loss are subsequently measured after recognition at fair value. All other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial assets are derecognized when:

- the contractual rights to the cash flows from the financial asset expire;
- the contractual rights to the cash flows from the financial asset are retained, but a contractual obligation to pay the cash flows to another party without material delay is assumed by the Company; or
- when the Company transfers substantially all the risks and rewards of ownership of the financial asset.

Financial liabilities are derecognized when the obligations are discharged, cancelled, or expire.

Financial assets 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 negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of all financial assets is reduced by any impairment loss, with the exception of financial assets classified as loans and receivables, where the carrying amount is reduced through the use of an allowance account. When these assets are considered uncollectible, they are 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 are recognized in the statement of operations.

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 the statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Compound Financial Instruments (Convertible Security)

Compound financial instruments issued by the Company comprise convertible securities that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

4. ACCOUNTING CHANGES

Changes in Accounting Policies

The Company has adopted the following standards, along with any consequential amendments, effective November 1, 2014. These changes were made in accordance with the applicable transitional provisions.

IFRS 13 – Fair Value Measurement ("IFRS 13") was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32.The adoption of this standard did not result in any significant changes to the Company's financial statements.

IAS 24 – Related Party Disclosures ("IAS 24") was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The adoption of this standard did not result in any significant changes to the Company's financial statements.

IAS 32 – Financial Instruments: Presentation ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The adoption of this standard did not result in any changes to the Company's financial statements.

IAS 36 – Impairments of Assets ("IAS 36") was amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The adoption of this standard did not result in any changes to the Company's financial statements.

IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39") was amended by the IASB in June 2013 to clarify that novation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations does not terminate hedge accounting. The adoption of this standard did not result in any changes to the Company's financial statements.

4. ACCOUNTING CHANGES (Continued)

Recent Accounting Pronouncements

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

5. AMOUNTS RECEIVABLE

	October 31, 2015 $	October 31, 2014 $
GST input tax credit	2,727	3,267

6. PREPAID EXPENSES

	October 31, 2015 $	October 31, 2014 $
Current portion of prepaid expenses:		
Insurance premiums	15,330	19,166
Deposit for future conference	2,939	3,913
Financing costs (Note 14(b))	-	158,471
	18,269	181,550
Long term portion of prepaid expenses:		
Financing costs (Note 14(b))	-	66,035

The prepaid financing costs are charged to share issue costs over the term of the SPA (Note 14(b)) on a straight-line basis. The SPA was terminated on March 27, 2015 and the balance of the prepaid financing costs was charged to share issue costs.

7. MINERAL PROPERTY AND EXPLORATION EXPENDITURES

The Company has a 100% interest in the HOAM Project located in the Mackenzie Region, Northwest Territories, Canada (the "HOAM Project"). This interest is subject to a 1.5% Net Smelter Return royalty ("NSR"), 50% of which is held by a director and officer of the Company.

During the year ended October 31, 2015, the Company incurred $138,006 (2014 - $160,889) on exploration expenditures. Cumulative exploration expenditures made by the Company as at October 31, 2015 total $15,708,981 (at October 31, 2014 - $15,570,975). This cumulative total represents $14,759,893 spent on the HOAM Project (October 31, 2014 – $14,621,887) and $949,088 spent on other projects where the Company's interests have been terminated (October 31, 2014 - $949,088).

8. EQUIPMENT

	October 31, 2015			October 31, 2014		
	Cost $	Accumulated Amortization $	Net $	Cost $	Accumulated Amortization $	Net $
Drill rig	91,288	58,162	33,126	91,288	49,880	41,408

9. LOAN RECEIVABLE

On May 25, 2007, the Company loaned $250,000 to an unrelated corporation that is providing services to the Company. The loan bears interest at 7% per annum and is secured by a general security agreement covering all assets of the borrower. Repayment terms include monthly payments of interest and principal of $1,500 with the balance due May 25, 2017.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	October 31, 2015 $	October 31, 2014 $
Corporate payables and accrued liabilities (Note 12)	232,329	122,715
Exploration expense payables	16,100	3,925
	248,429	126,640

11. CONVERTIBLE SECURITY

On March 12, 2013, the Company entered into a Securities Purchase Agreement (the "SPA") that could have raised, depending on market conditions and other factors, up to $18 million over approximately the following 36 months in a tranched placement of securities to the Canadian Special Opportunity Fund, L.P., a fund managed by The Lind Partners, a New York-based asset management firm (together "Lind").

