OPAWICA EXPLORATIONS INC.

(An Exploration Stage Company)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Opawica Explorations Inc.

We have audited the accompanying financial statements of Opawica Explorations Inc. which comprise the statements of financial position as at August 31, 2015 and 2014 and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Opawica Explorations Inc. as at August 31, 2015 and 2014, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to these financial statements which describes the existence of a material uncertainty that may cast significant doubt about the ability of Opawica Explorations Inc. to continue as a going concern.

/S/ Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
December 23, 2015

OPAWICA EXPLORATIONS INC.
STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS AUGUST 31, 2015 AND 2014
(Expressed in Canadian Dollars)

	Note	2015 $	2014 $
Assets			
Current assets			
Cash and cash equivalents		6,844	56,403
Investments	5	-	19,541
Amounts and other receivable		1,201	23,708
Prepaid expenses		2,397	10,644
Total current assets		10,442	110,296
Non-current assets			
Exploration and evaluation assets	6	165,922	119,016
Equipment	7	3,612	12,894
Total non-current assets		169,534	131,910
Total assets		179,976	242,206
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables		26,585	20,562
Due to related parties	12	701	8,386
Total current liabilities		27,286	28,948
Shareholders' equity			
Share capital	8	32,680,431	32,583,102
Contributed surplus	8	1,566,735	1,566,735
Accumulated deficit		(34,094,476)	(33,936,579)
Total shareholders' equity		152,690	213,258
Total liabilities and shareholders' equity		179,976	242,206

Nature of operations and going concern (Note 1)
Subsequent events (Note 16)

These financial statements were approved and authorized for issue by the Board of Directors on December 23, 2015 and are signed on its behalf by:

/s/"Ferdynand (Fred) Kiernicki" Director * /s/"Paul Antoniazzi"* Director

The accompanying notes form an integral part of these financial statements.

OPAWICA EXPLORATIONS INC.

STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014
(Expressed in Canadian Dollars)

	Note	2015 $	2014 $
Expenses			
Depreciation	7	1,642	2,942
Employee costs	10	39,239	153,175
Finance expense		(161)	519
General and administrative	10	104,377	323,061
Impairment loss of exploration and evaluation assets	6 c)	-	545,176
Total expenses before other items		(145,097)	(1,024,873)
Other items	10	(12,800)	(95,404)
Net loss and comprehensive loss for the year		(157,897)	(1,120,277)
Loss per common share, basic and diluted		(0.01)	(0.10)
Weighted average number of common shares outstanding		19,307,496	11,158,403

The accompanying notes form an integral part of these financial statements.

OPAWICA EXPLORATIONS INC.
STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Share Capital (post-consolidation Note 8) $	Contributed Surplus $	Accumulated Deficit $	Total $
Balance at August 31, 2013	32,387,188	1,566,735	(32,816,302)	1,137,621
Net loss for the year	-	-	(1,120,277)	(1,120,277)
Shares issued	202,500	-	-	202,500
Shares issue costs	(6,586)	-	-	(6,586)
Balance at August 31, 2014	32,583,102	1,566,735	(33,936,579)	213,258
Net loss for the year	-	-	(157,897)	(157,897)
Shares issued	102,029	-	-	102,029
Share issue costs	(4,700)	-	-	(4,700)
Balance at August 31, 2015	32,680,431	1,566,735	(34,094,476)	152,690

OPAWICA EXPLORATIONS INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014
(Expressed in Canadian Dollars)

