GPM METALS INC.

CONDENSED INTERIM

CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED

MARCH 31, 2016

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of GPM Metals Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements as at and for the three months ended March 31, 2016 have not been reviewed by the Company's auditors.

GPM METALS INC.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

		As at March 31, 2016		As at December 31, 2015
ASSETS				
Current assets				
Cash	**$**	**812,390**	$	1,000,998
Short-term investments (note 3)		**5,000**		17,500
Accounts receivable and other assets (note 4)		**372,310**		521,792
Total current assets		**1,189,700**		1,540,290
Non-current assets				
Property and equipment		**4,491**		4.548
Total assets	**$**	**1,194191**	$	1,544,838
LIABILITIES AND EQUITY				
Current liabilities				
Amounts payable and other liabilities	**$**	**377,829**	$	381,657
Capital and reserves				
Share capital (note 5)		**23,718,447**		23,718,447
Capital surplus		**8,097,958**		8,087,678
Warrant reserve (note 8)		**4,996,495**		4,996,495
Deficit		**(35,996,538)**		(35,639,439)
Total capital and reserves		**816,362**		1,163,181
Total liabilities and equity	**$**	**1,194,191**	$	1,544,838

Nature of operations (note 1)
Subsequent events (note 13)

Approved on behalf of the Board:

(Signed) , Director

(Signed) , Director

GPM METALS INC.

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended March 31, 2016	2015
Operating expenses		
General and administrative (note 9)	**$ 218,751**	$ 180,024
Foreign exchange gain	**5,406**	(54,749)
Exploration and evaluation expenditures (note 11)	**121,452**	134,223
Amortization	**-**	
Operating loss	**(345,609)**	(259,498)
Interest income	**1,010**	3,431
Gain on sale of properties (note 11(c))		632,224
Unrealized loss on short-term investments	**(12,500)**	
Net income (loss) and comprehensive income (loss) for the period	**$ (357,099)**	$ 376,157
Basic and diluted net income (loss) per common share (note 7)	**$ (0.01)**	$ 0.01
Weighted average number of common shares outstanding (note 7)	**61,525,357**	55,527,256

GPM METALS INC.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended March 31, 2016	2015
Operating activities		
Net income (loss) for the period	**$ (357,099)**	$ 376,157
Adjustments for:		
Amortization	**-**	
Unrealized foreign exchange (gain)/loss	**1,687**	(54,749)
Gain on sale of properties (note 11(c))		(632,224)
Unrealized loss on short-term investments	**12,500**	
Share based payments (note 6)	**10,279**	13,601
Non-cash working capital items:		
Accounts receivable and other assets	**149,492**	(26,446)
Amounts payable and other liabilities	**(5,467)**	(49,474)
Net cash used in operating activities	**(188,608)**	(373,135)
Investing activity		
Proceeds from sale of properties (note 11(c))		350,000
Net cash provided by investing activity		350,000
Net change in cash	**(188,608)**	(23,135)
Cash, beginning of period	**1,000,998**	2,299,287
Effect of foreign exchange rate fluctuation on cash held		54,375
Cash, end of period	**$ 812,390**	$ 2,330,527

GPM METALS INC.

Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

			Reserves			
	Share capital	**Shares to be issued**	**Capital surplus** (note 6)	**Warrant reserve** (note 8)	**Deficit**	**Total**
Balance, December 31, 2014	**$ 23,165,127**	**$ 6,500**	**$ 8,033,943**	**$ 4,563,401**	**$(34,307,900)**	**$ 1,461,071**
Share based payments (note 6)	-	-	13,601	-		13,601
Net income and comprehensive income for the period	-	-	-	-	376,157	376,157
Balance, March 31, 2015	**$ 23,165,127**	**$ 6,500**	**$ 8,047,544**	**$ 4,563,401**	**$(33,931,743)**	**$ 1,850,829**

			Reserves			
	Share capital	**Shares to be issued**	**Capital surplus** (note 6)	**Warrant reserve** (note 8)	**Deficit**	**Total**
Balance, December 31, 2015	**$ 23,718,447**	**$ -**	**$ 8,087,678**	**$ 4,996,495**	**$(35,639,439)**	**$ 1,163,181**
Share based payments (note 6)	-	-	10,280	-	-	10,280
Net income and comprehensive income for the period	-	-	-	-	(357,099)	(357,099)
Balance, March 31, 2016	**$ 23,718,447**	**$**	**8,097,958**	**$ 4,996,495**	**$(35,996,538)**	**$ 816,362**

