WILDFLOWER MARIJUANA INC.
(FORMERLY SUNORCA DEVELOPMENT CORP.)

CONDENSED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2016 and 2015

Wildflower Marijuana Inc.,
(Formerly Sunorca Development Corp.)
Financial Statements
Period ended March 31, 2016 and 2015

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NOTICE OF NO AUDIT OR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

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

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

Wildflower Marijuana Inc.,
(Formerly Sunorca Development Corp.)
Condensed Interim Statements of Financial Position
(Canadian funds)
(Unaudited – prepared by management)

	March 31, 2016	June 30, 2015
Assets		
Current		
Cash and Cash Equivalents	$ 17,359	$ 16,396
Amounts Receivable – Note 3	43,596	33,882
Due from related parties – Note 9	6,720	26,720
Inventory	80,121	–
Marketable Securities – Note 10	2,800	2,800
Prepaid and Deposits	59,190	106,380
	209,786	186,178
Equipment – Note 4	19,386	3,363
Intangible Assets – Note 5	89,047	89,047
Investment in Joint Venture – Note 6	69,829	66,447
Investment in and loan to Suntech Energy Inc. - Note 7	1	1
	$ 388,049	$ 345,036
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 80,127	$ 35,750
Due to related parties – Note 9	90,939	50,983
	171,066	86,733
Shareholders' Equity		
Share capital – Note 8	8,708,978	8,431,158
Subscription receivable – Note 8	(12,933)	127,500
Stock option reserve – Note 8	951,410	818,045
Share purchase warrant reserve – Note 8	321,772	180,367
Deficit	(9,752,244)	(9,298,767)
	216,983	258,303
	$ 388,049	$ 345,036

Nature of Operations and Going Concern – Note 1

"Stephen Pearce"
Director

"William MacLean"
Director

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

Wildflower Marijuana Inc.,
(Formerly Sunorca Development Corp.)
Condensed Interim Statements of Operations and Deficit
(Expressed in Canadian dollars)
(Unaudited – prepared by management)

	Three months ended March 31,		Nine months ended March 31,	
	2016	2015	**2016**	2015
	$	$	**$**	$
Administrative expenses				
Accounting and audit fees	**5,750**	5,750	**20,750**	17,250
Bank charges and interest	**130**	103	**602**	424
Consulting and management fees – Note 8	**49,700**	59,450	**165,873**	180,303
Depreciation	**1,724**	-	**3,598**	-
Filing and transfer agent fees	**8,058**	3,669	**22,011**	17,091
General office and miscellaneous	**4,439**	1,172	**8,529**	14,315
Investor relations & shareholder communications	**10,000**	47,605	**24,789**	144,169
Legal fees	**4,124**	-	**10,320**	22,905
Rent	**26,332**	25,606	**80,148**	134,871
Share-based payment expense	**-**	49,287	**133,365**	439,580
Travel and accommodation	**-**	983	**27,791**	4,100
Website design	**-**	925	**2,101**	9,424
Loss before other items	**(110,257)**	(194,550)	**(499,877)**	(984,432)
Other items:				
Interest income	**-**	-	**-**	150
Realized gain (loss) on sale of marketable securities – Note 9	**-**	-	**-**	(159)
Rent received	**9,300**	4,800	**46,400**	14,400
Financing income	**-**	-	**-**	-
Financing fees	**-**	-	**-**	-
Net income (loss) for the period	**(100,957)**	(189,750)	**(453,477)**	(970,041)
Other Comprehensive loss				
Transfer of OCI for sale of marketable securities	**-**	-	**-**	35,568
Comprehensive income (loss)	**(100,957)**	(189,750)	**(453,477)**	(934,473)
Basic and diluted loss per share	**(0.003)**	(0.006)	**(0.012)**	(0.030)
Weighted average number of shares outstanding	**38,999,933**	31,932,992	**37,925,512**	30,943,485

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

Wildflower Marijuana Inc.,
(**Formerly Sunorca Development Corp.)**
Condensed Interim Statements of Comprehensive Income (Loss) and Accumulated Other Comprehensive Income (Loss)
(Expressed in Canadian dollars)
(Unaudited – prepared by management)

