METALEX VENTURES LTD

CONSOLIDATED FINANCIAL STATEMENTS

Expressed in Canadian dollars

April 30, 2016

Metalex Ventures Ltd.
April 30, 2016

Table of contents

Auditor's Report	1 - 2
Consolidated Statements of Financial Position	3
Consolidated Statements of Loss and Comprehensive Loss	4
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)	5
Consolidated Statements of Cash Flows	6
Notes to the Consolidated Financial Statements	7 - 25

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Metalex Ventures Ltd.

We have audited the accompanying consolidated financial statements of Metalex Ventures Ltd., which comprise the consolidated statements of financial position as at April 30, 2016 and 2015, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Metalex Ventures Ltd. as at April 30, 2016 and 2015, 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 consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Metalex Ventures Ltd. to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

August 24, 2016

Metalex Ventures Ltd.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note		April 30, 2016		April 30, 2015
ASSETS					
Current assets					
Cash		$	799,712	$	1,630,815
Receivables	4		40,733		164,264
Prepaid expenses			59,187		27,330
			899,632		1,822,409
Non-current assets					
Reclamation deposit			1,089,808		1,085,974
Exploration and evaluation assets	5		264,862		344,862
Long-term deposit			5,000		-
Total Assets		$	2,259,302	$	3,253,245
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	8	$	2,682,808	$	3,295,587
Provision for indemnity	9		1,542,000		1,418,000
			4,224,808		4,713,587
SHAREHOLDERS' DEFICIENCY					
Share capital	11		90,378,001		89,739,278
Reserves	11		9,487,666		9,677,724
Deficit			(101,831,173)		(100,877,344)
			(1,965,506)		(1,460,342)
Total Liabilities and Shareholders' Deficiency		$	2,259,302	$	3,253,245

Nature and continuance of operations (Note 1)
Commitments (Note 9)

Approved by the Board of Directors:

"Chad Ulansky"	*"Lorie Waisberg"*
Chad Ulansky	Lorie Waisberg

See accompanying notes to consolidated financial statements

Metalex Ventures Ltd.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

		Years Ended April 30,	
	Note	**2016**	**2015**
EXPENSES			
Depreciation	7	$ -	$ 26,533
Exploration expenditures	6	667,833	1,728,404
Indemnity interest expense		125,800	127,000
Management fees	11(e)	(3,676)	111,177
Office and administrative		156,122	87,689
Professional fees		56,815	65,234
Share-based compensation	11(d)	88,692	-
Transfer agent and filing fees		26,619	31,653
Travel and promotion		69,122	2,323
Loss before other items		(1,187,327)	(2,180,013)
OTHER ITEMS			
Interest income		16,505	35,697
Foreign exchange gain		18,243	43,674
Write off of exploration and evaluation asset	5	(80,000)	-
		(45,252)	79,371
Loss and comprehensive loss for the year		$ (1,232,579)	$ (2,100,642)
Basic and diluted loss per share		$ (0.01)	$ (0.02)
Weighted average number of shares outstanding		103,586,236	93,763,101

See accompanying notes to consolidated financial statements

Metalex Ventures Ltd.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)

	Note	Number of Common Shares	Share Capital	Reserves	Convertible Advance	Deficit	Total
Balance at April 30, 2014		92,330,499	$ 88,079,278	$ 10,423,784	$ 1,660,000	$ (99,522,762)	$ 640,300
Share conversion	11(c)	2,766,666	1,660,000	-	(1,660,000)	-	-
Reserves transferred on expired and cancelled options		-	-	(746,060)	-	746,060	-
Loss for the year		-	-	-	-	(2,100,642)	(2,100,642)
Balance at April 30, 2015		95,097,165	89,739,278	9,677,724	-	(100,877,344)	(1,460,342)
Share issuance	11(b)	13,000,000	650,000	-	-	-	650,000
Share issuance costs	11(b)	-	(11,277)	-	-	-	(11,277)
Stock-based compensation	11(d)	-	-	15,092	-	-	15,092
Stock-based compensation adjustment for re-pricing	11(d)	-	-	73,600	-	-	73,600
Reserves transferred on expired and cancelled options		-	-	(278,750)	-	278,750	-
Loss for the year		-	-	-	-	(1,232,579)	(1,232,579)
Balance at April 30, 2016		108,097,165	$ 90,378,001	$ 9,487,666	$ -	$ (101,831,173)	$ (1,965,506)

See accompanying notes to consolidated financial statements

Metalex Ventures Ltd.

