

MOUNTAIN BOY MINERALS LTD.
CONDENSED INTERIM FINANCIAL STATEMENTS
May 31, 2016
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed interim financial statements.

MOUNTAIN BOY MINERALS LTD.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
 May 31, 2016 and November 30, 2015
 (Stated in Canadian Dollars)
 (Unaudited – Prepared by Management)

	May 31, <u>2016</u>	November 30, <u>2015</u>
ASSETS		
Current assets		
Cash	\$ 212	\$ 132
Receivables	1,603	2,599
Prepaid expenses	<u>3,033</u>	<u>433</u>
	<u>4,848</u>	<u>3,164</u>
Non-current assets		
Reclamation deposits	100,216	89,929
Exploration and evaluation assets – Notes 6 and 8 and Schedule 1	<u>13,253,902</u>	<u>13,372,436</u>
	<u>13,354,118</u>	<u>13,462,365</u>
	<u>\$ 13,358,966</u>	<u>\$ 13,465,529</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities – Note 8	\$ 335,766	\$ 399,066
Non-current liabilities		
Deferred tax liabilities	<u>2,676,500</u>	<u>2,676,500</u>
	<u>3,012,266</u>	<u>3,075,566</u>
SHAREHOLDERS' EQUITY		
Share capital – Note 7	20,537,326	20,537,326
Contributed surplus	3,127,424	3,127,424
Deficit	<u>(13,318,050)</u>	<u>(13,274,787)</u>
	<u>10,346,700</u>	<u>10,389,963</u>
	<u>\$ 13,358,966</u>	<u>\$ 13,465,529</u>

Corporate Information – Note 1

APPROVED AND AUTHORIZED BY THE BOARD:

<u>“Frank Kamermans”</u> Director Frank Kamermans		<u>“Randy Kasum”</u> Director Randy Kasum
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The accompanying notes are an integral part of these condensed interim financial statements

MOUNTAIN BOY MINERALS LTD.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
for the three and six months ended May 31, 2016 and 2015
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	Three months ended May 31,		Six months ended May 31,	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
General and administrative expenses				
Accounting and audit fees	\$ 5,500	\$ 2,000	\$ 7,550	\$ 5,150
Filing fees	2,997	2,979	4,297	4,279
Legal fees	567	865	871	3,680
Management fees – Note 8	15,000	15,000	30,000	30,000
Office and miscellaneous – Note 8	4,066	4,029	5,484	5,096
Telephone	523	1,751	1,783	3,427
Transfer agent fees	<u>1,688</u>	<u>2,324</u>	<u>3,566</u>	<u>4,387</u>
Loss before other item	(30,341)	(28,948)	(53,551)	(56,019)
Other item				
Other income	<u>-</u>	<u>-</u>	<u>10,288</u>	<u>6,435</u>
Net loss and comprehensive loss	<u>\$ (30,341)</u>	<u>\$ (28,948)</u>	<u>\$ (43,263)</u>	<u>\$ (49,584)</u>
Basic and diluted loss per share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted average number of shares outstanding	<u>119,685,116</u>	<u>119,685,116</u>	<u>119,685,116</u>	<u>119,685,116</u>

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

**MOUNTAIN BOY MINERALS LTD.
CONDENSED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY**

for the six months ended May 31, 2016 and 2015

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

	Share Capital			Contributed Surplus	Deficit	Total Shareholders' Equity
	Number of Shares	Amount				
Balance at November 30, 2014	119,685,116	\$ 20,537,326	\$ 3,127,424	\$ (13,134,373)	\$ 10,530,377	
Net loss and comprehensive loss	-	-	-	(49,584)	(49,584)	
Balance at May 31, 2015	<u>119,685,116</u>	<u>\$ 20,537,326</u>	<u>\$ 3,127,424</u>	<u>\$ (13,183,957)</u>	<u>\$ 10,480,793</u>	
Balance at November 30, 2015	119,685,116	\$ 20,537,326	\$ 3,127,424	\$ (13,274,787)	\$ 10,389,963	
Net loss and comprehensive loss	-	-	-	(43,263)	(43,263)	
Balance at May 31, 2016	<u>119,685,116</u>	<u>\$ 20,537,326</u>	<u>\$ 3,127,424</u>	<u>\$ (13,318,050)</u>	<u>\$ 10,346,700</u>	