	Three months ended March 31,		Nine months ended March 31,	
	2016	2015	**2016**	2015
	$	$	**$**	$
Accumulated Other Comprehensive Income, Beginning	**-**	-	-	51,575
Transfer of OCI for sale of marketable securities	**-**	-	-	(35,568)
Realized gain (loss) on sale of marketable securities	**-**	-	-	-
Unrealized gain (loss) on available for sale marketable securities	**-**	-	-	(16,007)
Accumulated Other Comprehensive Income, Ending	**-**	-	-	-

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

Wildflower Marijuana Inc.,
(Formerly Sunorca Development Corp.)
Condensed Interim Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited – prepared by management)

	Three months ended March 31,		Nine months ended March 31,	
	2016	2015	**2016**	2015
	$	$	**$**	$
Cash provided by (used in)				
Operating activities				
Loss for the period	**(100,957)**	(189,750)	**(453,477)**	(970,041)
Items not involving cash:				
Depreciation	**1,724**	-	**3,598**	-
Share-based payment expense	**-**	49,287	**133,365**	439,580
Gain (loss) on sale of marketable securities	**-**	-	**-**	159
Changes in non-cash working capital items:				
Amounts receivable	**(3,000)**	(2,829)	**(9,714)**	(13,697)
Interest receivable	**-**	-	**-**	543
Prepaid expenses	**11,818**	(5,375)	**47,190**	(42,175)
Accounts payable and accrued liabilities	**21,050**	(34,925)	**44,377**	1,564
Cash provided by (used in) operating activities	**(69,365)**	(183,592)	**(234,661)**	(584,067)
Financing activities				
Shares issued for cash, net	**-**	301,500	**419,225**	385,000
Subscription received (receivable)	**46,667**	-	**(140,433)**	-
Advance from/(to) related parties	**12,500**	4,000	**59,956**	41,553
Cash provided by (used in) financing activities	**59,167**	305,500	**338,748**	426,553
Investing activity				
Loan receivable		-		(30,000)
Inventory	**(1,458)**	-	**(80,121)**	-
Equipment	**(1,358)**	-	**(19,621)**	-
Investment in Joint Venture	**-**	-	**(3,382)**	-
Proceeds from disposition of marketable securities	**-**	-	**-**	106,774
Application expenditures	**-**	-	**-**	(10,138)
Cash provided by (used in) investing activities	**(2,816)**	-	**(103,124)**	66,636
Increase (decrease) in cash during the period	**(13,014)**	121,908	**963**	(90,878)
Cash and cash equivalents, beginning of period	**30,373**	14,673	**16,396**	227,459
Cash and cash equivalents, end of period	**17,359**	136,581	**17,359**	136,581
Supplemental Cash Flow and Non-Cash Investing and Financing Activities Disclosure				
Cash received for interest	**-**	-	**-**	-
Cash paid for income taxes	**-**	-	**-**	-
Shares issued in deposit	**-**	-	**-**	30,000
Shares issued for acquisition expenditures	**-**	-	**-**	75,000

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

Wildflower Marijuana Inc.,
(Formerly Sunorca Development Corp.)
Condensed Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)
(Unaudited – prepared by management)