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Years Ended April 30, 2016	2015
OPERATING ACTIVITIES		
Loss for the year	$ (1,232,579)	$ (2,100,642)
Items not affecting cash:		
Depreciation	-	26,533
Interest accrued on reclamation deposit	(3,834)	(7,959)
Interest accrued on indemnity provision	125,800	124,000
Share-based compensation	88,692	-
Write off of exploration and evaluation asset	80,000	-
	(941,921)	(1,958,068)
Net changes in non-cash working capital items:		
Decrease in receivables	123,531	112,225
Decrease (increase) in prepaid expenses	(36,857)	13,328
Increase (decrease) in accounts payable and accrued liabilities	(614,579)	78,286
Net cash used for operating activities	(1,469,826)	(1,754,229)
FINANCING ACTIVITIES		
Issuance of share capital	650,000	-
Issuance cost	(11,277)	-
Net cash provided by financing activities	638,723	-
Net decrease in cash	(831,103)	(1,754,229)
Cash, beginning of year	1,630,815	3,385,044
Cash, end of year	$ 799,712	$ 1,630,815
Cash paid for interest during the year	$ -	$ -
Cash paid for taxes during the year	$ -	$ -

Supplemental disclosure with respect to cash flows (Note 15)

See accompanying notes to consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Metalex Ventures Ltd. (the "Company") is incorporated under the Business Corporations Act, British Columbia and is considered to be in the exploration stage with respect to its mineral properties. To date, the Company has not generated significant revenues from operations and has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The Company's common shares are listed on the TSX Venture Exchange under the trading symbol "MTX".

The Company's head office and location of books and records is 203-1634 Harvey Avenue, Kelowna, British Columbia, Canada, V1Y 6G2.

The recoverability of the amounts comprised in mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Continued operations of the Company are dependent on its ability to develop its mineral properties, receive continued financial support, complete equity financings, or generate profitable operations in the future. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of Compliance

These consolidated financial statements (the "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 issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These Financial Statements were approved for issue by the Board of Directors on August 24, 2016.

Basis of Consolidation and Presentation

These Financial Statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All dollar amounts presented are in Canadian dollars unless otherwise specified.

These Financial Statements incorporate the financial statements of the Company and its controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiary (Note 10). All significant intercompany transactions and balances have been eliminated.

2. BASIS OF PRESENTATION (*continued*)

Use of Estimates

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ materially and adversely from these estimates.

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

i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on acquisition costs incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

ii) The inputs used in calculating the fair value for share-based compensation expense included in profit or loss and share-based share issuance costs included in shareholders' equity. The share-based compensation expense is estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.

iii) The valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

iv) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign Exchange

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21 - The Effects of Changes in Foreign Exchange Rates.

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

3. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is recognized annually at rates set-out below:

Field equipment	36 months straight-line
Computer equipment	36 months straight-line
Furniture and fixtures	60 months straight-line

The remaining useful lives, residual values and depreciation method are reviewed and adjusted, if appropriate, at each reporting period to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of equipment.

Financial Instruments

Financial assets

The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss - This category comprises derivatives, held for trading and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in loss and comprehensive loss. This category includes cash.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment. This category includes receivables.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in comprehensive loss.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Financial Instruments (*continued*)

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities - This category consists of liabilities carried at amortized cost using the effective interest method and includes accounts payables and accrued liabilities and provisions.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) 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 directly (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 date (unobservable inputs).

Exploration and Evaluation

Exploration and evaluation costs are expensed until such time as reserves are proven and financing to complete development has been obtained. Acquisition costs of mineral properties and tangible development costs incurred thereon, are deferred until the property to which they relate is placed into production, sold or abandoned. The carrying values of mineral properties are, where necessary, written down to fair value if carrying value is not recoverable. Costs relating to properties abandoned are written off when the decision to abandon is made.

The Company follows the cost reduction method of accounting for the receipt of property option and similar payments. Cash and other property payments received from the Company's exploration partners are credited to the respective exploration expenditures on the property. Option payments are exercisable at the discretion of the optionee and are only recognized when received.

Asset Retirement Obligations

The Company accounts for the recognition and measurement of liabilities for statutory, contractual or legal obligations associated with the retirement of equipment, and mineral properties when those obligations result from the acquisition, construction, development or normal operations of the assets. When determinable, a liability for future site reclamation costs, or other obligations, would be recorded at net present value and the corresponding increase in the assets carrying value would then be amortized over the remaining useful life of the asset.