	Note	2015 $	2014 $
Cash flows from operating activities			
Net loss for the year		(157,897)	(1,120,277)
Items not involving cash:			
Depreciation	7	1,641	2,942
Loss on disposal of equipment	7	2,641	325
Loss on disposal of investments	5	18,330	100,443
Gain on settlement of debt	10	(8,171)	-
Unrealized loss on investments	6 c)	-	(4,885)
Impairment of exploration and evaluation assets		-	545,176
Changes in non-cash working capital accounts			
Amounts and other receivables		22,507	(230)
Prepaid expenses		8,247	3,519
Trade and other payables		14,194	(23,253)
Total cash used in operating activities		(98,508)	(496,240)
Cash flows from investing activities			
Expenditures on exploration and evaluation assets		(46,906)	(96,817)
Proceeds from sale of equipment	7	5,000	(2,069)
Proceeds from sale of investment		1,211	467,576
Redemption of term deposits		-	471,391
Total cash flows provided by (used in) investing activities		(40,695)	840,081
Cash flows from financing activities			
Proceeds from share issuance		102,029	200,000
Share issuance costs		(4,700)	(6,586)
Repayments to related parties		(7,685)	(628,759)
Total cash flows provided by financing activities		89,644	(435,345)
Total decrease in cash during the year		(49,559)	(91,504)
Cash and cash equivalents, beginning of year		56,403	147,907
Cash and cash equivalents, end of year		6,844	56,403
Supplemental Cash Flow Information			
Interest paid		-	-
Taxes paid		-	-

Non-cash transactions (Note 15)

1. NATURE OF OPERATIONS AND GOING CONCERN

Opawica Explorations Inc.'s business activity is the exploration and evaluation of mineral properties in Canada. Opawica Explorations Inc. ("the Company") was incorporated under the *Business Corporations Act* (Ontario) on September 17, 1975 and was continued into British Columbia by Certificate of Continuation issued under the *Business Corporations Act* (British Columbia) on September 29, 2006. The Company is listed on the TSX Venture Exchange, having the symbol OPW-V, as a Tier 2 mining issuer. The address of the Company's corporate office and principal place of business is 300 - 555 West Georgia Street, Vancouver, British Columbia, Canada.

The Company has not generated revenue from operations. The Company incurred a net loss of $157,897 during the year ended August 31, 2015, has accumulated losses of $34,094,476 since inception and expects to incur further losses in the development of its business, all of which forms a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to raise financing and generate future profitable operations. As the Company is in the exploration stage, the recoverability of costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

2. BASIS OF PREPARATION

Statement of Compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issue by the Board of Directors on December 23, 2015.

Basis of Measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. The Company's functional and presentation currency is the Canadian dollar.

Use of estimates

The preparation of these financial statements, in compliance with IFRS, requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. Significant areas requiring the use of management estimates and judgements are described in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, demand deposits with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

b) Mineral Exploration and Evaluation Assets

All costs related to the acquisition, exploration and development of resource properties are capitalized and classified as intangible assets. Upon commencement of commercial production, the related accumulated costs are amortized to income using the unit of production method over estimated recoverable ore reserves. Management periodically assesses carrying values of non-producing properties for impairment and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that have lapsed, the unrecoverable amounts are expensed.

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the existence of economically recoverable ore reserves and the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Company has not yet determined whether any of its mineral properties contains economically recoverable reserves. Amounts capitalized as exploration and evaluation assets represent costs incurred to date, less write-downs and recoveries, and does not necessarily reflect present or future values.

When options are granted on resource properties or properties are sold, proceeds are reflected as a reduction of the cost of the property. If sale proceeds exceed costs, the excess is reported as a gain.

c) Equipment

Equipment is recorded at cost, less accumulated depreciation. Depreciation is calculated using the following rates and methods:

Computer equipment	20% straight line basis
Computer software	30% declining balance basis
Office furniture and equipment	20% declining balance basis

d) Impairment of Non-Financial Assets

Equipment is regularly tested for recoverability or whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Impairment of exploration and evaluation assets is generally considered to have occurred if one of the following factors are present: the rights to explore have expired or are near to expiry with no expectation of renewal, no further substantive expenditures and planned, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, indications in an area with development likely to proceed that the carrying amount is unlikely to be recovered in full by development or by sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Impairment of Non-Financial Assets (continued)

The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Value in use is determined using discounted estimated future cash flows of the relevant asset. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are cash-generating units.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

e) Financial Instruments

Financial Assets

The Company's financial assets are classified into various categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and Receivables

Other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at period end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Amounts receivable is classified as loans and receivables.