	Number of Shares	Share Capital	Contributed Surplus	Subscription Received (Receivable)	Share Purchase Warrant Reserve	Accumulated Other Comprehensive income	Deficit	Total
Balance at June 30, 2014	30,006,770	$ 7,992,525	$ 183,383	$ (6,000)	$ -	$ 51,575	$ (7,845,068)	$ 376,415
Comprehensive loss for the period	-	-	-	-	-	-	(934,473)	(934,473)
Shares issued for cash	4,565,000	296,027	-	-	160,473	-	-	456,500
Shares issued in deposit	700,000	105,000	-	-	-	-	-	105,000
Share issuance costs	-	(17,500)	-	-	-	-	-	(17,500)
Subscriptions received (receivable)	-	-	-	(54,000)		-	-	(54,000)
Share-based payments	-	-	439,580	-	--	-	-	439,580
Transfer of OCI for sale of marketable securities	-	-	-	-	-	(35,568)	-	(35,568)
Unrealized loss on marketable securities	-	-	-	-	-	(16,007)	-	(16,007)
Balance at March 31, 2015	35,271,770	$ 8,376,052	$ 622,963	$ (60,000)	$ 160,473	$ -	$ (8,779,541)	$ 319,947
Balance at June 30, 2015	**35,571,770**	**$ 8,431,158**	**$ 818,045**	**$ 127,500**	**$ 180,367**	**$ -**	**$ (9,298,767)**	**$ 258,303**
Comprehensive loss for the period	-	-	-	-	-	-	(453,477)	(453,477)
Shares issued for cash	3,287,830	236,607	-	-	149,068	-	-	385,675
Exercise of warrants	140,333	41,213	-	-	(7,663)	-	-	33,550
Share-based payments	-	-	133,365	-		-	-	133,365
Subscriptions received (receivable)	-	-	-	(140,433)	-	-	-	(140,433)
Balance at March 31, 2016	**38,999,933**	**$ 8,708,978**	**$ 951,410**	**$ (12,933)**	**$ 321,772**	**$ -**	**$ (9,752,244)**	**$ 216,983**

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

1. Nature of Operations and Going Concern

Wildflower Marijuana Inc., (formerly Sunorca Development Corp.) (the "Company") is a junior company with its primary focus in the cannabis and healthcare sectors. The Company is incorporated under the Business Corporations Act of British Columbia and is a reporting issuer in British Columbia, Alberta and Ontario. Its common shares are listed for trading on the Canadian Securities Exchange as "SUN". The Company's registered office is located at #711 - 675 West Hastings Street, Vancouver, BC. The Company conducts its business as a single operating segment.

The Company is a cannabis company focused on developing and designing branded products in the cannabis and healthcare sectors. The Company develops proprietary product lines using THC or CBD by taking traditional herbal medicines and applying the most advanced science, technology and know-how to create quality products for the health conscious consumer. The Company works exclusively in jurisdictions where cannabis is legal or regulated.

These condensed interim financial statements have been prepared on the basis that the Company will continue as a going concern. As at March 31, 2016, the Company has working capital of $38,720 (June 30, 2015: $99,445) and has accumulated a deficit of $9,752,244 (June 30, 2015: $9,298,767) since inception. The Company is currently seeking new opportunities in the commercial marijuana industry. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. There can be no assurances that the Company will continue to obtain the additional financing resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate financing, the Company will be required to curtail operations. All of which indicate the existence of a material uncertainty that may cast substantial doubt on whether the Company would continue as a going concern and realize its assets and settle its liability and commitments in the normal course of business.

These condensed interim financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

These condensed interim financial statements were approved for issuance by the Board of Directors on May 30, 2016.

2. Basis of Presentation

a) Statement of compliance

These condensed consolidated financial statements have been prepared in accordance International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") applicable to the preparation of these consolidated financial statements. These unaudited condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and follow the same accounting policies and methods of application as the Company's most recent annual financial statements. Accordingly, they should be read in conjunction with our most recent annual financial statements.

b) Basis of measurement, estimates and significant judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the application of policies and reported amounts of assets and liabilities and disclosures of assets and liabilities at the date of the financial statements, along with reported amounts of expenses and net losses during the period. Actual results may differ from these estimates, and as such, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to

2. Basis of Presentation (continued)

b) Basis of measurement, estimates and significant judgments (continued)

accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

The condensed interim financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date that could result in a material adjustment to the carrying value of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- The recoverability of taxes receivable;
- whether a past event has led to a liability that should be recognized in the statement of financial position or disclosed as a contingent liability;
- the expected future tax rate used in the determination of the Company's future income tax liability on the statement of financial position; and
- the assessment of the Company's ability to execute its strategy by funding future working capital requirements.

c) New accounting standards and interpretations

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2015, or later periods. Updates that are not applicable or are not consequential to the Company have been excluded in the standards listed below.