Management has reviewed the Company's likely retirement costs of its equipment, and mineral properties for known obligations under contract, common practices or laws and regulations in effect or anticipated. The Company has determined that there are no known or quantifiable significant assets retirement obligations and accordingly, these financial statements do not include any provision related to future asset retirement.

3. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Loss per Share

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Share-Based Compensation

The Company operates an employee stock option plan whereby it is authorized to grant stock options to directors, officers, employees and consultants. Share-based compensation to employees or those that provide similar services as employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. When the options are exercised, the applicable amounts of option reserves are transferred to share capital.

Cash settled plans - The Company has a deferred share unit plan whereby directors can receive compensation in the form of a deferred share unit. Upon leaving the Board, directors, at their discretion, can elect to receive either cash or shares for the deferred compensation. Accordingly under IFRS, these units are classified as compound financial instruments consisting of a debt (cash) component and an equity component. The fair value of the deferred share units is measured on the grant date as the sum of the cash value (debt component) and the equity component valued using the Black-Scholes option pricing model.

Impairment of Non-financial Assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit ("CGU") is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Flow-through Shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian income tax legislation. On issuance, the Company bifurcates the flow-through share into i) a flow-through share liability, equal to the estimated premium, if any, investors pay for the flow-through feature, and ii) share capital. Upon expenses being incurred, the Company derecognizes the flow-through premium liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used for only Canadian resource property exploration expenditures within a two-year period. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the "Look-back" Rule, in accordance with the Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Income Taxes

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

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

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

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

New Standards Not Yet Adopted

IFRS 9 "Financial Instruments" – This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement" and will be applicable to fiscal years beginning on or after January 1, 2018. 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. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The Company does not expect any impact to the financial statements from the adoption of this standard.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

New Standards Not Yet Adopted *(continued)*

IFRS 16 "Leases" **–** This new standard will be applicable to fiscal years beginning on or after January 1, 2019. IFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. At present, the Company's sole lease is for office space. As such, the Company does not expect significant impact to the financial statements from the adoption of this standard.

4. RECEIVABLES

The Company's receivables are as follows:

	April 30, 2016	**April 30, 2015**
Related party receivables	$ 35,795	$ 133,179
GST receivable	4,888	31,085
Third party receivable	50	–
Total	$ 40,733	$ 164,264

5. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its properties is in good standing.

The carrying values of the Company's exploration and evaluation assets are as follows:

	James Bay, Quebec	Kyle Lake, Ontario	Total
Balances as at April 30, 2014 and 2015	$ 80,000	$ 264,862	$ 344,862
Written off during the year	(80,000)	-	(80,000)
Balances as at April 30, 2016	$ -	$ 264,862	$ 264,862

The Company's one reportable operating segment is the acquisition and exploration of mineral properties; the Company's assets are now entirely in Canada.

During the year ended April 30, 2016, it was noted that the original claim blocks acquired from Kel-Ex Developments Ltd. were allowed to lapse. While the project in Quebec has continued and evolved, the original exploration and evaluation asset no longer has value. As such, the amount has been written off.

5. EXPLORATION AND EVALUATION ASSETS (*continued*)

Kyle Lake Project, Ontario

As at April 30, 2016, the Company has a 100% earned interest in certain mineral claims located in the Kyle Lake area of Ontario. These claims are subject to a 10% carried interest in favour of Kel-Ex Development Ltd. ("Kel-Ex"). In September 2011, the Company acquired all of Arctic Star Exploration Corp's ("Arctic Star") remaining joint venture interests in the Company's Kyle Lake, James Bay Lowlands and Attawapiskat projects for a lump sum payment of $264,862. Also pursuant to the agreement, the Company will pay Arctic Star a further $2,000,000 in circumstances where a mine is put into production on the claims comprising the Kyle Lake project.

Morocco

In May 2004, the Company entered into an agreement with the Office National de Hydrocarburers et des Mines ("ONHYM") to conduct preliminary exploration work in Southern Morocco in order to identify areas on which to undertake further exploration work. In May 2005, the Company added additional areas for exploration work on the same terms and conditions as the first agreement. The agreements were governed by the laws and regulations of the Kingdom of Morocco and were valid until November 2006.

In April 2011, the Company entered into a new joint venture agreement with the ONHYM for further exploration of the claim areas. The Company will hold a 60% interest while ONHYM will retain a 40% interest in the project. Both parties will be responsible for funding their respective interests.

