Honey Badger Exploration Inc.

Unaudited Condensed Consolidated Interim Financial Statements

For the Three-Month Period Ended March 31, 2016

(Expressed in Canadian Dollars)

Notice of No Auditor Review of Interim Financial Statements

As per National Instrument 51-102 *Continuous Disclosure Obligations* Part 4.3 *Disclosure of Auditor Review,* the auditors of Honey Badger Exploration Inc. have not performed a review of these interim financial statements.

Responsibility for Financial Statements

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of the Company's management and were approved by the Company's audit committee and by the Board of Directors on May 30, 2016.

Honey Badger Exploration Inc.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)

	March 31, 2016	December 31, 2015
Assets		
Current Assets:		
Cash and cash equivalents	$ 188,793	$ 281,656
Marketable securities (note 3)	-	84,390
Accounts receivable	9,440	15,642
Prepaid expenses	-	20,040
Total Assets	**$ 198,233**	**$ 401,728**
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 55,959	$ 126,500
Flow-through provision (note 7)	335,015	335,015
Deferred flow-through premium (note 6)	80,865	80,865
Total Liabilities	471,839	542,380
Shareholders' Deficiency		
Share capital (note 8)	5,517,397	5,517,397
Contributed surplus	1,363,734	1,363,734
Warrant reserve (note 10)	257,285	257,285
Other comprehensive income (Loss)	-	(5,474)
Accumulated deficit	(7,412,022)	(7,273,594)
Total Shareholders' Deficiency	(273,606)	(140,652)
Total Liabilities and Shareholders' Deficiency	**$ 198,233**	**$ 401,728**

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

Nature of operations and going concern *(note 1)*

Commitments and contingencies *(note 11)*

Approved by the Board of Directors

Signed: *"John Sanderson"* Signed: *"Craig Scherba"*

Director Director

Honey Badger Exploration Inc.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Three-Month Period Ended March 31, 2016	March 31, 2015
Expenses		
Exploration expenditures (note 4)	$ 31,058	$ 32,296
Payroll and professional fees (note 5)	27,010	-
General and administrative	71,983	28,870
Deferred flow-through premium (note 6)	-	(7,365)
Interest expense	242	-
Realized loss from marketable securities (note 3)	8,135	-
Loss for the Period	(138,428)	(53,801)
Unrealized loss from marketable securities (note 3)	(2,661)	10,500
Realized gain from marketable securities in loss (note 3)	8,135	-
Loss and Comprehensive Loss for the Period	(132,954)	(43,301)
Loss per share – basic and diluted	$ (0.00)	$ (0.00)
Weighted average shares outstanding	79,130,517	77,330,517

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

Honey Badger Exploration Inc.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)

	Three-Month Period Ended	
	March 31, 2016	**March 31, 2015**
Operating Activities		
Loss for the Period	$ (138,428)	(53,801)
Adjustments for non-cash items:		
Deferred flow-through premiums	-	(7,365)
Interest income	-	(279)
Realized loss on disposal of marketable securities	8,135	-
Change in working capital items:		
Accounts receivable	6,202	23,163
Prepaid expenses	20,040	4,375
Accounts payable and accrued liabilities	(70,541)	10,992
Flow-through provision	-	-
Net cash used in operating activities	(174,592)	(22,915)
Investing Activities		
Interest income	-	279
Net cash provided by investing activities	-	279
Financing Activities		
Proceeds from private placement	-	-
Share issue costs	-	-
Proceeds on sale of marketable securities	81,729	-
Net cash provided by financing activities	81,729	-
Cash and Cash Equivalents		
Net (decrease) increase in cash and cash equivalents	(92,863)	(22,636)
Cash and cash equivalents - beginning of year	281,656	180,099
Cash and cash equivalents - end of year	188,793	157,463
Supplemental Disclosures:		
Unrealized gain (loss) on marketable securities	(2,661)	-
Interest received as cash	-	279

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

Honey Badger Exploration Inc.
Statements of Changes in Shareholder's Deficiency
(Expressed in Canadian Dollars)