1. Nature of operations

GPM Metals Inc. (the "Company" or "GPM") was incorporated under the Alberta Business Corporation Act on March 16, 1994 under the name of Minera Sierra Madre Inc. Effective December 15, 1999, the Company changed its name to MSA Capital Corp. and, subsequently, on October 28, 2002, changed its name to Coronation Minerals Inc. On April 5, 2004, the Company filed articles of continuance and was continued under the Business Corporations Act (Ontario). On August 17, 2009, the Company announced that it had filed articles of amendment to change its name to Guyana Precious Metals Inc. Effective August 27, 2013, the Company changed its name to GPM Metals Inc. The primary office is located at 141 Adelaide Street West, Suite 1205, Toronto, Ontario, M5H 3L5.

These unaudited condensed interim consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

While the Company has no source of revenue, it expects to fund it’s corporate & exploration costs for the next year from the non-brokered private placement which will raise aggregate gross proceeds of up to $4,250,000.
See Note 13(ii) – Subsequent Events.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and noncompliance with regulatory and environmental requirements.

2. Significant accounting policies

(a) Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of June 1, 2015, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2014, except as noted below. Any subsequent changes to IFRS that are given effect in the Company’s annual consolidated financial statements for the year ending December 31, 2015 could result in restatement of these unaudited condensed interim consolidated financial statements.

(b) Change in accounting policies

There have been no changes to accounting policies during the three months ended March 31, 2016.

(c) Recent accounting pronouncements

(i) IFRS 9 – Financial Instruments (“IFRS 9”) was issued in final form in July 2014 by the IASB and will replace IAS 39 - Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

(ii) IFRS 11 – Joint Arrangements (“IFRS 11”) was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted. The Company is currently assessing the impact of this pronouncement.

(iii) IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted. The Company is currently assessing the impact of this pronouncement.

3. Short-term investments

		As at March 31, 2016		As at December 31, 2015
Prophecy Coal Corp. common shares	**$**	**5,000**	$	17,500

4. Accounts receivable and other assets

		As at March 31, 2016		**As at December 31, 2015**
Harmonized sales tax recoverable - (Canada)	**$**	**34,477**	$	144,075
Sales tax recoverable - (Australia)		**5,608**		41,117
Accounts receivable				
Prepaid expenses		**32,226**		36,600
Amount due from Bartica Investments Ltd. ("Bartica") (note 11(c))		**300,000**		300,000
	$	**372,311**	$	521,792

5. Share capital

On July 16, 2015, the Company filed articles of amendment to consolidate the Company’s issued and outstanding common shares on the basis of one (1) new common share for every two (2) existing common shares, effective as of July 16, 2015 (the “Consolidation”). Shareholder approval of the Consolidation was obtained at the Company’s annual and special meeting of shareholders held on June 24, 2015.

The Consolidation has been reflected in these unaudited condensed interim consolidated financial statements and all applicable references to the number of shares, warrants and stock options and their exercise price and per share information has been restated.

(Expressed in Canadian Dollars)

5. Share capital (continued)

a) Authorized share capital

The authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

At March 31, 2016, the issued share capital amounted to $23,718,447. The changes in issued share capital for the periods were as follows:

	Number of common shares	Amount
Balance, December 31, 2015, March 31, 2016	61,525,357	$ 23,718,447

6. Stock options

The following tables reflect the continuity of stock options for the periods ended March 31, 2016 and March 31, 2015:

	Number of stock options	Weighted average exercise price ($)
Balance, December 31, 2014	**4,662,500**	**0.40**
Cancelled	(1,437,500)	0.74
Balance, March 31, 2015	**3,225,000**	**0.26**
Weighted average exercise price for vested options		**0.26**

	Number of stock options	Weighted average exercise price ($)
Balance, December 31, 2015	**2,325,000**	**0.20**
Cancelled	-	
Balance, March 31, 2016	**2,325,000**	**0.20**
Weighted average exercise price for vested options		**0.21**