The Company's 36 month agreement with ONHYM has expired and the Company is in the process of extending it for a further 18 months.

Wemindji James Bay Property, Quebec

As at April 30, 2016, the Company has a 74.6% contributing interest in various mineral claims located in the Wemindji James Bay region of Quebec for the exploration of diamonds. The Company also holds a 78.9% contributing interest in a joint venture for the exploration of non-diamond commodities (ie: various base and precious metals) within the same claim area.

James Bay Lowlands Property, Ontario

As at April 30, 2016, the Company has a 62.5% earned interest in certain mineral claims located in the Ring of Fire region of the James Bay Lowlands, Ontario. Certain of these claims were previously included as part of the Kyle Lake project and were optioned to White Pine Resources Inc. ("WPR"), which owns the remaining 37.5% interest. Pursuant to the agreement, a joint venture has been formed whereby each party will fund future exploration activities in proportion to their earned interests. These claims are subject to a 10% carried interest in favour of Kel-Ex.

Attawapiskat Property, Ontario

Big Red Diamond Joint Venture

As at April 30, 2016, the Company has a 83.9% working interest (72% earned interest) in certain mineral claims in the Attawapiskat area of Ontario. These claims are subject to a 10% carried interest in favour of Kel-Ex.

5. EXPLORATION AND EVALUATION ASSETS (*continued*)

Dumont Joint Venture

As at April 30, 2016, the Company has a 82.5% working interest (61.7% earned interest) in certain mineral claims located in the vicinity of Attawapiskat, Ontario. These claims are subject to 10% carried interests in favour of each of Kel-Ex and DNI Metals Inc. (formerly Dumont Nickel Inc.)

Mali

The Company had a 100% interest in two gold exploration licenses. The annual exploration commitments for both permits in CFA Francs ("CFA"), with Canadian Dollar equivalents using exchange rates at April 30, 2016 is estimated at $1,483,520 (CFA 692,000,000).

To date, the exploration commitments have not been met. The Company's licenses expired during the year ended April 30, 2013. The Company is assessing its option to renew its license; however, due to the current political climate, the Company has been unable to renew its licenses.

Angola

In April 2005, the Company entered into an agreement for kimberlite diamond exploration of the Chitamba license in Angola pursuant to an agreement executed by the Angolan Council of Ministers. The license expired in December 2012 and the Company elected to withdraw from the project. Expenditures for the Angola project in year ended April 30, 2015 related to shipping the remaining equipment back to Canada.

(Expressed in Canadian Dollars)

6. EXPLORATION EXPENDITURES

	Attawapiskat, Ontario	James Bay, Quebec	Kyle Lake, Ontario	Mali	Angola	Morocco	Total
Cumulative expenditures, April 30, 2014	$ 9,414,870	$ 7,007,917	$ 45,712,244	$ 156,299	$ 22,113,280	$ 5,182,360	$89,586,970
Additions							
Aircraft field transport	-	175,641	-	-	-	-	175,641
Camp and field supplies	-	10,862	10,216	-	222	12,267	33,567
Drill supplies and repairs	-	3,170	4,764	-	7,089	-	15,023
Equipment rental and amortization	-	25,319	216	-	3,244	291,847	320,626
Fuel (recovery)	-	35,465	(350)	-	-	-	35,115
Licenses, rent and other	-	-	13,200	2,613	-	-	15,813
Labour (recovery)	275	65,599	44,895	-	11,162	91,469	213,400
Sample laboratory analysis	-	704,500	14,218	-	-	365,543	1,084,261
Shipping and freight	-	24,636	101,485	2,190	43,657	1,591	173,559
Telephone and communication	-	363	-	-	-	216	579
Travel and accomodation	-	48,750	18,367	-	-	24,969	92,086
Total additions	275	1,094,305	207,011	4,803	65,374	787,902	2,159,670
Cost recoveries	-	-	-	-	-	(431,266)	(431,266)
Net exploration expenditures during the period	275	1,094,305	207,011	4,803	65,374	356,636	1,728,404
Cumulative expenditures, April 30, 2015	9,415,145	8,102,222	45,919,255	161,102	22,178,654	5,538,996	91,315,374
Additions							
Aircraft field transport	-	20,489	-	-	-	-	20,489
Camp and field supplies	-	680	746	-	-	12,908	14,334
Drill supplies (recovery)	-	(154)	-	-	-	-	(154)
Equipment rental and amortization	-	-	-	-	-	237,466	237,466
Fuel	-	2,750	-	-	-	-	2,750
Licenses, rent and other	-	243	2,683	3,165	-	-	6,091
Labour	-	47,187	97,355	-	-	163,867	308,409
Sample laboratory analysis	-	164,028	-	-	-	29,215	193,243
Shipping and freight	-	5,209	48,918	733	-	19,873	74,733
Telephone and communication	-	132	-	-	-	542	674
Travel and accomodation	-	13,304	29,182	-	-	21,652	64,138
Total additions	-	253,868	178,884	3,898	-	485,523	922,173
Cost recoveries	-	(254,340)	-	-	-	-	(254,340)
Net exploration expenditures (recovery) during the perioc	-	(472)	178,884	3,898	-	485,523	667,833
Cumulative expenditures, April 30, 2016	$ 9,415,145	$ 8,101,750	$ 46,098,139	$ 165,000	$ 22,178,654	$ 6,024,519	$ 91,983,207