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

MOUNTAIN BOY MINERALS LTD.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
for the six months ended May 31, 2016 and 2015
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	<u>2016</u>	<u>2015</u>
Operating Activities		
Net loss	\$ (43,263)	\$ (49,584)
Items not affecting cash:		
Other income	<u>(10,288)</u>	<u>(6,435)</u>
	(53,551)	(56,019)
Changes in working capital items related to operations:		
Receivables	996	(1,361)
Prepaid expenses	(2,600)	(1,225)
Accounts payable and accrued liabilities	<u>(93,488)</u>	<u>36,939</u>
	<u>(148,643)</u>	<u>(21,666)</u>
Investing Activities		
Exploration advances – Note 6 (b)	-	16,013
Proceeds on sale of exploration and evaluation assets – Note 6 (e)	150,000	5,000
Exploration and evaluation assets	<u>(1,277)</u>	<u>(984)</u>
	<u>148,723</u>	<u>20,029</u>
Change in cash	80	(1,637)
Cash, beginning	<u>132</u>	<u>1,850</u>
Cash, ending	<u>\$ 212</u>	<u>\$ 213</u>

Non-cash Transactions – Note 9

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

MOUNTAIN BOY MINERALS LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

May 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

1. Corporate Information

Mountain Boy Minerals Ltd. (the “Company”) is an exploration stage company incorporated on April 26, 1999, under the laws of the Province of British Columbia, Canada. Its principal business activity is the acquisition, exploration and evaluation of mineral properties located in the Province of British Columbia, Canada. The Company’s common shares are traded on the TSX Venture Exchange (“TSX-V”) under the symbol “MTB”.

The Company’s head office and principal business address is 306 – Suite D, 5th Avenue, PO Box 859, Stewart, British Columbia, Canada, V0T 1W0.

2. Basis of Preparation

a) Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standard (“IAS”) IAS 34 “Interim Financial Reporting”.

These condensed interim financial statements do not include all of the information and disclosures required to be included in annual financial statements prepared in accordance with IFRS. These condensed interim financial statements should be read in conjunction with the Company’s audited annual financial statements for the years ended November 30, 2015 and 2014.

These condensed interim financial statements were authorized for issue on August 2, 2016 by the directors of the Company.

b) Basis of Measurement

These condensed interim financial statements have been prepared using the historical cost basis except for financial instruments that have been measured at fair value.

The financial statements are presented in Canadian dollars, which is the Company’s functional currency and presentation currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements

May 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

2. Basis of Preparation – (cont'd)

c) Going Concern

At May 31, 2016, the Company has not generated revenue from operations, has an accumulated deficit of \$13,318,050, has a working capital deficiency of \$330,918 and expects to incur further losses in the exploration and evaluation of its mineral properties. These condensed interim financial statements have been prepared 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. The Company has not yet determined whether its mineral properties contain economically recoverable reserves. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the Company's ability to obtain adequate financing to develop the reserves, and its ability to commence profitable operations in the future. These conditions form a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

To date, the Company has been able to fund its operations and its mineral property exploration programs through equity financings. The continued volatility in the equity markets may make it difficult to raise capital through the private placement of shares. The junior mining industry is considered speculative in nature which could make it more difficult to fund. While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, there is no assurance that the Company will be successful with its financing ventures.

These condensed interim 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 as a going concern.

3. Significant Accounting Policies

These condensed interim financial statements have, in management's opinion, been properly and consistently prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Equipment

Equipment is recorded at cost less accumulated depreciation. Depreciation is recorded over the estimated useful lives of the equipment using the declining balance method at the following rate:

Vehicles 30%

The Company records depreciation at one-half of the above rate in the year of acquisition. Depreciation on equipment that is directly related to exploration and evaluation of mineral properties is capitalized to the property.

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements

May 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

3. Significant Accounting Policies – (cont'd)

b) Mineral Exploration and Evaluation Expenditures

Pre-exploration Costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction”. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements

May 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

3. Significant Accounting Policies – (cont'd)

c) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

An impairment loss is charged to the profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss.

d) Financial Instruments

All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss (“FVTPL”). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities. Financial instruments comprise of cash, marketable securities, reclamation deposits and accounts payable. Management has classified financial assets and liabilities as follows:

Financial Assets

The Company has recognized its cash and marketable securities at FVTPL. A financial instrument is classified at FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial instruments at FVTPL are measured at fair value and changes therein are recognized in income.

The Company has classified its reclamation deposits as loans and receivables. Loans and receivable are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand.