(Expressed in Canadian Dollars)

6. Stock options (continued)

The following table reflects the actual stock options issued and outstanding as of March 31, 2016:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
November 7, 2016	0.28	.03	125,000	125,000	
February 17, 2017 (iii)	0.10	.07	1,575,000	1,575,000	
June 26, 2017	0.10	.60	125,000	125,000	
September 7, 2020	0.115	.96	500,000	250,000	250,000
~~6. Stock options (continued)~~		**1.65**	**2,325,000**	**2,075,000**	**250,000**

(i) On February 17, 2014, the Company granted 1,575,000 options to certain directors, officers and consultants of the Company at a price of $0.20 per share. The fair value of these options at the date of grant of $0.1168 was estimated using the Black-Scholes valuation model with the following assumptions: a three year expected term; a 134% expected volatility based on historical trends; risk free interest rate of 1.21%; share price at the date of grant of $0.16; and an expected dividend yield of 0%. The grant date fair value assigned to these options was $183,960. These options, which will vest by 25% upon date of grant and by 25% on each of the 6, 12 and 18 month anniversaries of the date of grant, will expire on February 17, 2017. For the three months ended March 31, 2016, the impact on salaries and benefits was nil (three months ended March 31, 2015 - $9,283). For the three months ended March 31, 2016, the impact on consulting fees was nil (three months ended March 31, 2015 - $4,328).

(ii) On September 7, 2015 the Company granted 500,000 options to a certain officer of the Company at a price of $0.115 per share. The fair value of these options at the date of grant of $0.105 was estimated using the Black-Scholes valuation model with the following assumptions: a five year expected term: a 137% expected volatility based on historical trends: risk free interest rate of 0.75%; share price at the date of grant of $0.12; and an expected dividend yield of 0%. The grant date fair value assigned to these options was $52,500. These options, which will vest by 25% upon date of grant and by 25% on each of the 6, 12 and 18 month anniversaries of the date of grant, will expire on September 7, 2020. For the three months ended March 31, 2016 the impact on salaries and benefits was $10,280.

7. Net loss per common share

The calculation of basic and diluted income per share for the three months ended March 31, 2016 was based on the loss attributable to common shareholders of $357,099 (three months ended March 31, 2015 - income of $376,157) and the weighted average number of common shares outstanding of 61,525,357 (three months ended March 31, 2015 – 55,257,257). Diluted income (loss) per share did not include the effect of 2,325,000 stock options (March 31, 2015 – 3,225,000 stock options) and 3,000,000 warrants (March 31, 2015 - 18,700,000 warrants) as they are anti-dilutive or not in the money.

(Expressed in Canadian Dollars)

8. Warrants

The following table reflects the continuity of warrants for the periods ended March 31, 2016 and March 31, 2015:

	Number of warrants	Weighted average exercise price ($)
Balance, December 31, 2013, March 31, 2014, December 31, 2014 and March 31, 2015	**9,350,000**	**0.20**

The following table reflects the actual warrants issued and outstanding as of March 31, 2016:

Number of warrants outstanding	Fair value	Exercise price	Expiry date
3,000,000	$ 438,000	$0.28	May 27, 2017

9. General and administrative

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Salaries and benefits	**$ 64,991**	$ 24,283
Consulting fees	**30,000**	38,718
Administrative and general	**58,808**	46,523
Reporting issuer costs	**6,384**	13,794
Accounting fees	**6,168**	22,375
Professional fees	**44,794**	28,404
Insurance	**7,605**	5,927
	$218,751	$ 180,024

10. Related party balances and transactions

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The transactions noted below are in the normal course of business and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

(a) GPM entered into the following transactions with related parties:

	Notes	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Bruce Rosenberg	(i)	**$ 7,685**	$ 16,046
1140301 Ontario Ltd.	(ii)		3,000
Alan Ferry	(iii)	**3,000**	
Doug Lewis	(iv)	**3,000**	3,000
Alexander Po	(v)	**3,000**	7,400
Harry Burgess	(vi)	**3,000**	3,000
J. Patrick Sheridan	(vii)	**30,000**	30,000

(Expressed in Canadian Dollars)

10. Related party balances and transactions (continued)

(i) Bruce Rosenberg is a director of the Company. Fees related to legal services provided by Mr. Rosenberg and director's fees. As at March 31, 2016, he was owed $4,685 (March 31, 2015 - $11,630) and these amounts were included in amounts payable and other liabilities.