(Expressed in Canadian Dollars)

7. EQUIPMENT

	Field equipment	Computer equipment	Furniture and fixtures	Total
Cost:				
Balance at April 30, 2014 and 2015	$ 1,071,917	$ 18,135	$ 5,194	$ 1,095,246
Dispositions	-	(15,377)	-	(15,377)
Balance as April 30, 2016	$ 1,071,917	$ 2,758	$ 5,194	$ 1,079,869
Accumulated depreciation:				
Balance at April 30, 2014	$ 1,045,384	$ 18,135	$ 5,194	$ 1,068,713
Depreciation	26,533	-	-	26,533
Balance at April 30, 2015	1,071,917	18,135	5,194	1,095,246
Dispositions	-	(15,377)	-	(15,377)
Balance as April 30, 2016	$ 1,071,917	$ 2,758	$ 5,194	$ 1,079,869
Carrying amounts				
As at April 30, 2015	$ -	$ -	$ -	$ -
As at April 30, 2016	$ -	$ -	$ -	$ -

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company’s accounts payable and accrued liabilities are as follows:

	April 30, 2016	**April 30, 2015**
Trade payables	$ 37,949	$ 136,021
Accrued liabilities	175,134	176,463
Related party payables	2,469,725	2,983,103
Total	$ 2,682,808	$ 3,295,587

9. COMMITMENTS

In addition to the exploration commitments described in Note 5, the Company is committed to minimum future lease payments for office premises through to July, 2018 as follows:

Fiscal year ending April 30, 2017	$ 9,872
Fiscal year ending April 30, 2018	9,872
Fiscal year ending April 30, 2019	1,412

(Expressed in Canadian Dollars)

9. COMMITMENTS *(continued)*

During the 2010 and 2011 fiscal years, the Company completed a succession of flow-through share arrangements and renounced the expenditures to investors in accordance with Canadian income tax legislation. The Company was required to incur eligible Canadian exploration expenditures in order to ensure investors were eligible for the tax deductions. As at April 30, 2013 and 2014, the Company did not incur all the required expenditures and the investors are no longer eligible to receive certain tax deductions. Consequently, the flow-through share premium liability has been reduced to $nil and the Company had recorded a provision of $1,170,000 towards potential indemnification of tax liabilities to purchasers of the flow-through shares as at April 30, 2013. Interest of $372,000 (April 30, 2016 – $248,000) has been accrued on this balance to April 30, 2016.

During the 2016 fiscal year, the Company raised $350,000 in flow through funds which are required to be incurred on eligible exploration expenditures. As at April 30, 2016, the Company had incurred $240,513 in eligible exploration expenditures; as such, the Company has a commitment to spend the remaining $109,487 in flow through funds. These funds must be spent on eligible expenditures by December 31, 2016.