	Shares #	Share Capital $	Contributed Surplus $	Warrant Reserve $	Accumulated Other Comprehensive Income (Loss) $	Accumulated Deficit $	Total $
Balance - December 31, 2014	**77,330,517**	**5,349,565**	**1,363,734**	**192,852**	**(43,600)**	**(7,147,426)**	**(284,875)**
Private Placement	4,000,000	200,000					200,000
Fair Value of Warrants Issued		(54,604)		54,604			-
Fair Value of Broker Warrants Issued		(9,829)		9,829			-
Fair Value of Flow-Through Premium		(40,000)					(40,000)
Cost of Issue		(27,735)					(27,735)
Shares Issued for Property Acquisition	10,000,000	100,000					100,000
Unrealized Gain on Marketable Securities					38,126		38,126
Loss for the year						(126,168)	(126,168)
Balance – December 31, 2015	**91,330,517**	**5,517,397**	**1,363,734**	**257,285**	**(5,474)**	**(7,273,594)**	**(140,652)**
Unrealized Loss on Marketable Securities					(2,661)		(2,661)
Realized loss on Marketable Securities in Loss					8,135		8,135
Loss for the Period						(138,428)	(138,428)
Balance – March 31, 2016	**91,330,517**	**5,517,397**	**1,363,734**	**257,285**	**-**	**(7,412,022)**	**(273,606)**

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

1. Nature of Operations and Going Concern

Honey Badger Exploration Inc. (the "Company") was founded in 1992 for the purpose of the acquisition, exploration, and development of mining properties. The Company's head office and the primary location of its registered records is 141 Adelaide Street West, Suite 520, Toronto, Ontario, M5H 3L5. The Company owns a wholly owned subsidiary 606596 Alberta Ltd.

The accompanying consolidated financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company is currently in the exploration stage and has not commenced commercial operations. As at March 31, 2016, the Company had a working capital deficit of $273,606 and an accumulated deficit of $7,412,022. These conditions cast significant doubt about the Company's ability to continue as a going concern.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company's ability to continue operations and fund its mining interest expenditures is dependent on management's ability to secure additional financing. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

Theses condensed consolidated interim financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore need to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements.

2. Significant Accounting Policies

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance and comply with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") using accounting principles consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). The accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period. Furthermore, the information on accounting standards effective in future periods and not yet adopted remains unchanged from that disclosed in the annual financial statements.

(b) Basis of presentation

These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements for the year ended December 31, 2015. These condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary 606596 Alberta Ltd., which is not active and has no assets in the current or prior year. All intercompany balances and transactions have been eliminated.

(d) Significant accounting judgements and estimates

The preparation of these condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and reported amounts of expenses during the reporting period.

Actual outcomes could differ from these estimates. The condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods.

Significant Accounting Judgments and Estimates and underlying assumptions are reviewed on an ongoing basis. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could have an effect on the amounts recognized in the condensed consolidated interim financial statements relate to the following:

Going concern

The preparation of the condensed consolidated interim financial statements requires management to make judgments regarding the going concern of the Company as previously discussed in Note 1 of the Financial Statements.

3. Marketable Securities

Marketable securities consist of available-for-sale securities over which the Company does not have significant influence or control.

During the three-month period ended March 31, 2016, the Company:

(a) Disposed of marketable securities for gross proceeds of $81,729 (2015: $nil).
(b) Reported an unrealized loss on the fair value of the securities of $2,661 to Other Comprehensive Income (2015: $10,500)
(c) Reported a realized loss on the sale of the securities of $8,135 to profit or loss (2015: $nil) from Other Comprehensive Income.

The following table sets out the changes to the marketable securities from December 31, 2015 to March 31, 2016:

	Balance December 31, 2015 $	**Net New Purchases $**	**Net Proceeds of Dispositions $**	**Fair Value Adjustments to OCI $**	**Balance March 31, 2016 $**
Marketable Securities	84,390	-	(81,729)	(2,661)	-

4. Mineral Properties

During the three-month period ended March 31, 2016, the Company incurred exploration and evaluation expenditures of $30,733 on the LG Diamond Property (2015: $nil), $nil on the Sagar Property (2015: $32,296) and $325 on other properties (2015: $nil).