Fair Value Through Profit or Loss Investments

Financial assets are classified as fair value through profit or loss ("FVTPL") if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of a portfolio of identified financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. Cash and cash equivalents and investment in RT Minerals Corp. ("RTM") and San Gold Corporation ("SGR") are classified as FVTPL.

Held to Maturity Investments

Held to maturity ("HTM") investments are recognized on a trade-date basis and are measured at amortized cost. The Company does not have any assets classified as HTM investments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial Instruments (continued)

Available-For-Sale Investments

Available-For-Sale ("AFS") financial assets are initially recognized at fair value. Subsequently, gains and losses arising from changes in fair value are recognized in other comprehensive income. When an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the other comprehensive income is included in profit or loss for the period. The Company does not have any assets classified as AFS financial assets.

Financial Liabilities

The Company has the following non-derivative financial liabilities: trade payable and due to related parties.

Financial liabilities classified as other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition other financial liabilities are measured at amortized cost. Accounts payable and amounts due to related parties are classified as other financial liabilities.

Transaction costs associated with financial assets classified at fair value through profit or loss are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset. All financial liabilities are initially recorded at fair value and designated upon inception at fair value through profit or loss or other financial liabilities.

f) Investments

Investments in companies over which the Company exercises significant influence are accounted for using the equity method. According to this method, the investments are recorded at cost and subsequently adjusted annually for the Company's pro-rata share of income or loss of the investee company and reduced by the amount of any dividends received and any impairment recognized on the investments.

g) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. At each financial position reporting date presented the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Deferred Income Taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under this method, deferred income taxes and liabilities are recognized to reflect the expected deferred tax consequences arising from temporary differences between the carrying value and the tax bases of the deferred tax assets and liabilities, and are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred income tax assets are recognized to the extent that it is probable the asset will be realized.

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 it is probable that future taxable profit will allow the deferred tax asset to be recovered.

i) 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, stock options, share warrants and flow-through shares are classified as equity instruments.

The proceeds from the issue of units are allocated between common shares and share purchase warrants on a pro-rata basis based on relative fair values. The fair value of common shares is based on the market closing price on the date the units are issued and the fair value of common share purchase warrants is determined using the quoted market price or if the warrants are not traded, the Black-Scholes option pricing model. Equity instruments issued to agents as financing costs are measured at their fair value at the date of grant. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Flow-Through Shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred and renounced, the Company derecognizes the liability. The derecognition of the liability is recorded as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource exploration expenditures within a two-year period. Any portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through share proceeds.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Loss Per Share

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

Diluted loss per common share is computed by dividing the net loss applicable to 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. This follows the treasury stock method in which the dilutive effect on loss per share is recognized based on the proceeds that could be obtained from the exercise of options, warrants, and similar instruments. It assumes the proceeds would be used to purchase common shares at the average market price during the year.

k) Share-based Payments

The Company operates an incentive stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and are recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued. If it is determined that the fair value of the goods or services cannot be reliably measured, it would then be recorded at the date the goods or services were received. The fair value of share-based compensation is charged to the statement comprehensive income (loss) with a corresponding credit recorded to contributed surplus. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

The fair value of options is determined using a Black–Scholes option pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

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 operations and comprehensive loss/income over the remaining vesting period.

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.

The Black-Scholes model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Adoption of New and Revised Standards and Interpretations

The IASB issued a number of new and revised IASs, IFRSs, amendments and related IFRICs which are effective for the Company's financial year beginning on September 1, 2014. The mandatory adoption of these standards did not have a significant impact on the Company's financial statements. Specifically, the Company has adopted all the following new standards relevant to the Company for the year ended August 31, 2015:

- IAS 32 'Financial Instruments: Presentation' - Amendments

On May 29, 2013, the IASB made amendments to the disclosure requirements of IAS 36, requiring disclosure, in certain instances, of the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal, when an impairment loss is recognized or when an impairment loss is subsequently reversed.