The Company anticipates that the application of these standards, amendments, revisions and interpretations will not have a material impact on the results and financial position of the Company.

Applicable to annual periods beginning on or after January 1, 2015

Amendments to IAS 32 Financial Instruments: Presentation

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) amends to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

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

Applicable to annual periods beginning on or after January 1, 2016

IFRS 9 Financial Instruments (2009)

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

2. Basis of Presentation (continued)

c) New accounting standards and interpretations (continued)

- Debt instruments meeting both a "business model" test and a "cash flow characteristics" test are measured at amortized cost (the use of fair value is optional in some limited circumstances);
- Investments in equity instruments can be designated as "fair value through other comprehensive income" with only dividends being recognized in profit or loss;
- All other instruments (including all derivatives) are measured at fair value with changes recognized in profit or loss;

Applicable to annual periods beginning on or after January 1, 2016 (continued)

IFRS 9 Financial Instruments (2009) (continued)

- The concept of "embedded derivatives" does not apply to financial assets within the scope of the standard and the entire instrument must be classified and measured in accordance with the above guidelines.

This standard is only applicable if it is optionally adopted for annual periods beginning before August 1, 2015. For annual periods beginning on or after August 1, 2015, the Company must adopt IFRS 9 (2011).

IFRS 9 Financial Instruments (2011)

This is a revised version incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing de-recognition requirements from IAS 39 Financial Instruments: Recognition and Measurement.

The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss; in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

This standard applies to annual periods beginning on or after August 1, 2015 and supersedes IFRS 9 (2009). However, for annual reporting periods beginning before August 1, 2015, the Company may early-adopt IFRS 9 (2009) instead of applying this standard.

3. Amounts Receivable

	March 31, 2016	June 30, 2015
Taxes receivable	**$ 43,596**	$ 33,882
	$ 43,596	$ 33,882

4. Equipment

		Computer equipment	Lab equipment	Total
Cost				
Balance, June 30, 2014	$	–	–	–
Additions		3,636	–	3,636
Balance, June 30, 2015	$	3,636	–	3,636
Additions		–	19,621	19,621
Balance, March 31, 2016	**$**	**3,636**	**19,621**	**23,257**
Accumulated depreciation				
Balance, June 30, 2014	$	–	–	–
Depreciation		273	–	273
Balance, June 30, 2015	$	273	–	273
Depreciation		757	2,841	3,598
Balance, March 31, 2016	**$**	**1,030**	**2,841**	**3,871**
Carrying amounts				
As at June 30, 2015	$	3,363	3,363	3,363
As at March 31, 2016	**$**	**2,606**	**16,780**	**19,386**

5. Intangible Assets

		Trademark		Application expenditures		Total
Cost						
Balance, June 30, 2014	$	–	$	1,203	$	1,203
Additions		2,706		85,138		87,844
Balance, June 30, 2015 and March 31, 2016	**$**	**2,706**	**$**	**86,341**	**$**	**89,407**
Accumulated depreciation						
Balance, June 30, 2014	$	–	$	–	$	–
Depreciation		–		–		–
Balance, June 30, 2015 and March 31, 2016	**$**	**–**	**$**	**–**	**$**	**–**
Carrying amounts						
As at June 30, 2015	$	2,706	$	86,341	$	89,407
As at March 31, 2016	**$**	**2,706**	**$**	**86,341**	**$**	**89,407**

The Company is in the process of applying to become a Licensed Producer under the Marihuana for Medical Purposes Regulations (the “MMPR”). The Company will capitalize all the expenditure related to the above mentioned license.

During the year ended June 30, 2014, the Company entered into an agreement with the Company’s CEO to acquire his progress towards to the application to become a Licensed Producer under MMPR by issuing 13,000,000 shares. The shares had a fair market value of $700,000 at the issuance date. Subsequent to June 30, 2014, the Company forfeited the deposit on the Swayne property, which was an important component of the application. The management has determined that the acquisition cost of $700,000 was written down to $Nil and the difference was recorded on the Statement of Operations and Deficit for the year ended June 30, 2014.