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements

May 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

3. Significant Accounting Policies – (cont'd)

d) Financial Instruments – (cont'd)

Financial Assets - (cont'd)

They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Financial Liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise of accounts payables. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carrying in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the 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.

e) Provisions

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. Rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites.

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements

May 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

3. Significant Accounting Policies – (cont'd)

e) Provisions – (cont'd)

Rehabilitation Provision – (cont'd)

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur. At May 31, 2016 and November 30, 2015, the Company did not have any rehabilitation provisions.

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

f) Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements

May 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

3. Significant Accounting Policies – (cont'd)

g) Government Grants

The province of B.C. provides mining exploration tax credits for certain exploration expenditures incurred in B.C. that are recorded as a reduction of the exploration and development costs of the respective exploration and evaluation assets. Until such time that there is significant certainty with regard to collections and assessments, the Company will record any recovered tax credits at the time of receipt. No gain or loss is realized during the exploration stage until all carrying costs of the specific interest have been offset.

h) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

The fair value of the common shares issued in a private placement unit of shares and warrants is determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted price on the issuance date. The remaining proceeds, if any, are allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus. Management does not expect to record a value to the warrant in most equity issuances as unit private placements are commonly priced at market or at a permitted discount to market. If the warrants are issued as share issuance costs, the fair value of agent's warrants are measured using the Black-Scholes option pricing model and recognized in equity as a deduction from the proceeds.

Costs directly attributable to the issue of new shares are recognized in equity as a deduction from the proceeds. Costs attributable to the listing of existing shares are expensed as incurred.

i) Loss per Common Share

Basic loss per share is computed by dividing the net loss applicable to the common shares by the weighted average number of common shares outstanding during the period.

Diluted loss per common share is computed by dividing the net loss applicable to the common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. When a loss is incurred during the period; basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is anti-dilutive.

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements

May 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

3. Significant Accounting Policies – (cont'd)

j) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements

May 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

3. Significant Accounting Policies – (cont'd)

k) Flow-through Shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

l) Recent Accounting Pronouncements

The mandatory adoption of the following new and revised accounting standards on December 1, 2014 had no significant impact on the Company's condensed interim financial statements for the periods presented:

IAS 32 Financial Instruments: Presentation - In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement.

IAS 36 Impairment of Assets - In May 2013, the IASB issued an amendment to address the disclosure of information about the recoverable amount of impaired assets or a CGU for periods in which an impairment loss has been recognized or reversed. The amendments also address disclosure requirements applicable when and asset's or a CGU's recoverable amount is based on fair value less costs of disposal.

IFRIC 21 Levies - In May 2013, the IASB issued IFRIC 21, Levies ("IFRIC 21"), an interpretation of IAS 37, Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

m) Accounting Standards and Amendments Issued but Not Yet Effective

The following standards will be adopted by the Company effective December 1, 2016:

IAS 1 – Presentation of Financial Statements – In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgement in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements.

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements

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(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

3. Significant Accounting Policies – (cont'd)

m) Accounting Standards and Amendments Issued but Not Yet Effective

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - In May 2014, the IASB issued amendments to IAS 16 and IAS 38. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The following standards will be adopted by the Company effective December 1, 2018:

IFRS 9 – Financial Instruments - The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments (“IFRS 9”) which is intended to reduce the complexity in the classification and measurement of financial instruments.

IFRS 15 Revenue from Contracts with Customers - In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

4. Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

Mountain Boy Minerals Ltd.

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(Stated in Canadian Dollars)

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4. Critical Accounting Estimates and Judgments – (cont'd)

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

a) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

b) Title to Mineral Properties

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

c) Rehabilitation Provisions

Rehabilitation provisions have been determined to be \$Nil based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period.

d) Share-Based Payments

The Company uses the Black Scholes Option Pricing Model for valuation of share based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

e) Recognition of Deferred Tax Assets and Liabilities

The carrying amounts of deferred tax assets and liabilities are reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Changes in estimates of future taxable income can materially affect the amount of deferred income tax assets and liabilities recognized.

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements

May 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

5. Equipment

During the year ended November 30, 2015, the Company wrote-off its only remaining vehicle resulting in a loss of \$3,470.

6. Exploration and Evaluation Assets

a) Barbara Property

By an agreement dated September 21, 2006, the Company acquired a 50% interest in the Barbara property which consists of ten mineral claims situated in the Skeena Mining Division of British Columbia. The Company was required to complete an 800 metre drill program on the property (completed). The property is subject to a 2% net smelter return royalty to a director of the Company of which 1% may be purchased for \$500,000. During the year ended November 30, 2007, the Company acquired the remaining 50% interest in the property.