- 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 cash-generating until ("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

New Accounting Standards, Interpretations and Amendments to Existing Standards

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended August 31, 2015, and have not been applied in preparing these financial statements.

The following new standards, amendments and interpretations that have not been early adopted in these financial statements, are not expected to have a material effect on the Company's future results and financial position:

- IFRS 15 – Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued and replaces 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 single five –step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Early application is permitted.

- IFRS 9 'Financial Instruments'

IFRS 9 is part of the IASB's wider project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets, amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

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.

Information about critical estimates and judgements 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 expenditures requires judgment in determining whether 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 impairment, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

b) Title to Mineral Property Interests

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) Income Taxes

Significant judgment is required in determining the provision for income taxes and the recognition of deferred income taxes. Certain transactions and calculations undertaken during the ordinary course of business may have an ultimate tax determination that is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes that they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than any amount recognized as current or deferred taxes.

d) Going Concern

As described in Note 1, management uses its judgement in determining whether the Company is able to continue as a going concern.

(Expressed in Canadian Dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

e) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in Note 9.

5. INVESTMENTS

a) RT Minerals Corp. ("RTM")

Pursuant to an agreement dated January 6, 2014, the Company agreed to settle $18,256 in indebtedness owing by RT Minerals Corp., a company with common directors, with the receipt of 304,260 common shares of RTM having a fair value of $0.06 per share.

During the year ended August 31, 2014, the Company sold 60,000 shares of RTM for net proceeds of $4,230, resulting in the recognition of a gain of $630.

During the year months ended August 31, 2015, the Company sold 244,260 shares of RTM for net proceeds of $1,211, resulting in the recognition of a loss of $18,330.

A summary table of the Company's investment in RTM is as follows:

	Number of shares	Amount $
Balance, August 31, 2013	-	-
RTM shares received	304,260	18,256
Proceeds on sale	(60,000)	(4,230)
Gain on sale	-	630
Unrealized gain	-	4,885
Balance, August 31, 2014	244,260	19,541
Proceeds on sale	(244,260)	(1,211)
Loss on sale	-	(18,330)
Balance, August 31, 2015	-	-

(Expressed in Canadian Dollars)

5. INVESTMENTS (continued)

b) San Gold Corporation ("San Gold" or "SGR") (continued)

During the year ended August 31, 2014, the Company sold its remaining 2,822,000 shares of San Gold Corporation for net proceeds of $463,327, resulting in the recognition of a loss of $101,073.

A summary table of the Company's investment in SGR is as follows:

	Number of shares	Amount $
Balance, August 31, 2013	2,822,000	564,400
Proceeds on sale	(2,822,000)	(463,327)
Loss on sale	-	(101,073)
Balance, August 31, 2014 and 2015	-	-

6. EXPLORATION AND EVALUATION ASSETS

Total costs incurred on exploration and evaluation assets are summarized as follows:

	TKL Teck $	**Bro $**	**Teck $**	**Total $**
Balance, August 31, 2013	-	113,361	443,670	557,031
Exploration Costs:				
Administration	-	-	3,750	3,750
Data/Drafting/Reporting	-	-	105	105
Facility Rental	1,150	-	12,950	14,100
General Geology	-	-	16,000	16,000
Project Management	1,880	-	49,100	50,980
Road Access	1,250	-	-	1,250
Site Meals/Lodge/Auto	125	-	3,121	3,246
Stripping/Trenching	1,250	-	-	1,250
Subtotal	5,655	-	85,026	90,681
Acquisition Costs	-	-	16,480	16,480
Write off of unsuccessful exploration expenditure	-	-	(545,176)	(545,176)
Balance, August 31, 2014	5,655	113,361	-	119,016
Exploration Costs:				
Assaying & Development	1,690	-	-	1,690
Data/Drafting/Reporting	4,838	-	-	4,838
Drilling	24,795	-	-	24,795
Facility Rental	1,150	-	-	1,150
Project Management	6,720	-	-	6,720
Road Access	3,775	-	-	3,775
Site Meals/Lodge/Auto	367	-	-	367
Surveying	1,600	-	-	1,600
Subtotal	44,935	-	-	44,935
Acquisition Costs	1,971	-	-	1,971
Balance, August 31, 2015	52,561	113,361	-	165,922