The following table summarizes the cumulative exploration and evaluation expenditures the Company has incurred on its various properties:

	(a) LG Diamond Property $	(b) Sagar Property $	(c) Other Properties $	All Exploration Properties $
Balance – December 31, 2015	**162,349**	**80,539**	**2,331,250**	**2,574,678**
Acquisition Costs	-	-	-	-
Exploration & Evaluation	30,733	-	325	31,058
Balance – March 31, 2016	**193,082**	**80,539**	**2,331,575**	**2,605,736**

The Company has ownership interests in the following exploration projects:

(a) LG Diamond Property, Quebec

On September 29, 2015, the Company entered into an agreement with 9019-5504 Quebec Inc. (the "Vendor") to acquire the LG Diamond Project located in the Jamesie County Municipality, James Bay Region of Quebec. The property consists of 2,275 hectares and as consideration, the Company issued 10,000,000 common shares at a value of $0.01 each and granted a 2% net smelter returns ("NSR") royalty to the Vendor. One half, or 1% of the NSR can be bought back for $1,000,000 and the remaining 1% for $2,000,000. The purchase transaction closed on October 23, 2015.

Property Description

The LG Diamond project is located in the James Bay region of Quebec, on the boundary of major geological provinces near the intersection of two major crustal faults with proven kimberlite fertility. The property package consists of a cluster of 9 non-adjacent claim blocks (KB-1 to KB-9) with a total of 55 claims covering 2,275 hectares (see Figure 1). The claims are also in proximity to the trans-taiga gravel road and power lines servicing Hydro Quebec's regional network of massive hydroelectric power dams.

Previous work in the area has identified the existence of indicator minerals prospective to kimberlite exploration including forsterite, Diopside-Cr, Cromite and Pyrope in the vicinity of the claim blocks. Each claim block is centered on circular magnetic anomalies, which represents a possible kimberlite dyke.

The company is currently modelling and compiling historic geophysical data. A more detailed magnetic survey is planned in 2016 to better resolve the magnetic targets. Once the magnetic survey is completed a drilling program is expected to be initiated to test the prioritized anomalies, consisting of short 100-150m holes in the center of each anomaly to test the bedrock directly below.

4. Mineral Properties (Continued)

(b) Sagar Property, Quebec

On February 28, 2014, the Company entered into a purchase and sale agreement with Energizer Resources Inc. ("Energizer"), a company related by common management. On July 31, 2014 (the "Effective Date") the purchase and sale agreement was replaced by an option agreement (the "Option Agreement") entered into between the Company and Energizer pursuant to which the Company was granted an earn in option to acquire an interest in the Sagar Property in consideration of cash payments, share issuances and work commitment expenditures. This option agreement was further revised on May 8, 2015.

- To earn a 35% interest in the Sagar Property, the Company must pay Energizer $50,000 by December 31, 2015, incur work expenditures in the amount of $500,000 on the Sagar Property by December 31, 2016 and issue 20,000,000 of its common shares to Energizer by December 31, 2015.
- To earn a further 20% interest (55% in aggregate), the Company must pay Energizer a further $100,000 by December 31, 2016, incur work expenditures in the amount of $750,000 ($1,250,000 in aggregate) on the Sagar Property by December 31, 2017 and issue to Energizer the lesser of 15% of the Company's issued and outstanding shares or 35,000,000 shares on or before December 31, 2016, which includes the 20,000,000 initial shares.
- To earn a further 10% interest (65% in aggregate), the Company must pay Energizer a further $200,000 by December 31, 2017 and incur work expenditures in the amount of $1,250,000 ($2,500,000 in aggregate) on the Sagar Property by December 31, 2018.
- To earn a further 10% interest (75% in aggregate), the Company must pay Energizer a further $300,000 by December 31, 2018 and incur work expenditures in the amount of $2,000,000 ($4,500,000 in aggregate) on the Sagar Property by December 31, 2019.
- Once satisfied, the Company has an option to acquire the remaining 25% interest in the Sagar Property by paying Energizer an additional lump sum of $2,000,000 and issue the lesser of 19.5% of the Company's issued and outstanding shares or 60,000,000 shares (includes all shares previously issued).

Pursuant to the Option Agreement, the Company agreed to assume Energizer's royalty obligations in connection with the Sagar Property upon earning an interest in such property.