10. RELATED PARTY DISCLOSURES

The Financial Statements include the financial statements of Metalex Ventures Ltd. and its subsidiary listed in the following table:

		Proportion of Ownership Interest	
Name of Subsidiary	**Country of Incorporation**	**April 30, 2016**	**April 30, 2015**
Mali Gold Mine Ltd.	Mali	100%	100%

During the years ended April 30, 2016 and 2015, the Company had related party transactions with the following companies related by way of common directors or shareholders:

- C.F. Mineral Research Ltd. ("CF Minerals") – a private company owned by the Metalex Chairman. CF Minerals provides heavy mineral geochemistry services to the Company.
- Cantex Mine Development Corp. ("Cantex") - a publicly listed company with common directors and management. Metalex and Cantex share office space and thus have certain shared expenditures which get re-billed on a cost-recovery basis.
- Diamante Minerals, Inc. ("Diamante") - a publicly listed company with common management. Metalex and Diamante share office space and thus have certain shared expenditures which get re-billed on a cost-recovery basis.
- Element 29 Ventures Ltd. ("Element 29") - a private company owned by the Metalex CEO. Element 29 provides geological consulting services to the Company.
- Kel-Ex Development Ltd. ("Kel-Ex") - a private company owned by the Metalex Chairman. Kel-Ex provides administration, payroll and office services to the Company.
- Northern Uranium Corp. ("Northern") - a publicly listed company with common directors and management. Metalex and Northern share office space and thus have certain shared expenditures which get re-billed on a cost-recovery basis.

The key management personnel of the Company are the Directors, Chief Executive Office, Chief Financial Officer and Chief Operating Officer.

(Expressed in Canadian Dollars)

10. RELATED PARTY DISCLOSURES *(continued)*

The Company's related party expenses consist of the following:

	Years ended April 30,	
	2016	2015
Laboratory and mineralogical costs	**$ 43,245**	$ 380,803
Administration fees (10%)	**14,566**	37,791
Geological consulting fees	**190,471**	111,425
Shared field expenditures	**13,089**	34,945
Shared office and administrative costs	**26,008**	15,856
	$ 287,379	$ 580,820

	Years ended April 30,	
	2016	2015
C.F. Mineral Research Ltd.	**$ 43,245**	$ 380,803
Cantex Mine Development Corp.	**3,971**	1,019
Element 29 Ventures Ltd.	**147,561**	93,935
Kel-Ex Development Ltd.	**88,243**	104,671
Northern Uranium Corp.	**4,359**	392
	$ 287,379	$ 580,820

The Company's expenses recovered from related parties consist of the following:

	Years ended April 30,	
	2016	2015
Shared field expenditures	**$ 150,254**	$ 280,968
Shared office and administrative costs	**32,398**	80,243
	$ 182,652	$ 361,211

	Years ended April 30,	
	2016	2015
Cantex Mine Development Corp.	**$ 18,136**	$ 21,226
Diamante Minerals, Inc.	**6,662**	-
Kel-Ex Development Ltd.	**10,598**	46,926
Northern Uranium Corp.	**147,256**	293,059
	$ 182,652	$ 361,211

(Expressed in Canadian Dollars)

10. RELATED PARTY DISCLOSURES *(continued)*

Included in accounts payable of the Company are the following amounts due to related parties:

		April 30, 2016		April 30, 2015
C.F. Mineral Research Ltd.	**$**	**755,624**	$	710,217
Cantex Mine Development Corp.		**-**		949
Element 29 Ventures Ltd.		**18,527**		34,376
Kel-Ex Development Ltd.		**1,695,574**		2,237,561
	$	**2,469,725**	$	2,983,103

The Company accrued a $1,170,000 indemnity liability (see note 9) related to the fiscal 2010 and 2011 flow through arrangements. The majority of the liability is attributable to the Company's Chairman of the Board, as he had been the largest subscriber of these flow-through subscriptions. As such, this is an additional related party payable to the amounts shown above.

Included in receivables of the Company are the following amounts due from related parties:

		April 30, 2016		April 30, 2015
Cantex Mine Development Corp.	**$**	**3,548**	$	3,239
Diamante Minerals, Inc.		**2,390**		-
Kel-Ex Development Ltd.		**1,192**		3,082
Northern Uranium Corp.		**28,665**		126,858
	$	**35,795**	$	133,179

The remuneration of directors and officers is as follows:

		Years Ended April 30,		
		2016		2015
Director fees(1)	**$**	**(3,676)**	$	111,177
Share-based compensation(2)		**88,692**		-
Wages and benefits(3)		**176,987**		113,294
	$	**262,003**	$	224,471

(1) Directors fees are amounts accrued under the Company's deferred share unit plan as described in Note 11 (d). Each quarter, $15,000 in DSUs are accrued under the plans; the total number of DSUs outstanding is then adjust based on the fair market value of the share price, resulting in fluctuations in the amount of fees expensed.