6. EXPLORATION AND EVALUATION ASSETS (continued)

a) TKL Teck Property (Kirkland Lake, Ontario)

Pursuant to an agreement dated October 17, 2012, the Company acquired the option to purchase a 100% interest in four patented mineral claims located near Kirkland Lake in northeastern Ontario, collectively known as the TKL Teck Property. The Company exercised the option by completing $50,000 in work expenditures on the property and title to the claims was transferred to the Company on April 21, 2015. The claims are subject to a 2% NSR and 2% Gross Overriding Receipts royalty in favor of the vendor, one-half of which can be purchased by the Company for $1,000,000 cash at any time. The Company shall have the right of first refusal to purchase the remaining one half (1%) royalty.

b) Bro Property (South Eastern Yukon Territory)

Pursuant to an agreement dated October 28, 2009, the Company acquired a 100% interest in four mineral claims known as the Bro Property located about 120 road kilometres southeast of Faro, Yukon Territory, Canada, for consideration of the issuance of 166,666 post-consolidation common shares of the Company (issued November 5, 2009). The property is subject to a 2% net smelter royalty, of which the Company may purchase one-half at any time for $1,000,000. A finder's fee of 12,500 common shares was paid in connection with the acquisition.

c) Teck-Kirkland Property (Kirkland Lake, Ontario)

Pursuant to an agreement dated September 10, 2012, the Company acquired an option to purchase a 100% interest in 46 mineral claims located near Kirkland Lake in northeastern Ontario, collectively known as the Teck-Kirkland Property. Several of the claims are subject to certain underlying royalties and a portion of the Property is subject to a 2% NSR in favour of the vendor, one-half of which can be purchased by the Company for $1,000,000 within five years of the date the Agreement is accepted by the TSX Venture Exchange (the "Acceptance Date"), that being October 3, 2012.

In order to exercise the Option, the Company was required to pay the vendor a total of $125,000 in cash, issue a total of 250,000 common shares of the Company (the "Shares") and incur a total of $1,000,000 in work expenditures, all over a period expiring November 30, 2016.

The Company decided to abandon the Option as of November 30, 2014, and accordingly $545,176 in exploration and acquisition costs were written off as an impairment loss during the year ended August 31, 2014.

(Expressed in Canadian Dollars)

7. EQUIPMENT

	Office Furniture and Equipment $	Computer Equipment $	Computer Software $	Total $
Cost				
Balance at August 31, 2013	18,763	5,708	407	24,878
Additions	256	1,813	-	2,069
Disposals	-	(5,277)	-	(5,277)
Balance at August 31, 2014	19,019	2,244	407	21,670
Disposals	(15,197)	-	-	(15,197)
Balance at August 31, 2015	3,822	2,244	407	6,473
Depreciation				
Balance at August 31, 2013	5,243	5,197	346	10,786
Depreciation for the year	2,717	207	18	2,942
Disposals	-	(4,952)	-	(4,952)
Balance at August 31, 2014	7,960	452	364	8,776
Depreciation for the year	1,180	449	13	1,642
Disposals	(7,557)	-	-	(7,557)
Balance at August 31, 2015	1,583	901	377	2,861
Carrying amounts				
At August 31, 2014	11,059	1,792	43	12,894
At August 31, 2015	2,239	1,343	30	3,612

During the year ended August 31, 2015, the Company sold some office furniture for proceeds of $5,000 and a net book value at the time of sale of $7,557 and recognized a loss of $2,641 which is recorded in other items on the statement of comprehensive loss (Note 10).