5. Intangible Assets (continued)

During the year ended June 30, 2015, the Company acquired an option on a MMPR application that was nearing completion for filing with Health Canada.

During the year ended June 30, 2015, the Company put down a deposit of $66,800 to a Nanaimo property, which was initially intended to be used as the site for production. However, the Company decided not to continue pursuing business at the location due to residential push-back and thus wrote off the full balance of the deposit.

As at March 31, 2016, the application expenditures consist of $86,341 related to the two applications made for MMPR licenses (June 30, 2015: $1,203). The costs include the fair value of 500,000 common shares issued at a deemed price of $0.15 per share. Once the Company obtains its license, the application expenditures will be amortized over its useful life.

6. Investment in Joint Venture

Producer Joint Venture

On February 16, 2015, the Company executed a Letter of Intent confirming its intention of entering into a Licensing Joint Venture with a licensed marijuana producer in Washington State. The Joint Venture was formed to develop Wildflower branded products which will then be marketed and distributed by the Company's Joint Venture partner.

Under the terms of the Joint Venture agreement (the "Producer Agreement"), the Company will grant an exclusive license to manufacture, market, and sell certain products, recipes, retail merchandise, and promotional materials under the Wildflower brand in the State of Washington. The Company will issue 1,300,000 common shares and pay $250,000 to its Joint Venture partner, and contribute $1,100,000 in working capital to develop the brand. In consideration, the Company will receive a licensing fee equal to 20% of the gross sales of Wildflower branded products.

Pursuant to the terms of the Producer Agreement, the effective date of the Joint Venture shall be formed immediately upon the Company providing the 1,300,000 common shares and $250,000 in cash described in said agreement. As at March 31, 2016, the Company has advanced $66,829 in cash (June 30, 2015: $66,447), and issued Nil common shares (June 30, 2015: Nil).

Cannabis E-Juice Joint Venture

On April 2, 2015, the Company executed a Letter of Intent confirming its intention of entering into a Joint Venture with a manufacturer of a cannabis e-juice. The Joint Venture was established to develop a line of e-juice products for the Company. The Joint Venture partner is currently a licensed Tier 3 producer and processor in the State of Washington.

Under the terms of the Joint Venture agreement (the "E-Juice Agreement"), the Company will grant an exclusive license to manufacture, market, and sell certain products, recipes, and promotional materials under the Wildflower brand in the State of Washington. The Company will issue 400,000 shares and pay $85,000 to its Joint Venture partner. In consideration, the Company will receive a licensing fee equal to 20% of gross sales of Wildflower branded products.

Pursuant to the terms of the E-Juice Agreement, the effective date of the Joint Venture shall be formed immediately upon the Company providing the 400,000 common shares and $85,000 in cash described in said agreement. As at March 31, 2016, the Company has advanced $Nil in cash (June 30, 2015: $Nil), and issued Nil common shares (June 30, 2015: Nil).

7. Investment In and Loan to Suntech Energy Inc.

By a licensing and relationship agreement dated April 23, 2008, Suntech Energy Inc. ("Suntech") acquired the exclusive worldwide license to use, lease and sell the technology for growing and harvesting of algae to be utilized as an energy source. Pursuant to this agreement, the Company incorporated Suntech for the purposes of undertaking the business of the license. On incorporation of Suntech, the Company was issued 3,000,000 common shares of Suntech at $0.000001 per share, which approximately represents a 25% interest in the issued common shares of Suntech. Pursuant to the agreement, the Company also agreed to loan Suntech $350,000. As at June 30, 2014, $350,500 (2013: $350,500) has been advanced to Suntech. The loan is non-interest bearing, unsecured and was to be repaid at the earlier of (a) the first business date following the day in which Suntech has received $3,000,000 from investors, (b) April 23, 2010 or (c) within fifteen days of Suntech becoming a reporting issuer. The licensors may not assign their rights to the technology without the consent of the Company until the loan is repaid. Suntech has defaulted on its loan and the Company is evaluating its options.