On March 13, 2013, the initial investment by Lind of $500,000 consisted of (i) a $300,000 callable, convertible security and (ii) $200,000 to purchase common shares.

Lind elected to redeem the convertible security, $150,000 of which was repaid to Lind by the Company on April 29, 2014 and the $150,000 balance was repaid on November 14, 2014.

11. CONVERTIBLE SECURITY (Continued)

In accordance with IFRS, the convertible security was bifurcated into a liability component and an equity component. The equity component represented the value of the conversion feature and is the difference between the fair value of the liability component and the proceeds received of $300,000. Management estimated the value of the liability component of the convertible security using the effective interest rate method, using an interest rate of 20%. The rate used in determining the appropriate value of the liability component of the convertible security and to appropriately apply the effective interest rate method to the convertible security was subject to significant management estimation.

Convertible security, upon issuance and October 31, 2013	$300,000
Redemption of security April 29, 2014	(150,000)
Convertible security, October 31, 2014	150,000
Redemption of security November 14, 2014	(150,000)
Convertible security, October 31, 2015	-

Bifurcated as follows:

Equity component, upon issuance and October 31, 2013	$133,048
Equity component redeemed	(66,524)
Equity component, October 31, 2014	66,524
Equity component redeemed	(66,524)
Equity component, October 31, 2015	-

Liability component, October 31, 2013	$189,023
Accretion to October 31, 2014	30,056
Liability component redeemed	(104,202)
Liability component, October 31, 2014	114,883
Liability component redeemed	(114,883)
Liability component, October 31, 2015	-

12. RELATED PARTY TRANSACTIONS

The remuneration of directors and key management personnel during the period was as follows:

	Years ended October 31	
	2015	**2014**
	$	$
Salaries and remuneration	230,000[1]	238,000
Benefits	23,575	20,947
Share-option amortization expense	57,372	103,697
Total remuneration	310,947	362,644

Note 1. Salaries and remuneration expense includes an accrued expense of $143,012 (2014 - $21,155) for salary and vacation pay earned by the CEO, which the CEO has elected to defer and which was unpaid as at October 31, 2015.

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.

No bonuses were paid in the years ended October 31, 2015 and 2014. Independent non-executive directors are not remunerated other than the benefits received, if any, from the granting of share options.

In addition to salaries and benefits, during the year ended October 31, 2015, a total of $6,000 (2014 - $6,000) for exploration consulting expenditures, and $9,600 (2014 - $9,600) for administrative and general expenses included in the statement of operations were accrued or paid to directors and officers of the Company or persons or companies related to or controlled by them. The directors and officers of the Company or persons or companies related to or controlled by them were also reimbursed at cost for expenses incurred on behalf of the Company. See Note 16 (b).

In connection with the October 15, 2014 private placement (see Note 14(b)), 220,000 flow-through shares were sold to an officer and director of the Company.

In connection with the October 6, 2015 private placement (see Note 14(b)), 50,000 common shares were sold to an officer and director of the Company.

Amounts included in accounts payable and accrued liabilities owed to directors and officers of the Company or persons or companies related to or controlled by them are as follows:

	Amounts owed to related parties, as at	
	October 31, 2015	**October 31, 2014**
	$	$
Officers and directors	170,167	23,955

Included in the amount owing to officers and directors as at October 31, 2015 is $164,167 (October 31, 2014 - $21,155) representing unpaid salary and vacation pay owing to the Company's CEO.

Amounts owing to the related parties are unsecured and non-interest bearing with no fixed terms of repayment.

See also Note 7.