On January 11, 2010, pursuant to a binding letter of intent, the Company granted Great Bear Resources Ltd. (“Great Bear”) the option to acquire up to a 70% interest in the Barbara, Stro, Booze and George Copper properties.

On January 28, 2010, a formal option and joint venture agreement was completed. On April 1, 2010, the Company received TSX-V approval for the agreement and issued 600,000 common shares valued at \$0.20 per share as a finder’s fee with respect to this transaction. The agreement was amended October 28, 2010 in which Great Bear can earn the initial 50% interest in the Barbara and George Copper properties by paying \$158,000 (paid) and incurring \$5,500,000 in exploration expenditures on or before December 31, 2013 (incurred).

Great Bear could earn an additional 20% interest by completing a bankable feasibility study on or before December 15, 2015. Great Bear did not complete a bankable feasibility study by December 15, 2015 and therefore did not execute their option to acquire an additional 20% interest in the properties.

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements

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(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

6. Exploration and Evaluation Assets – (cont'd)

b) Red Cliff Property

The Company has a 100% interest in the Red Cliff claims which are located in the Skeena Mining Division of British Columbia. The Red Cliff property is subject to a 2% net smelter return royalty of which 1% may be purchased for \$1,000,000.

On November 19, 2008, Decade Resources Ltd. (“Decade”), a public company, with directors in common with the Company acquired a 60% interest in Red Cliff claims by incurring \$1,250,000 in exploration expenditures on the Red Cliff Claims. Decade became the operator of the property.

On October 31, 2011, the Company informed Decade that could not finance its share of exploration expenditures and therefore would have its interest diluted under the terms of the joint venture agreement. At October 31, 2011, the Company owed Decade \$435,785 in exploration expenditures related to its 40% interest in the Red Cliff property. Effective November 1, 2011, the Company agreed to dilute its interest by 5% in lieu of the \$435,785 thereby reducing its interest to 35%.

During the six months ended May 31, 2016, the Company incurred \$189 in joint venture exploration costs on the Red Cliff property. During the year ended November 30, 2015, the Company incurred \$7,266 in joint venture exploration costs on the Red Cliff property.

At May 31, 2016, the Company owed Decade \$189 for joint venture exploration costs on Red Cliff which is included in accounts payable and accrued liabilities.

At November 30, 2015, the Company owed Decade \$7,266 for joint venture exploration costs on Red Cliff which was included in accounts payable and accrued liabilities. This amount was repaid during the six months ended May 31, 2016.

At November 30, 2014, the Company had advanced Decade \$16,013 for joint venture exploration costs on the Red Cliff property. During the six months ended May 31, 2015, Decade refunded the exploration advances to the Company.

c) Mountain Boy Property

The Company has a 100% interest in seven mineral claims located in the Skeena Mining Division in the Province of British Columbia.

The claims are subject to a 2% net smelter return royalty which may be purchased for \$1,000,000, or one half of it may be purchased for \$500,000.

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements

May 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

6. Exploration and Evaluation Assets – (cont'd)

d) Silver Coin Properties

The Silver Coin claims are a group of thirty-two mineral claims located in the Skeena Mining Division of British Columbia.

Pursuant to an option agreement dated March 26, 2004, the Company acquired a 55% interest in four mineral claims contiguous to the Silver Coin claims known as the Indi claims. In addition, the Company acquired a 29.4% interest in the Kansas claim, a claim contiguous to the Silver Coin claims.

By an agreement dated July 29, 2004, the Company granted Jayden Resources Inc. (“Jayden”) the option to earn up to 51% of the Company’s interest in the Silver Coin, Kansas and Indi claims by incurring \$1,750,000 in exploration expenditures (incurred).

The Company and Jayden agreed to form a joint venture to further develop the claims. Under the terms of the option agreement, if either the Company or Jayden acquires properties within 10 km of the Silver Coin properties, such additional properties will be part of the joint venture.

On July 6, 2009, the Company signed an agreement with Jayden to sell 19% of the Silver Coin project (with the necessary adjustments to the Kansas and Indi claims percentages included) to Jayden for \$350,000 (received). As a result, Jayden owned a 70% interest in the Silver Coin project as a whole with the Company owning the remaining 30% interest.

Jayden could earn an additional 10% interest in the project by completing \$4,000,000 in exploration related expenditures by July 31, 2014.