Pursuant to a letter of intent (the "Virginia Agreement") entered into on April 27, 2006 between Virginia Mines Inc. ("Virginia") and Energizer, Virginia holds a 1.5% net smelter return royalty (the "Virginia Royalty") affecting 182 mining claims included in the Sagar Property. In addition, Virginia had (i) a right of first refusal (the "Right of First Refusal") on any sale, assignment or transfer of Energizer's interests and a back in right ("Back In Right"). On July 17, 2014 Virginia entered into a waiver agreement ("Waiver") whereby it waived all of its rights under the Virginia Agreement in connection with the Right of First Refusal and the Back In Right. The Waiver is effective upon receipt by Virginia of 1,000,000 common shares of the Company. No shares have been granted to Virginia in connection with the Waiver.

As of December 31, 2015, the Company did not satisfy the terms of the option agreement, which has now lapsed, and will not pursue any further activities on the Sagar property.

(c) Other Properties

Other properties include:

- Bear Limonite Creek property in British Columbia, which remains in good standing but is not an exploration priority for the Company. The Limonite Creek Project consists of 2 claims covering 1,050 hectares in the westernmost part of the Telkwa Pass approximately 50 km southwest of Smithers, British Columbia with early stage copper and gold exploration targets. The property is currently available for option and the Company will not pursue any further activities on the property.

5. Related Party Transactions and Balances

Related parties as defined by IAS 24 *Related Party Disclosures* include the members of the Board of Directors, key management personnel and any companies controlled by these individuals. Key management personnel include those persons having authority and responsibility for planning, directing and controlling activities of the Company as a whole. Key management personnel for the Company consists of the CEO, CFO and VP Exploration.

The following transactions occurred with related parties during the three-month period ended March 31, 2016:

a) Key management personnel received cash compensation of $27,681 (2015 – $nil), which has been recorded as payroll and professional fees on the Statement of Loss and Comprehensive Loss.
b) A corporation controlled by the CFO received cash compensation of $13,225 (2015 – $nil), which has been recorded as payroll and professional fees on the Statement of Loss and Comprehensive Loss.

As of March 31, 2016 the following related party balances were outstanding:

a) Deferred compensation of $nil (2015: $138,650).

6. Deferred Premium on Flow-Through Shares

The Company has completed flow-through ("F/T") share financings resulting in commitments to the subscribers to incur Canadian exploration expenditures ("CEEs") prior to the end of specific calendar years. Flow-through shares and exploration expenditures qualifying as CEEs are defined in the Income Tax Act of Canada. The obligation to flow-through subscribers is recognized as a liability and has been calculated using a 20% rate applied against the gross proceeds of the flow-through financing. As qualifying CEE's are incurred during the relevant commitment period, the liability is subsequently proportionally reduced until the obligation to subscribers has been satisfied.

The following flow-through commitments were made:

a) The Company renounced $281,660 on December 31, 2014 under the look-back rule and had a shortfall of $206,597 as of December 31, 2015.
b) The Company renounced $200,000 on December 31, 2015 under the look-back rule and has committed to incurring $200,000 in CEEs by December 31, 2016.

The following table sets out the changes to the deferred premium on flow-through shares with unfulfilled CEE commitments from December 31, 2015 to March 31, 2016:

Flow-Through Financing Series	**CEE Commitments for the Calendar Year Ending**	**Deferred Premium December 31, 2015 $**	**Increase (Decrease) in Deferred Premium $**	**Recognition of Deferred Premium $**	**Deferred Premium December 31, 2015 $**
2014 F/T Series	December 31, 2015	40,865	-	-	40,865
2015 F/T Series	December 31, 2016	40,000	-	-	40,000
Totals		80,865	-	-	80,865

7. Provision for Flow-Through Shares

For the 2011 F/T series with CEE commitments for the calendar year ending December 31, 2012 there was uncertainty regarding the eligibility of certain expenditures as qualified CEEs. During the year ended December 31, 2013 the Company recorded a contingent provision of $100,973 calculated using a 35% combined rate applied against the initial estimated CEE shortfall. Based on the preliminary results of a CRA audit completed in March 2016 of qualified CEEs incurred during the year ended December 31, 2012 the contingent provision was increased during the year ended December 31, 2015 to $335,015.