13. INCOME TAXES

a) Provision for Income Taxes

Major items causing the Company's income tax rate to differ from the Canadian combined federal and provincial statutory rate of approximately 25% (2014 – 25%) are as follows:

	2015 $	2014 $
Loss before income taxes	(631,301)	(723,835)
Expected income tax (benefit) based on statutory Rates	(158,000)	(181,000)
Adjustments to benefit resulting from:		
Stock-based compensation	23,000	29,000
Flow-through renunciation	26,000	3,000
Other	1,000	(1,000)
Change in benefit of tax assets not recognized	87,000	150,000
Income tax expense (recovery)	(21,000)	-

b) Deductible Temporary Differences

The temporary differences that give rise to deferred income tax assets that have not been recognized at October 31 are as follows:

	2015 $	2014 $
Non-capital losses	1,585,000	1,481,000
Equipment	78,000	70,000
Share issue costs	359,000	249,000
Exploration properties	12,778,000	12,336,000
Total	14,800,000	14,136,000

13. INCOME TAXES (Continued)

c) Tax Loss Carry-Forwards

As at October 31, 2015, the Company had approximately $11,829,000 of Canadian Exploration Expenditures and $949,000 of cumulative foreign resources expenses, which, under certain circumstances, may be utilized to reduce taxable income of future years. Also, as at October 31, 2015, the Company had approximately $1,585,000 of non-capital losses in Canada, which, under certain circumstances, may be utilized to reduce taxable income in future years. These non-capital losses expire as follows:

Year of Expiry	Amount
2024	$ 145,000
2025	258,000
2026	283,000
2027	132,000
2028	132,000
2029	121,000
2030	111,000
2031	110,000
2032	20,000
2033	119,000
2034	50,000
2035	104,000
	$1,585,000

In addition, as at October 31, 2015, the Company had approximately $319,000 of federal input tax credits, which, under certain circumstances, may be utilized to reduce federal income taxes in future years.

14. CAPITAL STOCK

The capital stock is as follows:

a) Authorized

Unlimited number of common shares without par value

14. CAPITAL STOCK (Continued)

b) Issued

40,946,672 common shares

A summary of changes during the years ended October 31, 2015 and 2014 are as follows:

	Common Shares #	**Amount $**
Balance, October 31, 2013	36,020,147	17,337,413
SPA tranches	589,588	100,000
Private placement of common shares	1,545,000	330,000
Premium for flow-through tax benefits	-	(21,000)
Share issue costs	-	(199,764)
Redemption of convertible security	-	20,726
Balance, October 31, 2014	38,154,735	17,567,375
SPA tranche	341,915	42,500
Private placement of common shares	2,350,022	340,110
Premium for flow-through tax benefits	-	(22,857)
Options exercised	100,000	30,500
Share issue costs	-	(231,649)
Redemption of convertible security	-	31,407
Balance, October 31, 2015	40,946,672	17,757,386

On March 12, 2013, the Company entered into the SPA which, in addition to the convertible security described in Note 11, provided that over approximately 36 months following the initial investment made on March 13, 2013 Lind could invest up to $17,500,000 in tranched placements of common shares.

On January 13, 2014, 298,679 common shares were issued to settle the $52,000 securities purchase agreement advance outstanding at October 31, 2013. On June 17, 2014, 290,909 common shares were issued to settle the $48,000 securities purchase agreement advance received May 2, 2014.

A final tranche of $42,500 received by the Company on August 18, 2014 was settled on March 17, 2015 by the issuance of 341,915 common shares priced in accordance with the terms of the SPA.

On September 30, 2014 Lind elected to pause additional cash advances and the related tranche securities issuance. On March 27, 2015, the Company and Lind mutually agreed to terminate the SPA.

In the year ended October 31, 2015, a total of $224,506 (2014 - $158,471) prepaid financing costs were charged to share issue costs (Note 6).

Copies of the qualifying base shelf prospectus relating to the SPA dated March 11, 2013, the prospectus supplement dated March 12, 2013 and specific pricing supplements for securities issued are available on SEDAR. These documents, as well as any documents incorporated therein by reference, may be obtained on request without charge from Olivut, at its offices located at 27010 Highway 16, 14 Mountain Park Properties, Jasper East, Alberta, or by faxing a written request to (780) 866-3713, by mail to P.O. Box 6690 Hinton, Alberta T7V 1X8 or by accessing the disclosure documents available through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) website at www.sedar.com.

14. CAPITAL STOCK (Continued)

b) Issued (Continued)

On October 15, 2014, the Company issued a total of 1,545,000 common shares through a non-brokered private placement for aggregate gross proceeds of $330,000. The private placement comprised the placements of (i) 420,000 flow-through shares for proceeds of $105,000 at a price of $0.25 per flow-through share and (ii) 1,125,000 common shares for proceeds of $225,000 at a price of $0.20 per common share.