(ii) Director fees paid to a company controlled by Alan Ferry, director of the Company.

(iii) (iv) (v) (vi) Director fees paid to directors of the Company. No fees are owing to any Director.

(vii) Chief Executive Officer ("CEO") fees.

(b) Remuneration of Directors and key management personnel of the Company was as follows:

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Total salaries and benefits [1]	**$ 45,000**	$ 45,000
Total share based payments	**$ 10,279**	$ 9,283

[1] Salaries and benefits include director fees. The Board of Directors and select officers do not have employment or services contracts with the Company. Directors are entitled to director fees and stock options for their services and officers are entitled to stock options for their services.

The above noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors.

11. Exploration and evaluation expenditures

The Company enters into exploration agreements or permits with other companies or foreign governments pursuant to which it may explore, or earn interests in mineral properties by issuing common shares and/or making option or rental payments and/or incurring expenditures in varying amounts by varying dates. Failure by the Company to meet such requirements can result in a reduction or loss of the Company’s ownership interests or entitlements under the agreements or permits.

(a) Coppermine River Project

The Company held a 100% interest in mining lease number 2797 located in the Coronation Gulf area, west of the Coppermine River (Coppermine River Property), approximately 60-75 km southwest of Kugluktuk, Nunavut, Canada.
Pursuant to a settlement, release, and quit claim agreement dated and effective July 3, 2015 the company was released from its obligation related to its interest in mining lease number 2797 of the Coppermine River Project. In consideration of the Coppermine River Project, GPM paid Victoria Copper Inc. the sum of $150,000 on July 27, 2015. GPM was released of any further obligations and has no further liabilities and has no ownership interest pursuant to the original agreements. GGI which had a residual net smelter royalty interest also released its interest in the property. The Company recognized a gain on disposal of $591,667.

(b) Rory Group

The Company has a 100% interest in the Rory Group consisting of 265 staked claims located in the Yukon Territory, Canada.

11. Exploration and evaluation expenditures (continued)

(c) Peters and Aremu properties

The Peters Mine Property is located approximately 80km west-southwest of Bartica, a town in north-central Guyana in which the Essequibo, Mazaruni, and Cuyuni rivers meet, and approximately 140km southwest of Georgetown, the capital and largest city of Guyana, located in the Demerara-Mahaica region. The Aremu property comprises ten mining permits located about 60km west of Bartica and south of the Aremu River. At March 29, 2015, the Company held a bond for US$15,000, held in trust for potential future restoration, rehabilitation and environmental obligations on the properties. The bond was disposed of on March 30, 2015. See below for details.

On January 7, 2015, GPM entered into a definitive agreement for the sale of its properties in Guyana, together with the interest of GPM in all property, assets and rights ancillary to the properties, to Bartica for an aggregate cash payment to the Company of $650,000 (the "Sale Transaction"). The cash consideration shall be paid to GPM as follows:

(a) $350,000 to be paid on the closing date of the Sale Transaction (received); and
(b) $300,000 to be paid on or prior to the first anniversary of the closing date of the Sale Transaction.

The Sale Transaction constitutes a "related party transaction" because Bartica is a company in which Patrick Sheridan, an officer, director and significant shareholder of the Company, holds an interest.

On March 31, 2015, GPM announced it has completed the Sale Transaction effective March 30, 2015.

(d) Walker Gossan Project

On January 27, 2014, the Company, through its wholly owned subsidiary DPG Resources Australia Pty Limited entered into, an Earn-In/Joint Venture Agreement with Rio Tinto Exploration Pty Limited ("Rio Tinto"), a wholly owned subsidiary of Rio Tinto Limited covering base metal exploration and development rights, in relation to certain granted exploration tenements and tenement applications in McArthur Basin Mining District, Northern Territory, Australia (the "Walker Gossan project").