8. SHARE CAPITAL

a) Common Shares

The Company is authorized to issue an unlimited number of common shares.

The holders of common shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

i) On November 4, 2013, the Company issued 41,666 common shares valued at $0.06 per share in connection with the Teck-Kirkland property agreement described in Note 6(c).

ii) On December 18, 2013, the Company received shareholders' approval of its proposed consolidation of the Company's issued and outstanding common shares on the basis of one (1) post-consolidation common share for every twelve (12) pre-consolidation common shares then issued and outstanding (the "Share Consolidation"). The TSX Venture Exchange approved the Share Consolidation with an effective date of December 24, 2013.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

iii) On December 27, 2013, the Company raised gross proceeds of $200,000 by way of a non-brokered private placement consisting of 2,000,000 flow-through units (the "FT Units") and 2,000,000 non flow-through units (the "NFT Units"). Each FT Unit and NFT Unit is priced at $0.05 and is comprised of a share and a warrant exercisable at $0.06 for a term of two years (in the case of the FT Units) and five years (in the case of the NFT Units).

In relation to the December 27, 2013 flow-through financing, the Company was required to incur $99,800 Canadian exploration expenditures by December 31, 2014 under the look back rule.

During the year ended August 31, 2015, the Company completed its current exploration program on the TKL Teck property and incurred an aggregate of $73,704 in exploration expenditures in relation to the December 27, 2013 flow-through financing. The Company amended its Income Tax Act (Canada) filings to reduce the expenses renounced by $26,096. The Company settled any issues arising from the estimated sundry shortfall of certain flow-through tax credits by paying the affected subscriber the nominal amount of $1.00 and the subscriber executed a release of liability to the Company.

iv) On December 29, 2014, the Company raised gross proceeds of $102,029 by way of a non-brokered private placement consisting of 10,202,900 common shares at a price of $0.01 per share.

As a result of the Share Consolidation, the number of shares presented in these financial statements and the calculated weighted average number of common shares issued and outstanding for the purpose of earnings per share calculation are based on the post-consolidation shares for all years presented.

The following is a summary of changes in common share capital from August 31, 2013 to August 31, 2015:

	Number of Shares	**Amount $**
Balance at August 31, 2013	8,417,308	32,387,188
Shares issued via unit private placement	4,000,000	200,000
Less share issue costs	-	(6,586)
Issued for Teck property acquisition	41,666	2,500
Balance at August 31, 2014	12,458,974	32,583,102
Shares issued via private placement	10,202,900	102,029
Less share issue costs	-	(4,700)
Balance at August 31, 2015	22,661,874	32,680,431

b) Preferred Shares

The Company is authorized to issue an unlimited number of preference shares. No preference shares have been issued since the Company's inception.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

c) Contributed Surplus

	August 31, 2015 $	August 31, 2014 $
Warrants	205,980	205,980
Share Options	1,360,755	1,360,755
Contributed Surplus	1,566,735	1,566,735

d) Share Purchase Warrants

The following is a summary of changes in warrants from August 31, 2013 to August 31, 2015:

	Number of Warrants	Weighted Average Exercise Price
Balance at August 31, 2013	483,326	$1.20
Issue of warrants	4,000,000	$0.06
Exercise of warrants	-	-
Expiry of warrants	(483,326)	$1.20
Balance at August 31, 2014 and 2015	4,000,000	$0.06

As at August 31, 2015 and 2014, the Company had outstanding and exercisable warrants as follows:

Number of Warrants Outstanding and Exercisable			
August 31, 2015	August 31, 2014	Exercise Price per Share	Expiry Date
2,000,000	2,000,000	$0.06	December 27, 2015
2,000,000	2,000,000	$0.06	December 27, 2018
4,000,000	4,000,000		