During the year ended November 30, 2011, Jayden had completed the required expenditures and its interest was increased to 80%. The Company’s interest then became 20% and it remains a carried interest for all future exploration expenditures.

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements

May 31, 2016

(Stated in Canadian Dollars)

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6. Exploration and Evaluation Assets – (cont'd)

e) Other Properties

The Company has a 100% interest in mineral properties located in the Skeena Mining Division of British Columbia consisting of the following: the Stro property, the Booze property and the George Copper property.

Stro, Booze and George Copper Properties

As part of the binding letter of intent on the Barbara property, the Company granted Great Bear Resources Ltd. the option to acquire up to a 70% interest in the Stro, Booze and George Copper properties. See Note 6 (a) – Barbara Property.

The Company had a 100% interest in mineral properties located in the Skeena Mining Division of British Columbia consisting of the following: the FR property, the Dave property and the Marmot property.

FR and Dave Properties

On January 6, 2016, the Company sold the FR and Dave Properties for total proceeds of \$150,000. At November 30, 2015, the Company recorded an impairment loss of \$34,088 to write-down the properties to their estimated recoverable amounts, which were equal to the selling price. No disposal costs were incurred on the sale.

Marmot Property

On December 15, 2014, the Company sold the Marmot property for proceeds of \$5,000. The Company had recorded an impairment loss of \$5,275 to write-down the Marmot property to its estimated recoverable amount, which was equal to the selling price. No disposal costs were incurred on the sale.

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements

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(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

7. Share Capital

a) Authorized:

Unlimited common shares without par value

b) Issued:

At May 31, 2016 and at November 30, 2015 and 2014, the Company had 119,685,116 common shares issued and outstanding.

c) Commitments:

Share Purchase Warrants

A summary of share purchase warrant activity for the year ended November 30, 2015 is presented below:

	<u>Number</u>	<u>Weighted Average Exercise Price</u>
Outstanding, November 30, 2014	6,000,000	\$0.05
Expired	<u>(6,000,000)</u>	<u>\$0.05</u>
Outstanding, November 30, 2015	<u> -</u>	<u>\$ -</u>

At May 31, 2016 and November 30, 2015, there were no share purchase warrants outstanding.

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements

May 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)7. Share Capital – (cont'd)

c) Commitments: – (cont'd)

Stock Option Plan

The Company has a stock option plan under which the maximum number of stock options available for grant cannot exceed 20% of the issued and outstanding common shares of the Company at the date of the grant. Stock options may be granted for a maximum term of five years and expire 90 days from termination of employment or holding office as a director or officer of the Company. Unless otherwise stated, stock options vest when granted.

A summary of stock option plan activity for the year ended November 30, 2015 is presented below:

	November 30, <u>2015</u>	Weighted Average Exercise <u>Price</u>
Outstanding, beginning of year	5,674,000	\$0.15
Expired	<u>(5,674,000)</u>	\$0.10
Outstanding, end of year	<u> -</u>	\$0.17
Exercisable, end of year	<u> -</u>	\$0.17

At May 31, 2016 and November 30, 2015, there were no stock options outstanding.

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements

May 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)8. Related Party Transactions

The Company incurred the following charges by a director of the Company, by companies with directors in common with the Company and by a company managed by a director of the Company during the six months ended May 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Deferred exploration costs - geological	\$ 30,000	\$ -
Management fees	30,000	30,000
Office and miscellaneous	<u>4,500</u>	<u>-</u>
	<u>\$ 64,500</u>	<u>\$ 30,000</u>

Key Management Compensation

The Company considers its Chief Executive Officer and Chief Financial Officer to be key management. During the six months ended May 31, 2016 and 2015, the Company incurred \$30,000 in key management compensation. This amount is included in management fees in the above table.

Related Party Balances

At May 31, 2016, accounts payable and accrued liabilities includes \$189 (November 30, 2015: \$7,266) due to a public company with directors in common with the Company for exploration costs on the Red Cliff joint venture.

At May 31, 2016, accounts payable and accrued liabilities includes \$230,225 (November 30, 2015: \$234,300) due to a director of the Company, to companies with directors in common with the Company and to a company managed by a director of the Company.

The amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements

May 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

9. Non-Cash Transactions

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statements of cash flows. The following transactions were excluded from the statements of cash flows:

During the six months ended May 31, 2016:

- a) The Company incurred exploration and evaluation costs of \$30,189 which are included in accounts payable and accrued liabilities at May 31, 2016.