As a result of the above transaction, the Company considered the guidance in IAS 27 Consolidated and Separate Financial Statements ("IAS 27") and SIC – 12 Consolidation – Special Purpose Entities ("SIC- 12').

Under SIC – 12 Special Purpose Entity ("SPE") has a characteristic of en entity created to accomplish a narrow and well-defined objective. Suntech was determined to be a SPE as it was created to use, lease, and sell the technology for the growing and harvesting of algae to be utilized as an energy source. Under SIC – 12, an SPE is to be consolidated when the substance of the relationship between the Company and the SPE indicates that the SPE is controlled by the Company. The Company currently owns approximately 25% of the SPE and the Company does not in substance control the SPE. Therefore the SPE has not been consolidated in these financial statements and have been accounted for under the equity method of accounting for investments.

During the year ended June 30, 2015, management considered that an impairment provision was required on the remaining balance on the loan as Suntech was currently in the development stage and there was substantial doubt of its ability to raise future financing by becoming a public company.

8. Share Capital

a) Authorized

100,000,000 common shares without par value

100,000,000 preferred shares

b) Issued (common shares)

	Number of Shares	Amount	Warrants	Contributed Surplus
Balance, June 30, 2014	**30,006,770**	**$ 7,992,525**	**$ –**	**$ 183,383**
Shares issued for cash	4,565,000	276,133	180,367	–
Shares issued in deposit of property	700,000	105,000	–	–
Shares issued for services	300,000	75,000	–	–
Share issuance costs	–	(17,500)	–	–
Share-based payments	–	–	–	634,662
Balance, June 30, 2015	**35,571,770**	**$ 8,431,158**	**$ 180,367**	**$ 818,045**
Shares issued for cash	3,287,830	236,607	149,068	–
Exercise of warrants	140,333	41,213	(7,663)	–
Share-based payments	–	–	–	133,365
Balance, March 31, 2016	**38,999,933**	**$ 8,708,978**	**$ 321,772**	**$ 951,410**

8. Share Capital (continued)

b) Issued (common shares) (continued)

On July 7, 2015, the Company completed a private placement for 836,831 units at $0.15 per unit for total proceeds of $125,525. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase an additional share at $0.30 per share until July 7, 2017. The Company recorded the relative fair value of the warrants at $54,352 using the Black-Scholes option pricing model. The fair value of the warrants at the time of issuance was estimated using the following weighted average market assumptions inputs: expected life 2 years; volatility 193%; divided rate 0%; and risk-free rate 0.47%.

On September 4, 2015, the Company completed a private placement for 300,999 units at $0.15 per unit for total proceeds of $45,150. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase an additional share at $0.30 per share until September 4, 2017. The Company recorded the relative fair value of the warrants at $13,681 using the Black-Scholes option pricing model. The fair value of the warrants at the time of issuance was estimated using the following weighted average market assumptions inputs: expected life 2 years; volatility 278%; divided rate 0%; and risk-free rate 0.44%.

On October 29, 2015, the Company completed a private placement for 2,150,000 units at $0.10 per unit for total proceeds of $215,000. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase an additional share at $0.15 per share until October 29, 2017. The Company recorded the relative fair value of the warrants at $81,035 using the Black-Scholes option pricing model. The fair value of the warrants at the time of issuance was estimated using the following weighted average market assumptions inputs: expected life 2 years; volatility 121%; divided rate 0%; and risk-free rate 0.57%.

c) Escrow

As at March 31, 2016, the Company's transfer agent held 7,800,000 (June 30, 2015: 11,725,000) shares in escrow. The release of these shares is subject to regulatory approval.

d) Subscription received and refundable

As at March 31, 2016, the Company had received subscriptions of $Nil (June 30, 2015: $127,500). This amount relates to a private placement which was closed subsequent to period end. As at March 31, 2016, the Company had subscriptions receivable of $12,933 (June 30, 2015: $Nil).