(2) Share-based compensation is the fair value of options granted to directors and management personnel. During the year ended April 30, 2016, the Company re-priced stock-options previously issued to directors and management; total adjustment to stock-based compensation for previously granted options was $73,600. The remaining $15,092 is the fair value of options granted during the current year.

(3) Wages and benefits includes amounts paid or accrued for geological consulting fees and payroll costs due to related parties.

11. SHARE CAPITAL AND RESERVES

a) **Authorized share capital**

The authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares are fully paid.

b) **Issued share capital**

On September 4, 2015, the Company completed a private placement for flow through and non-flow through shares. The Company issued 7,000,000 flow through units ("FT units") at a price of $0.05 per FT unit and 6,000,000 non-flow through units ("units") at $0.05 per unit. Each FT unit is comprised of one flow through share and one-half a warrant, with each whole warrant exercisable at $0.07 for a term of two years; each unit it comprised of one non-flow through share and one-half a warrant exercisable at $0.07 for a term of two years. The Company incurred share issuance costs relating to this private placement of $11,277.

c) **Convertible advance**

In January 2012, the Company signed a letter agreement whereby an equity fund managed by the Dundee Corporation group (the "Fund") may acquire up to a 51% interest in the U2 and T1 kimberlite pipes through a four stage investment of up to $51 million. Pursuant to the letter agreement, the Fund has advanced $5 million to the Company.

In May 2013, the Company signed a revised earn-in agreement with Dundee. Terms and conditions of the earn-in agreement are largely the same as laid out in the letter agreement; however, the $5 million advance was reduced to $1.6 million as the Company acquired equipment on behalf of Dundee to be used on the project with a value of $3.4 million.

In July 2014, the Company received notice from Dundee that they were terminating the earn-in agreement. During the year ended April 30, 2015, the $1,660,000 advance was converted to 2,766,666 shares.

d) **Stock options and warrants**

The Company, in accordance with its shareholder approved stock option plan as amended, is authorized to grant options to directors, officers, employees and consultants, to acquire up to 10% of the issued and outstanding common shares. The exercise price of the options issued under the plan is determined by the Board of Directors at the time the options are granted. The options vest immediately upon grant, unless otherwise determined by the Board of Directors, and are exercisable for up to a period of ten years from the date of grant.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (*continued*)

d) Stock options and warrants *(continued)*

Stock option transaction are summarized as follows:

	Stock Options		Warrants	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, April 30, 2014	7,809,000	$ 0.54	-	$ -
Expired	(1,093,000)	1.00	-	-
Outstanding, April 30, 2015	6,716,000	0.47	-	-
Granted	400,000	0.08	6,500,000	0.07
Expired/cancelled	(650,000)	0.80	-	-
Outstanding, April 30, 2016	6,466,000	$ 0.12	6,500,000	$ 0.07
Number currently excersisable	6,466,000	$ 0.12	6,500,000	$ 0.07

All warrants are exercisable at $0.07 until September 4, 2017.

The following stock options were outstanding at April 30, 2016:

	Number	Exercise Price	Expiry Date
Options	610,000	$ 0.08 (1)	October 20, 2020
	1,700,000	0.08 (1)	March 28, 2021
	3,756,000	0.15	December 19, 2023
	400,000	0.08	January 13, 2026
	6,466,000		

(1) These options were re-priced during the year ended April 30, 2016 from their initial exercise prices of $0.70 and $0.95, respectively.

During the year ended April 30, 2016, the Company recognized share-based compensation of $88,692 (2015 – $nil) in the statement of loss and comprehensive loss; this is the result of granting $15,092 in compensation and re-pricing $73,600 of incentive stock options. The weighted average fair value of options granted in 2016 was $0.04 per option. The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted and re-priced during the 2016 year end:

	Re-priced Options	**Granted Options**
Risk-free interest rate	0.56%	1.22%
Expected option life	3 years	3 years
Expected stock price volatility	110%	148%
Expected dividend yield	0%	0%

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (*continued*)

e) Deferred share unit plan

The Company has a deferred share unit plan whereby directors can receive compensation in the form of a deferred share unit. Under the plan, directors will earn compensation quarterly ($7,500 initial value per quarter per director) at which time the number of deferred share units will be determined based on the weighted average of the Company's trading price for the last five trading days at the end of the quarter. Upon leaving the Board, directors, at their discretion, will receive shares for the deferred compensation. Under the deferred share plan, directors are entitled to receive the cash value equal to the fair value of the deferred shares outstanding. Accordingly, the value of the deferred liability is equal to the fair value of the shares. As of April 30, 2016, $140,625 of deferred compensation (April 30, 2015 – $144,301) has been accrued in accounts payable which equates to 2,343,750 shares (April 30, 2015 – 1,551,625 shares).

12. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2016	2015
Loss for the year	$ (1,232,579)	$ (2,100,642)
Expected income tax (recovery)	$ (320,000)	$ (546,000)
Change in statutory, foreign tax, foreign exchange rates and other	274,000	30,000
Permanent difference	53,000	27,000
Impact of flow-through shares	63,000	71,000
Share issue costs	(3,000)	-
Adjust to prior years provision versus statutory tax returns and expiry of non-ca	66,000	-
Expiry of non-capital losses	(148,000)	-
Change in unrecognized deductible temporary differences and other	15,000	418,000
Total income tax expense (recovery)	$ -	$ -

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

	2016	2015
Deferred Tax Assets (Liabilities)		
Exploration and evaluation assets	$ 10,319,000	$ 10,274,000
Property and equipment	284,000	284,000
Canadian eligible capital ("CEC")	1,000	1,000
Share issue costs	2,000	-
Allowable capital losses	1,000	1,000
Non-capital losses available for future period	2,648,000	2,680,000
	13,255,000	13,240,000
Unrecognized deferred tax assets	(13,255,000)	(13,240,000)
Net deferred tax assets	$ -	$ -

12. INCOME TAXES *(continued)*

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	2016	Expiry dates	2015
Temporary Differences			
Exploration and evaluation assets	$ 39,258,000	No expiry	$ 39,085,000
Property and equipment	1,092,000	No expiry	1,092,000
Canadian eligible capital (CEC)	3,000	No expiry	3,000
Share issue costs	9,000	2036 to 2041	–
Non-capital and allowable capital losses available for future period	10,186,000	2017 to 2036	10,306,000
Investment tax credit	151,000	2031	151,000

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

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables, accounts payable and accrued liabilities and provision for indemnity approximate their fair value because of the short-term nature of these instruments.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and commodity price risk.

Currency risk - While the Company's capital is raised in Canadian dollars, the Company is also conducting business in Morocco whose currency is the dirham. As such, the Company is subject to risk due to fluctuations in the exchange rates for that currency as well as the United States and Canadian dollar. The Company does not use derivative financial instruments to reduce its exposure to foreign currency risk.

Credit risk - Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company's cash is in large Canadian financial institutions. The Company's receivables consist mainly of mineral property recoveries due from joint venture partners, receivables from related parties for shared expenditures and GST receivable due from the Federal Government of Canada. The Company is subject to the risk that its joint venture partners will default on amounts owing for their portion of exploration expenditures (April 30, 2016 - $Nil). Any such amounts defaulted would dilute that partners' interest in the exploration joint venture and would require the Company to pick up the proportionate share of future exploration expenditures. As at April 30, 2016, the Company had $35,795 in outstanding related party receivables; the Company has subsequently received all of this balance.

Interest rate risk - Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There is a very limited interest rate risk as the Company holds no material interest bearing financial obligations or assets.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

Liquidity risk - Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk through the management of its capital structure and financial leverage as outlined in Note 14. The Company is exposed to liquidity risk.

Price risk - The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of diamonds and other minerals. The Company's input costs are also affected by the price of fuel. Management monitors diamond, precious metal and fuel prices to determine the appropriate course of action to be taken by the Company.

14. CAPITAL RISK MANAGMENT

The Company includes equity, comprised of issued common shares, reserves, convertible advance and deficit, in the definition of capital.

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company is in the exploration stage; as such, it has historically relied on the equity markets to fund its activities. The Company's primary objective with respect to capital management is to ensure adequate liquid capital resources are in place to fund the exploration and development of its mineral properties while maintaining its ongoing operations. To secure the additional capital to pursue these plans, the Company may attempt to raise additional funds through the issuance of debt and or equity.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The Company's significant non-cash transactions for the year ended April 30, 2016 included the following:

i) the transfer of reserves, representing expired stock options valued at $278,750;
ii) the reclassification of $5,000 from prepaid expenses to long-term deposit; and
iii) the write off of $80,000 in exploration and evaluation assets.

The Company's significant non-cash transactions for the year ended April 30, 2015 were the conversion of the $1,660,000 advance to 2,766,666 shares and transfer of reserves, representing granted, expired or cancelled stock options valued at $746,060.