During the six months ended May 31, 2015:

- a) The Company capitalized depreciation on equipment of \$612 to exploration and evaluation costs.
- b) The Company incurred exploration and evaluation costs of \$7,266 which were included in accounts payable and accrued liabilities at May 31, 2015.

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements

May 31, 2016

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

10. Financial Instruments

The fair values of the Company's financial assets and liabilities approximate their carrying amounts because of their current nature.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, reclamation deposits, and accounts payable. Cash is designated at FVTPL and reclamation deposits are classified as loans and receivables. Accounts payable are classified as other financial liabilities.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is exposed to interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable are all current and due within 90 days of the balance sheet date. At May 31, 2016, the Company has a working capital deficiency of \$330,918 and will require additional financing to provide sufficient capital to meet its short-term financial obligations.

MOUNTAIN BOY MINERALS LTD.
CONDENSED INTERIM SCHEDULE OF EXPLORATION AND EVALUATION ASSETS
for the six months ended May 31, 2016
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	Barbara	Red Cliff	Mountain Boy	Silver Coin	Other Properties	Total
Property acquisition costs						
Balance, November 30, 2015	\$ 365,940	\$ 182,500	\$ 920,547	\$ 80,124	\$ 175,057	\$ 1,724,168
Proceeds on sale of exploration and evaluation assets	-	-	-	-	(150,000)	(150,000)
Balance, May 31, 2016	<u>365,940</u>	<u>182,500</u>	<u>920,547</u>	<u>80,124</u>	<u>25,057</u>	<u>1,574,168</u>
Deferred exploration costs						
Balance, November 30, 2015	3,568,843	3,677,342	1,531,994	2,754,336	115,753	11,648,268
Assays	-	-	-	-	-	-
Drilling	-	-	-	-	-	-
Equipment rental	-	-	-	-	-	-
Geological – Note 8	-	-	30,000	-	-	30,000
Labour	-	-	-	-	-	-
Supplies	-	189	1,277	-	-	1,466
	<u>-</u>	<u>189</u>	<u>31,277</u>	<u>-</u>	<u>-</u>	<u>31,466</u>
Balance, May 31, 2016	<u>3,568,843</u>	<u>3,677,531</u>	<u>1,563,271</u>	<u>2,754,336</u>	<u>115,753</u>	<u>11,679,734</u>
Write-down of exploration and evaluation assets	-	-	-	-	-	-
Total	<u>\$ 3,934,783</u>	<u>\$ 3,860,031</u>	<u>\$ 2,483,818</u>	<u>\$ 2,834,460</u>	<u>\$ 140,810</u>	<u>\$ 13,253,902</u>

MOUNTAIN BOY MINERALS LTD.
CONDENSED INTERIM SCHEDULE OF EXPLORATION AND EVALUATION ASSETS
for the year ended November 30, 2015
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	Barbara	Red Cliff	Mountain Boy	Silver Coin	Other Properties	Total
Property acquisition costs						
Balance, November 30, 2014	\$ 365,940	\$ 182,500	\$ 920,547	\$ 80,124	\$ 180,057	\$ 1,729,168
Proceeds on sale of exploration and evaluation assets	-	-	-	-	(5,000)	(5,000)
Balance, November 30, 2015	<u>365,940</u>	<u>182,500</u>	<u>920,547</u>	<u>80,124</u>	<u>175,057</u>	<u>1,724,168</u>
Deferred exploration costs						
Balance, November 30, 2014	3,568,843	3,670,076	1,530,346	2,754,336	149,841	11,673,222
Assays	-	-	-	-	-	-
Depreciation	-	-	612	-	-	612
Drilling	-	-	-	-	-	-
Equipment rental	-	-	-	-	-	-
Geological	-	7,266	-	-	-	7,266
Labour	-	-	-	-	-	-
Supplies	-	-	1,036	-	-	1,036
Balance, November 30, 2015	<u>3,568,843</u>	<u>3,677,342</u>	<u>1,531,994</u>	<u>2,754,336</u>	<u>149,841</u>	<u>11,682,356</u>
Write-down of exploration and evaluation assets	-	-	-	-	(34,088)	(34,088)
Total	<u>\$ 3,934,783</u>	<u>\$ 3,859,842</u>	<u>\$ 2,452,541</u>	<u>\$ 2,834,460</u>	<u>\$ 290,810</u>	<u>\$ 13,372,436</u>