As at March 31, 2016, the Company had a subscription refundable of $7,500 (June 30, 2015: $7,500). It has not been paid back to the subscriber.

e) Share-based payments and warrants

<u>Share-based payments</u>

The Company has a stock option plan which authorizes the board of directors to grant incentive stock options to directors, officers and employees. The maximum number of shares in respect of which options may be outstanding under the Plan at any given time is equivalent to 10% of the issued and outstanding shares of the Company at that time. The exercise price of the options is determined by the market value of the shares at the closing price on the date prior to date of the grant. Unless otherwise stated, options fully vest when granted.

8. Share Capital (continued)

e) Share-based payments and warrants (continued)

Share-based payments (continued)

The following table summarizes stock option transactions:

	Number of Options	Weighted Average Exercise Price $
Outstanding, June 30, 2014	–	–
Granted	3,500,000	0.20
Outstanding, June 30, 2015	3,500,000	0.20
Granted	750,000	0.20
Expired	270,000	0.20
Outstanding, March 31, 2016	**3,980,000**	**0.22**
Exercisable, March 31, 2016	**3,980,000**	**0.22**

The following table summarizes the stock options outstanding at March 31, 2016:

Number of Options Outstanding	Ranges of Exercise Price $	Weighted Average Life to Expiry In Years	Weighted Average Exercise Price $
2,950,000	0.20	3.35	0.20
280,000	0.20	3.97	0.20
750,000	0.20	4.61	0.20
3,980,000		**3.66**	**0.22**

During the period ended March 31, 2016, the Company granted a total of 750,000 (2015 – 3,400,000) stock options with an aggregate fair value of the vested options determined to be $133,365 (2015 - $439,580). Using the Black-Scholes option pricing model to estimate the fair value of stock options granted as at the date of grant, the Company determined the weighted average fair value of each option to be $0.22 (2015 - $0.13) per share. The fair values of the options were determined using the Black-Scholes option pricing model using the following assumptions:

	Risk-free interest rate	Dividend yield	Volatility factor	Expected option life
March 31, 2016	1.03%	0%	225.25%	5 years
March 31, 2015	0.72% - 1.46%	0%	91.38% - 263.20%	5 years

8. Share Capital (continued)

e) Share-based payments and warrants (continued)

Share purchase warrants

The following table summarizes share purchase warrant transactions:

	Number of Warrants	Weighted Average Exercise Price ($)	Weighted Average Remaining Life In Years
Outstanding, June 30, 2014	-	-	-
Issued	4,565,000	0.15	0.94
Balance, June 30, 2015	4,565,000	0.15	0.94
Issued	1,306,830	0.30	1.33
Issued	2,150,000	0.15	1.58
Exercised	(140,333)	0.24	
Balance, March 31, 2016	**7,881,497**	**0.17**	**1.18**

The following table summarizes the share warrants outstanding and exercisable at March 31, 2016:

Number of Warrants Outstanding and Exercisable	Exercise Price $	Weighted Average Life to Expiry In Years
1,118,000	0.15	0.89
3,390,000	0.15	0.96
753,498	0.30	1.27
469,999	0.30	1.43
2,150,000	0.15	1.58
7,881,497		1.18

9. Related Party Transactions

The Company incurred the following charges from directors and former directors of the Company, companies controlled by directors of the Company or companies with common directors for management and consulting fees and directors fees:

	Nine months ended March 31, 2016	Nine months ended March 31, 2015
William MacLean (CEO)	**$ 76,000**	$ 90,000
Nash Meghji (director, former CEO)	**$ 9,000**	$ 9,000
Stephen Pearce (CFO, director)	**$ 18,000**	$ 18,000
Donna Baillie (director)	**$ 9,000**	$ 9,000
	$ 112,000	$ 126,000

The Company had the following amounts due from directors and former directors of the Company, companies controlled by directors of the Company or companies with common directors for prepaid rent and expenses:

	Nine months ended March 31, 2016	Year ended June 30, 2015
Flying A Petroleum Ltd.	**$ (6,720)**	$ (6,720)
	$ (6,720)	$ (6,720)

9. Related Party Transactions (continued)

The Company had the following amounts due to directors and former directors of the Company, companies controlled by directors of the Company or companies with common directors:

	Nine months ended March 31, 2016		Year ended June 30, 2015	
William MacLean (CEO)	**$**	**29,000**	$	26,000
Stephen Pearce (CFO, director)	**$**	**19,939**	$	983
Nash Meghji (director, former CEO)	**$**	**21,000**	$	12,000
Donna Baillie (director)	**$**	**21,000**	$	12,000
	$	**90,939**	$	50,983

During the nine months ended March 31, 2016, Nil stock options (2015: 2,000,000) were granted to directors and officers, with a fair value of $Nil (2015: $379,819).