Rio Tinto and GPM have entered into a definitive Two Stage Earn-In/Joint Venture Agreement granting GPM an initial 51% interest under certain conditions that include:

<u>Stage One</u>
1. Payment of Australian Dollar ("AUD") $1,000,000 on signing (paid);
2. Minimum expenditure of AUD$2,000,000 within 3 years of effective date;
3. Combined expenditures of AUD$20,000,000 over a 10 year period; and
4. Milestone payments within the combined expenditures as follows:
   (i) AUD$100,000 upon the grant of licenses to all of the properties;
   (ii) AUD$1,000,000 upon the completion of the first drill hole on the Walker Gossan project; and
   (iii) AUD$4,000,000 upon the completion of a resource study that shows an indicated status for minimum 20 million tons of greater than 8% combined lead and zinc, or lead, zinc and silver, within the licensed area or a Decision to Mine being made.

<u>Stage Two</u>
GPM may increase its interest to 75% by completing a Feasibility Study within 3 years of completing Stage One. Rio Tinto may elect to contribute pursuant to its participating share, not contribute and be diluted or convert its interest into a Net Smelter Return (2.5%) royalty. There are rights of first refusal on purchase and sale of interest for both parties at fair market value. GPM will be responsible for all negotiations with the Northern Land Council for consent to issue the exploration license applications and work programs to be conducted by GPM under its sole rights or as operator.

(Expressed in Canadian Dollars)

11. Exploration and evaluation expenditures (continued)

(e) Pasco Gold Property

On September 15, 2014, the Company, through its wholly owned subsidiary Chaska Resources SAC, entered into a definite agreement to purchase 100% interest in the exploration concession known as Pasco Gold 1, which consists of 1000 hectares of land, located in the district of Huachon, Province of Pasco, in the Republic of Peru (the "Purchase").

On September 3, 2015, the company completed the acquisition of the property with total consideration as follows:
(a) Payment of USD $13,000 (paid); and
(b) Issuance of 50,000 common shares of GPM (issued).

(f) The following is a detailed list of expenditures incurred on the Company's mineral properties:

	Three Months Ended March 31, 2016	2015
Canada		
Advance royalty payments		25,000
Maintenance costs		21,083
Geologist	15,625	
Other	6,229	
	21,854	46,083
Australia		
Access fee	**-**	
General	**1,371**	29,531
Consulting	**50,788**	35,814
	52,159	65,345
Peru		
General	**47,439**	22,795
	47,439	22,795
	$ 121,452	$ 134,223

12. Segmented information

As at March 31, 2016, the Company operates primarily in three reportable geographical segments, being the exploration for minerals in Canada, Australia and Peru. Until January 7, 2015 it also operated in Guyana. The Company maintains a head office in Toronto, Canada.

Three months ended March 31, 2016

	Guyana	Canada	Australia	Peru	Total
Revenues	$	$ 1,010	$	$	$ 1,010
Net income (loss) and comprehensive income (loss)	$	$ (250,637)	$ (59,023)	$ (47,439)	$ (357,099)

(Expressed in Canadian Dollars)

Segmented information (continued)

Three months ended March 31, 2015

	Guyana	Canada	Australia	Peru	Total
Revenues	$ 632,224	$ 3,424	$ 7	$ -	$635,655
Net loss and comprehensive loss	$ 622,388	$ (133,496)	$ (89,940)	$ (22,795)	$ 376,157

As at March 31, 2016

	Guyana	Canada	Australia	Total
Non-current assets	$ -	$ -	$ 4,491	$ 4,491

As at December 31, 2015

	Guyana	Canada	Australia	Total
Non-current assets	$	$	$	$

13. Subsequent events

(i) On March 29, 2016, the Company announced that it and Lago Dourado minerals (“Lago”) have agreed upon terms of a proposed acquisition (the “Acquisition”) by Lago from GPM of GPM’s interest in the Weebigee Project in the Sandy Lake district, northwestern Ontario. These Interests include a 100% interest in 1,400 contiguous claim units known as the “East Block” as well as GPM’s right to earn up to a 70% interest in the Weebigee Project, also known as the “Northwest” claim block (collectively, the “Project”)