(Expressed in Canadian Dollars)

9. SHARE-BASED PAYMENTS

a) Stock Options

On April 6, 2010, the Company's Board of Directors approved the Company's Share Option Plan (the "Plan"), which incorporates the TSX Venture option plan policies effective December 15, 2008. The Plan is a 10% rolling plan, meaning the aggregate number of Common Shares issuable as options under the Plan may be up to 10% of the Company's issued and outstanding Common Shares at the date options are granted, less Common Shares reserved for issuance on exercise of options then outstanding under the Plan. The Plan is administered by the Board and options are granted at the discretion of the Board to eligible optionees. The Plan was approved by the Company's shareholders on April 30, 2010, and became effective as of that date. All outstanding options are rolled into and deemed granted under the Plan. Options granted under the plan are subject to vesting terms determined by the Board of Directors of the Company.

The Company had no share options outstanding and exercisable at August 31, 2015 and 2014.

10. NATURE OF INCOME AND EXPENSES

	2015 **$**	**2014** **$**
Other items include:		
Unrealized gains (losses) on investments	-	4,885
Loss on sale of investments (Note 5)	(18,330)	(100,443)
Loss on disposal of equipment (Note 7)	(2,641)	(325)
Gain on settlement of debt	8,171	-
Interest income	-	479
	(12,800)	(95,404)
Employee costs include:		
Consulting fees	9,839	8,473
Management fees	714	55,000
Salaries and benefits	28,686	89,702
	39,239	153,175
General and administrative expenses include:		
Accounting and legal fees	34,637	59,117
Business development	5,800	36,176
Filing fees	10,261	13,826
Insurance	6,210	7,607
Investor communications	4,318	24,783
Office expenses	9,761	53,560
Rent	20,069	30,381
Travel and automobile	13,321	97,611
	104,377	323,061

During the year ended August 31, 2015, $20,000 was paid for the settlement of $28,171 in accounts payable and a gain on settlement was recognized in the amount of $8,171 (2014 - $nil) which is recorded as other items on the statement of comprehensive loss.

(Expressed in Canadian Dollars)

11. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2015	2014
Combined statutory tax rate	26.00%	26.00%
	$	$
Income tax recovery at combined statutory rate	(41,053)	(291,352)
Non-deductible expenses and other	(5,913)	475,268
Change in tax rates	-	-
Change in unrecognized deferred tax assets	46,966	(183,916)
Income tax expense	-	-

Significant components of the Company's unrecognized deferred tax assets (liabilities) are shown below:

	2015	2014
	$	$
Investment	-	(1,270)
Equipment	2,884	4,422
Share issue costs	2,687	7,978
Exploration and evaluation assets	571,457	571,457
Non-capital and capital loss carry-forwards	1,428,493	1,375,968
Total deferred income tax assets	2,005,521	1,958,555
Unrecognized deferred tax assets	(2,005,521)	(1,958,555)
Net deferred tax assets	-	-

As at August 31, 2015, the Company has available for deduction against future taxable income non-capital losses of approximately $648,824 (2014 - $483,216), which will expire beginning in 2034. The Company has available for deduction against future taxable capital gains net-capital losses of approximately $4,845,382 (2014 - $4,838,665) which can be carried forward indefinitely.

12. RELATED PARTY TRANSACTIONS

The following is a summary of the Company's related party transactions during 2014 and 2015:

a) Office Expenses

Office expenses of $19,117 (2014 – $24,747) were recovered from a company with common directors that is co-tenant to the Company's office premises lease. At August 31, 2015, $1,123 (2014 – $14,901) was included in amounts and other receivable. These transactions were in the normal course of operations and have been recorded at their exchange amounts.

(Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS (continued)

b) Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the chief executive officer and chief financial officer. Key management personnel compensation is comprised of the following:

	2015 $	2014 $
Short term employee benefits and director fees	34,025	164,955
	34,025	164,955

During the year ended August 31, 2015, the Company paid $26,591 (2014 - $68,975) in salary to the Chief Financial Officer which is included in employee costs on the statement of comprehensive loss (Note 10).

During the year ended August 31, 2015, the Company paid $7,434 (2014 - $95,980) in consulting and project management fees to directors and officers of the Company as well as companies with common directors.

As at August 31, 2015, the Company has $701 (2014 - $8,386) due to related parties which consists of amounts owed to directors and officers of the Company as well as companies with common directors for salaries, fees and expense reimbursements, which is due on demand, unsecured and is non-interest bearing.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair values

The Company's financial instruments includes cash and cash equivalents, investments, amounts receivable, trade payables and amounts due to related parties. The fair value of these financial instruments approximates their carrying values due to the relative short-term maturity of these instruments.

The following table summarizes information regarding the carrying and fair values of the Company's financial instruments:

	2015		2014	
	Fair Value $	Carrying Value $	Fair Value $	Carrying Value $
FVTPL assets (i)	6,844	6,844	75,944	75,944
Loans and receivables (ii)	1,123	1,123	18,601	18,601

(i) Cash and cash equivalents, investments
(ii) Other receivable

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

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

Level 3 - Inputs for the asset or liability that are not based on observable market data.

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

As at August 31, 2015	Level 1 $	Level 2 $	Level 3 $	Total $
Cash	6,844	-	-	6,844

The Company believes the recorded values of all other financial instruments approximate their current fair values because of their nature and respective maturity dates.

Credit risk

Credit risk is the risk of an unexpected loss associated with counterparty's inability to fulfill its contractual obligations. Management evaluates credit risk on an ongoing basis and monitors activities related to amounts and other receivable including the amounts of counterparty concentrations. The primary sources of credit risk for the Company arise from its financial assets consisting of cash and cash equivalents and other receivable. The carrying value of these financial assets represents the Company's maximum exposure to credit risk. To minimize credit risk the Company only holds its cash and cash equivalents with high credit chartered Canadian financial institutions. As at August 31, 2015, the Company has no financial assets that are past due or impaired due to credit risk defaults.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities consist of its accounts payable and amounts due to related parties. The Company handles its liquidity risk through the management of its capital structure as described in Note 14. All of the Company's financial liabilities are due on demand, do not generally bear interest and are subject to normal trade terms.

The following are the contractual maturities of financial liabilities as at August 31, 2015:

	Carrying Amount $	Contractual Cash Flows $	Within 1 year $	Within 2 years $	Within 3 years $	Over 3 years $
Trade payables	3,769	3,769	3,769	-	-	-
Due to related parties	701	701	701	-	-	-
Total	4,470	4,470	4,470	-	-	-

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading, available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. The Company is not exposed to significant interest rate risk as the Company has no interest bearing debt. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in gold and metal prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. All of the Company's financial instruments are denominated in Canadian dollars and all current exploration occurs within Canada. In management's opinion there is no significant foreign exchange risk to the Company.

14. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can support continued development of its exploration and evaluation assets, pursue the acquisition and exploration of other mineral interests, and to maintain a flexible capital structure for its projects for the benefit of its shareholders and other stakeholders. The Company is not exposed to externally imposed capital requirements.

The Company consider items included in shareholders' equity to be capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, option its properties for cash from optionees, enter into joint venture arrangements, return capital to its shareholders or adjust the amount of cash and cash equivalents.

15. NON-CASH TRANSACTIONS

Non-cash Financing and Investing Activities	2015 $	2014 $
Shares issued for expenditures on exploration and evaluation assets	-	2,500

16. SUBSEQUENT EVENTS

Loan

On December 2, 2015 the Company entered into a loan agreement for $9,000 from a third party. The loan is unsecured on due on demand with interest at 8% per annum.