On October 6, 2015, the Company issued a total of 2,350,022 common shares through a non-brokered private placement for aggregate gross proceeds of $340,110. The private placement comprised the placements of (i) 571,429 flow-through shares for proceeds of $100,000 at a price of $0.175 per flow-through share and (ii) 1,778,593 common shares for proceeds of $240,110 at a price of $0.135 per common share.

15. EQUITY RESERVES

Share options	Number of Options #	Weighted Average Exercise Price $	Estimated Amortized Fair Value of Options $
October 31, 2013	3,145,000	1.171	3,415,216
Share-option amortization expense	-	-	114,734
October 31, 2014	3,145,000	1.171	3,529,950
Options exercised	(100,000)	0.165	(14,000)
Options expired	(662,500)	0.475	(293,575)
Options granted	1,130,000	0.110	-
Share option amortization expense on options granted	-	-	92,685
October 31, 2015	3,512,500	0.989	3,315,060

The Company's Share Option Plan (the "Plan") provides for the granting of share options to independent directors (who receive no other compensation from the Company), officers, employees and consultants of the Company. Share options are granted for a term not to exceed ten years at exercise prices not less than the closing sale price of the Company's shares on the TSXV on the trading day immediately preceding the date the options are granted, and are not transferable. The Plan is administered by the Board of Directors, which determines individual eligibility under the Plan, number of shares reserved for optioning to each individual (not to exceed 5% of issued and outstanding shares to any one individual) and the vesting period. The maximum number of shares of the Company that are issuable pursuant to the Plan is limited to 10% of the issued shares.

The fair value attributed to the options when granted is charged to share-option amortization expense and added to equity reserves over the period the options vest. $92,685 was charged to share-option amortization expense during the year ended October 31, 2015 (2014 - $114,734).

15. EQUITY RESERVES (Continued)

The following is a summary of share options outstanding at October 31, 2015:

Expiry Date	Outstanding Share Options #	Exercisable Share Options #	Estimated Grant Date Fair Value $	Exercise Price $
March 10, 2016	50,000	50,000	73,500	1.700
June 27, 2022	2,332,500	2,332,500	3,148,875	1.400
December 15, 2024	1,130,000	376,667 [(1)]	113,000	0.110
Total, October 31, 2015	3,512,500	2,759,167	3,335,375	

Note 1: Options vest in three instalments: 1/3 vested on June 15, 2015, 1/3 will vest on December 15, 2015 and the remaining 1/3 will vest on June 15, 2016.

The estimated grant date fair value is calculated using the Black-Scholes option pricing model. Options granted in the year ended October 31, 2015 were valued using the following assumptions:

Expected dividend yield	0%
Risk-free interest rate	1.78%
Expected volatility	115.51%
Expected life	10 years

The weighted average remaining contractual life of options as of October 31, 2015 is 7.4 years (October 31, 2014 – 5.8 years). The weighted average exercise price of options exercisable as at October 31, 2015 is $1.23 (October 31, 2014 - $1.17).

16. COMMITMENTS AND CONTINGENCIES

a) Environmental Contingencies

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

b) Management Contracts

The Company is party to a management contract. Minimum contract commitments remaining under the agreement are approximately $660,000, including $220,000 due within one year. Upon the occurrence of certain events such as a change in control, the contract requires payment of up to $1,000,000. As a triggering event has not taken place, the contingent payment has not been reflected in these financial statements.

16. COMMITMENTS AND CONTINGENCIES (Continued)

c) Flow-Through Shares

Pursuant to the issuance of 571,429 flow-through shares on October 6, 2015 (Note 14(b)), the Company expects to renounce $100,000 of qualified exploration expenditures with an effective date of December 31, 2015. The Company is required to expend this amount on qualified exploration expenditures by December 31, 2016. As of October 31, 2015, the Company has expended $16,034 of this amount on qualified exploration expenditures. The amount remaining to be expended is $83,966.

The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that may become payable by the subscribers as a result of the Company not meeting this expenditure commitment.

d) Operating Lease

The Company is committed to an operating lease for equipment rental, which expires on July 1, 2017. Minimum lease payments for successive fiscal years ending October 31 are as follows:

Year	Amount $
2016	2,822
2017	1,411
	4,233

17. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration properties. The capital of the Company consists of capital stock and equity reserves. The Board of Directors does not establish quantitative return on capital criteria for the Company's management, but rather relies on the expertise of management to sustain future development of the business.