GPM has agreed to sell its interests in consideration of the issuance of 40,000,000 common shares of Lago (the “Consideration Shares”). It is a condition to the completion of the Acquisition that GPM shall effect a distribution of the Consideration Shares to its shareholders immediately following the closing of the Acquisition (the “Share Distribution”). Following the closing of the Acquisition, the board of directors of Lago shall be increased to consist of fine (5) directors, three (3) of which shall be nominees of Lago and two (2) of which shall be nominees of GPM. In addition, it is proposed that Lago change its name to Sandy Lake Gold Inc.
Concurrently with the Acquisition, Lago will complete a private placement to raise minimum gross proceeds of $1,000,000 of which a minimum of $750,000 will be raised pursuant to the sale of “flow-through” securities and a minimum of $250,000 will be raised pursuant to the sale of non-”flow-through” securities (the “Financing”) upon terms yet to be determined.

The Acquisition will be a “non-arm’s length” transaction between the parties within the meaning of the TSXV policies and may be subject to a vote of disinterested shareholders due to the fact that (i) Mr. Daniel no one serves as a director of both Lago and GPM (Mr. Noone owns 102,300 common shares of Lago representing 1.09% of common shares outstanding and owns 1,642,000 common shares of GPM representing 2.67% of common shares outstanding): and (ii) Rosseau Asset Management Ltd. (“Rosseau”) is a significant shareholder of both companies (Rosseau owns 2,374,674 common shares of Lago representing 25.19% of common shares outstanding and owns 9.500.000 common shares of GPM representing 15.44% of common shares outstanding).

Accordingly, Lago will be required to obtain shareholder approval of the Acquisition in accordance with the regulations of the TSXV. In addition, GPM will be required to obtain shareholder approval of the distribution and Share Distribution, and may also be required to obtain shareholder approval of the Acquisition if required by the TSXV. The boards of directors of each of Lago and GPM formed special committees comprised entirely of independent directors in

13. Subsequent events (continued)

order to consider and make recommendations with respect to the proposed Acquisition.

The Acquisition remains subject to various conditions including the execution of a definitive agreement, receipt of all requisite shareholder, third party and regulatory approvals (including, without limitation, the approval of the TSXV).

(ii) On April 18, 2016, the Company announced a non-brokered private placement (the “Offering”) pursuant to which it will issue up to 25,000,000 common shares (“Shares”) at a price of $0.15 per share to raise aggregate gross proceeds of up to approximately $3,750,000. In connection with the Offering, GPM may pay a finder’s fee to certain qualified registrants assisting in the Offering in the amount equal to 5% of the gross proceeds raised by such finders and issue such number of broker warrants (“Broker Warrants”) to such finders as is equal to 5% of the number of shares placed by such finders. Each Broker warrant will entitle the holder thereof to acquire one Share at an exercise price of $0.15 for a period of 12 months. Insiders of the Company may subscribe for up to 15,000,000 Share in the Offering.

On April 29, 2016 the Company announced it has amended the terms of the proposed non-brokered private placement Which will now consist of up to 25,000,000 special warrants at a price of $0.15 per Special Warrant to raise aggregate gross proceeds of up to $3,750,000. Each Special Warrant will automatically convert into one common share of the Company without additional payment or action by the holder on the date will is four months following the closing of the Offering. The Offering is expected to close on or about May 13, 2016 and remains subject to the receipt of all regulatory approvals.

On May 2, 2016 the Company announced it has increased the size of its previously announced non-brokers private placement which will now consist of up to 28,333,333 special warrants at a price of $0.15 per Special Warrant to raise aggregate gross proceeds of up to $4,250,000.

On May 20, 2016 the non-brokered private placement successfully closed raising aggregate gross proceeds of $4,250,000.

(iii) During April 2016 the definitive agreement for the sale of the Peters and Aremu properties was amended to extend the payment terms of the $300,000 due on or prior to March 30, 2016. The amended payment terms are as follows: $200,000 payable by April 30, 2016 and $100,000 payable by May 31, 2016.

(iv) On April 22, 2016, Goldeye issued a press release asserting their belief that they should be a 50/50 participant in the East Block claims. In the original agreement Goldeye was to make a payment at the end of September 2015. As this payment was not made by Goldeye, it is management’s view that the terms of the original agreement were not complied with and as a result, the additional interests (the 1,400 claims) would not be part of this agreement.