The following table sets out the changes to the provision on flow-through shares with unfulfilled CEE commitments from December 31, 2015 to March 31, 2016:

Flow-Through Financing Series	**CEE Commitments for the Calendar Year Ending**	**Provision as of December 31, 2015 $**	**Increase (Decrease) in Part XII.6 Taxes $**	**Increase (Decreased) in Subscriber Liability $**	**Provision as of December 31, 2015 $**
2011 F/T Series	December 31, 2012	335,015	-	-	335,015
Totals		335,015	-	-	335,015

8. Share Capital

The authorized share capital consists of an unlimited number of common shares. The common shares have no par value. As at March 31, 2016 the Company had 91,330,517 issued and outstanding common shares (December 31, 2015: 91,330,517). All issued and outstanding common shares are fully paid.

(a) Common Share Financings

No shares were issued for property acquisitions during the period.

(b) Shares Issued for Property Acquisitions

No shares were issued for property acquisitions during the period.

9. Stock Options

The Company has a stock option plan (the "Plan") under which the Board of Directors of the Company may grant stock options to eligible participants including directors and officers of the Company. The fair value of share-based compensation is recognized as contributed surplus upon issuance.

The exercise price of the options cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years. There is no minimum vesting period. The maximum aggregate number of common shares under option at any time under the Plan cannot exceed 10% of the issued shares.

All outstanding stock options vested immediately upon being granted.

The following is a continuity schedule for each series of stock options outstanding from December 31, 2015 to March 31, 2016:

Expiry Date	Outstanding December 31, 2014 #	Granted #	Expired or Cancelled #	Outstanding December 31, 2015 #	Exercise Price $
June 30, 2016	1,590,000	-	-	1,590,000	0.10
July 19, 2016	875,000	-	-	875,000	0.10
October 5, 2016	1,435,000	-	-	1,435,000	0.10
Total	3,900,000	-	-	3,900,000	0.10

10. Warrants

The Company has issued warrants as part of equity financings. The fair value of warrants is recognized upon issuance as an equity reserve until expiration or exercise.

The following is a continuity schedule for each series of warrants outstanding from December 31, 2015 to March 31, 2016:

Expiry Date	Outstanding December 31, 2014 #	Issued #	Expired or Cancelled #	Outstanding December 31, 2015 #	Exercise Price $	Warrant Fair Value $
September 27, 2016	7,010,000	-	-	7,010,000	$0.20	99,300
December 12, 2016	427,000	-	-	427,000	$0.05	16,952
December 12, 2019	6,449,800	-	-	6,449,800	$0.05	76,600
December 24, 2018	2,000,000	-	-	2,000,000	$0.055	54,604
December 24, 2018	360,000	-	-	360,000	$0.055	9,829
Total	16,246,800	-	-	16,246,800	$0.12	$257,285

11. Commitments and Contingency

(a) Statement of Claim

The Company was named, jointly and severally with three other corporations, which are all related parties due to common management, in a Statement of Claim filed December 15, 2015 by the former Chief Financial Officer requesting damages of $250,000 for wrongful dismissal. The outcome is indeterminable at this time and as such no provision has been recorded for the contingency.

(b) Severance

The Company reached a settlement agreement with its former CEO, whereby the Company will pay a total severance of $27,000 through a series of payments until December 31, 2017.

(c) Management Contracts

The Company is a party to a management contract. This contract contains clauses requiring that up to $48,000 could be paid upon a change of control of the Company. As the likelihood of this event taking place is not determinable, such contingent payment has not been reflected in these consolidated financial statements.

12. Capital Management

As of March 31, 2016 the Company had a working capital deficit of $273,606.

There were no changes in the Company's approach to capital management during the three-month period ended March 31, 2016.

In managing liquidity, the Company’s primary objective is to ensure the entity can continue as a going concern while raising additional funding to meet its obligations as they come due. The Company’s operations to date have been funded by issuing equity. The Company expects to improve the working capital position by securing additional financing.

The Company’s investment policy is to invest excess cash in very low risk financial instruments such as term deposits or by holding funds in high yield savings accounts with major Canadian banks. Financial instruments are exposed to certain financial risks, which may include currency risk, credit risk, liquidity risk and interest rate risk.

The Company’s mineral property interests are all in the exploration stage, as such the Company is dependent on external financing to fund its exploration activities and administrative costs. Management continues to assess the merits of mineral properties on an ongoing basis and may seek to acquire new properties or to increase ownership interests if it believes there is sufficient geologic and economic potential.