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

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

There were no changes in the Company's approach to capital management during the years ended October 31, 2015 or 2014. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the 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.

18. FINANCIAL RISK FACTORS

There were no changes in the years ended October 31, 2015 or 2014 that occurred that were attributed to financial risk. The Company's financial risk exposures and the impact on the Company's financial instruments are summarized below:

a) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient cash to meet liabilities when due. As at October 31, 2015, the Company had a cash balance of $551,846 to settle accounts payable and accrued liabilities of $248,429 and the requirement to fund $83,966 for qualified exploration expenses committed under the terms of a flow-through share subscription agreement (Note 16(c)). All of the Company's financial liabilities have contractual maturities of less than one year. The Company's ability to continue operations and fund its business is dependent on management's ability to secure additional financing. Although the Company has been successful in the past in obtaining financing, there can be no assurance that additional funding will be available, or available under terms favourable to the Company. The Company will need to rely on new sources of equity financing, if available, to meet its ongoing working capital requirements. On the basis of the Company's current cash position, and continued deferral of some or all of the salary of the Company's CEO, management of the Company believes that it has sufficient funds to meet its other ongoing administrative and general costs until the fiscal year ended October 31, 2016 and will be soliciting additional financing during the remainder of the year to enable the Company to continue to operate, including exploration on its projects and to consider new opportunities. Failure to obtain additional financing could result in delay or the indefinite postponement of further exploration and the development of the Company's properties, as well as the loss of prospecting permits and mineral claims and even the risk of the Company continuing as a going concern.

b) Credit Risk

The Company's credit risk is primarily attributable to cash, amounts receivable and a loan receivable. The Company has no significant credit risk arising from operations. Cash consists of bank deposits with Canadian chartered banks. The loan receivable as described in Note 9 is secured by all assets of the borrower. Management believes that the credit risk with respect to these financial instruments is remote.

c) Market Risk

(i) *Interest Rate Risk*

The Company's current policy is to invest its cash balances in interest bearing accounts with its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit rating of its banks. The Company considers interest rate risk to be minimal. The loan receivable is at a fixed interest rate and it is expected that future financings, if any, would be secured from equity placements rather than debt obligations.

(ii) Foreign Currency Risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes that the foreign exchange risk from currency conversions is negligible.

18. FINANCIAL RISK FACTORS (Continued)

c) Market Risk (Continued)

(iii) Price Risk

The Company is exposed to price risk with respect to commodity prices. Although the Company has no influence on commodity prices, it closely monitors commodity prices to determine appropriate courses of action.

d) Fair Value

Amounts receivable and loan receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities (and, until it was repaid on November 14, 2014 (Note 11), the liability component of the convertible security and the liability related to the securities purchase agreement advance pursuant to the SPA) are classified as other financial liabilities, which are measured at amortized cost.

The carrying amounts for amounts receivable, accounts payable and accrued liabilities (and, until it was settled on March 17, 2015 (Note 14(b)), the securities purchase agreement advance pursuant to the SPA) on the statements of financial position approximate fair value because of the limited terms of these instruments. The fair value of the loan receivable approximates carrying value as the interest rate approximates the current rate for similar instruments.

Management estimated the value of the liability component of the convertible security using the effective interest rate method and using an interest rate of 20%. It was not possible to determine if this portion of the convertible security was at fair value as there was no comparable market value for such convertible security.

At October 31, 2015 and 2014, the Company had no financial instruments that are carried at fair value.

e) Sensitivity to Financial Risks

The Company considers interest rate risk to be minimal. The loan receivable (Note 9) has a fixed interest rate of 7% and the Company does not carry interest bearing debt. It is expected that future financings, if any, would be secured from equity placements rather than debt obligations. Based on the cash held by the Company as at October 31, 2015, a 1% increase or decrease in the interest rate would generate a respective increase or decrease in interest income of approximately $6,000 annually.

The Company does not hold any balances in foreign currencies to give rise to foreign exchange risk.

Price risk is remote since the Company is not a producing entity.