Related party charges are measured by the exchange amount, which is the amount agreed upon by the transacting party. Amounts from and due to related parties are unsecured, non-interest bearing with no fixed terms of repayment, accordingly fair value cannot be readily determined.

10. Marketable Securities

	March 31, 2016		June 30, 2015	
	Number of Shares	**Amount**	Number of Shares	Amount
BTU Capital Corp	**70,000**	**$ 2,800**	70,000	$ 2,800
		$ 2,800		$ 2,800

The Company classified its marketable securities as available for sale. The original cost of the shares was $2,800. As at March 31, 2016, these marketable securities were recorded at a fair value of $2,800 (June 30, 2015: $2,800).

On August 13, 2014, the Company entered into a loan agreement with Metalstorm Resources Corp ("Metalstorm").The Company would receive 100,000 shares of Metalstorm as bonus. However, the shares had not been transferred to the Company as at March 31, 2016.

On August 21, 2014, the Company entered into a loan agreement with BTU Capital Corp ("BTU"). The Company received 70,000 shares of BTU as bonus. It was initially valued at $0.04 per share for a total of $2,800, which was the same value as at the period ended March 31, 2016.

11. Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure which optimizes the costs of capital under acceptable risks.

In the management of capital, the Company includes the components of shareholders' equity and short- term liabilities, as well as cash and cash equivalents and investments.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

11. Management of Capital (continued)

The Company is not subject to any capital requirements imposed by a regulator. The Company does not pay out dividends. The Company's investment policy is to invest its cash in highly liquid short-term interest bearing investments, with maturities 90 days or less from the original date of acquisition.

12. Financial Instruments

a) Fair value measurements

IFRS 7 - Financial Instruments: Disclosures ("IFRS 7"), establishes 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 – quoted prices in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either direct (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of cash and cash equivalents and marketable securities are determined based on Level 1 inputs which consist of quoted prices in active markets for identical assets. Interest receivable, and accounts payable and accrued liabilities are measured using Level 3 inputs. As at March 31, 2016, the Company believes that the carrying values of taxes receivable, interest receivable, and accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

b) Financial risks

<u>Credit risk</u>
Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its commercial obligations. The Company's cash is held primarily through large Canadian financial institutions. Short-term investments consist of Guaranteed Investment Certificates, which have an original maturity of 90 days or less from the date of purchase and are readily convertible into a known amount of cash.

<u>Liquidity risk</u>
The Company manages liquidity risk by attempting to maintain sufficient cash and cash equivalents balances to enable settlement of transactions on the due date. The Company has adequate working capital to discharge its existing financial obligations.

<u>Market risk</u>
Interest rate risk
The company has guaranteed investment certificates with guaranteed interest rates. Interest rate risk is minimal.

Foreign currency risk
The Company's functional currency is the Canadian dollar. There is a low foreign exchange risk to the Company, as the Company primarily operates in Canada.

Price risk
The Company's financial assets and liabilities are not exposed to price risk with respect to commodity prices.

13. Subsequent Event

On May 9, 2016, the Company completed a private placement of 4,333,327 units at $0.10 per unit for total proceeds of $433,332. Each unit consists of one common share and one half of one share purchase warrants, where each whole warrant entitles the holder to purchase an additional share at $0.15 per share for a period of two years. Once resale restrictions on the Shares have expired and upon the Company's shares trading at or above a weighted average trading price of $0.60 for 30 consecutive trading days, the Company may give notice that the warrants will expire 30 days from the date of providing such notice. The securities issued pursuant to the placement will be subject to a hold period of four months and one day from the date of closing.