Management mitigates the risk and uncertainty associated with raising additional capital in current economic conditions through cost control measures that minimizes discretionary disbursements and reduces exploration expenditures that are deemed of limited strategic value.

The Company manages the capital structure (consisting of shareholders’ deficiency) on an ongoing basis and makes adjustments in response to changes in economic conditions and risks characteristics of its underlying assets. Adjustments to the Company capital structure may involve the issue of new shares, issue of new debt, acquisition or disposition of assets, or adjustments to the amounts held in cash, cash equivalents and short-term investments.

The Company is not subject to any externally imposed capital requirements.

13. Financial Instrument Risk Factors

The following disclosures are to enable users of the consolidated financial statements to evaluate the nature and extent of risks arising from financial instruments at the end of the reporting year:

a) Credit risk

The Company's credit risk is the risk of counterparty default on cash and cash equivalents held on deposit with financial institutions. The Company manages this risk by ensuring that deposits are only held with large Canadian banks and financial institutions. The Company's accounts receivable are sales tax receivables with negligible counterparty default risk.

b) Liquidity risk

The Company's liquidity risk is the risk that Company has insufficient funds to settle its contractual financial liabilities. The Company manages this risk by ensuring sufficient funds are available as contractual cash flows become due.

As at March 31, 2016, the Company had a cash balance of $188,793 (December 31, 2015: $281,656) to settle current liabilities of $471,839 (December 31, 2015: $542,380). The Company is exposed to liquidity risk. While the Company has been successful in obtaining required funding in the past, there is no assurance that future financings will be available.

c) Market risks

The Company's market risk arises from changes in interest rates and commodity prices that could have an impact on profit and loss. This includes:

- Interest rate risk, is the sensitivity of the fair value or of the future cash flows of a financial instrument to changes in interest rates. The Company does not have any financial assets or liabilities that were subject to variable interest rates.
- Commodity price risks, particularly with respect to diamonds, is the sensitivity of the fair value of or of the future cash flows of mineral assets. The Company manages this risk by continually monitoring base and precious metal prices and commodity price trends to determine the appropriate timing for funding the exploration or development of its mineral assets, or for the acquisition or disposition of mineral assets. The Company does not have any mineral assets at the development or production stage carried at historical cost. The Company has expensed the acquisition and exploration costs of its exploration stage mineral assets.
- Marketable securities risk, is the sensitivity of the fair value of marketable securities to supply and demand for particular marketable securities. The Company manages this risk by continually monitoring the market pricing and trends of its portfolio of securities to determine the appropriate timing to complete any acquisitions or dispositions. The Company has determined the marketable securities risk at year-end is minimal as the Company sold its portfolio of marketable securities in January 2016.
- Currency risk, is the sensitivity of the fair value or of the future cash flows of financial instruments to changes in foreign exchange rates. The Company does not have any financial assets or liabilities that were subject to variable foreign exchange rates and as such the Company is not subject to currency risk.

14. Subsequent Events

- On April 26, 2016 the Company issued 2,275,000 flow-through units ("FT Units") at a price of $0.04 per FT Unit and 3,433,332 common share units ("Common Units") at a price of $0.03 per Common Unit. Each FT Unit consists of one common share issued on a "flow-through" basis, as defined in the Income Tax Act (Canada), and one common share purchase warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.07 for a period of three years. Each Common Unit consists of one common share and one common share purchase warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.05 for a period of three years. In connection with the financing, the Company also paid cash compensation of $22,500 and issued 456,667 compensation warrants, with each compensation warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.10 for a period of three years.

- On May 26, 2016 the Company announced an agreement to acquire 29 claims located approximately 20km south east of Wemindji, in the James Bay region of Quebec. The consideration for the acquisition is the issuance of 3,000,000 common shares of the Company and the payment of $5,000 cash to the property vendor, Resources D. Villeneuve Inc. ("RDVI") and the issuance of 1,000,000 shares and the payment of $5,000 cash to Sparton Resources Inc. ("SRI"). Honey Badger will also grant of a 2% net smelter return ("NSR") royalty to the property vendors (1% in favor of RDVI and 1% in favor of SRI). All, or the 2% NSR may be bought back from the vendors for $2,000,000. The vendors are at arm's length to the Company.