

OPAWICA EXPLORATIONS INC.

(An Exploration Stage Company)

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MAY 31, 2015 AND 2014

UNAUDITED

NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

These unaudited condensed interim financial statements have been prepared by management of the Company and have not been reviewed by the Company's independent auditor.

OPAWICA EXPLORATIONS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS MAY 31, 2015 AND 2014 (UNAUDITED – SEE “NOTICE TO READER” BELOW)

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed interim financial statements for the periods ended May 31, 2015 and 2014.

NOTICE TO READER OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The financial statements of Opawica Explorations Inc. and the accompanying condensed interim statements of financial positions as at May 31, 2015 and the condensed interim statements of comprehensive loss, statements of changes in equity and cash flows for the nine months ended May 31, 2015 and 2014 are the responsibility of the Company’s management. These financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company, Manning Elliott LLP.

The financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with International Financial Reporting Standards. The Audit Committee of the Board of Directors, consisting of three members, has reviewed the financial statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

“Ferdynand (Fred) Kierncki”

Ferdynand (Fred) Kiernicki
Chief Executive Officer

July 29, 2015

“Sandra Wong”

Sandra Wong
Chief Financial Officer

July 29, 2015

OPAWICA EXPLORATIONS INC.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

(Expressed in Canadian Dollars)

	Note	May 31, 2015 \$	August 31, 2014 \$
Assets			
Current assets			
Cash and cash equivalents		17,366	56,403
Investments	4	-	19,541
Amounts and other receivable		31,911	23,708
Prepaid expenses		4,172	10,644
Total current assets		53,449	110,296
Non-current assets			
Exploration and evaluation assets	5	158,511	119,016
Equipment	6	3,867	12,894
Total non-current assets		162,378	131,910
Total assets		215,827	242,206
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables		41,694	20,562
Due to related parties	10	133	8,386
Total current liabilities		41,827	28,948
Shareholders' equity			
Share capital	7	32,680,431	32,583,102
Contributed surplus	7	1,566,735	1,566,735
Accumulated deficit		(34,073,166)	(33,936,579)
Total shareholders' equity		174,000	213,258
Total liabilities and shareholders' equity		215,827	242,206

Nature of operations (Note 1)

Basis of preparation and summary of significant accounting policies (Note 2)

Commitments (Note 11)

These financial statements were approved and authorized for issue by the Board of Directors on July 29, 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.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)
FOR THE NINE MONTHS ENDED MAY 31, 2015 AND 2014
(Expressed in Canadian Dollars)

		Three months ended		Nine months ended	
	Note	May 31, 2015	May 31, 2014	May 31, 2015	May 31, 2014
		\$	\$	\$	\$
Expenses					
Depreciation	6	256	732	1,386	2,136
Employee costs	9	9,884	27,327	31,880	125,900
Finance expense		-	465	(161)	626
General and administrative	9	12,126	70,221	82,511	267,025
Total expenses before other items		(22,266)	(98,745)	(115,616)	(395,687)
Other items	9	-	(12,628)	(20,971)	(99,397)
Net loss and comprehensive loss for the period		(22,266)	(111,373)	(136,587)	(495,084)
Loss per common share, basic and diluted		(0.00)	(0.01)	(0.01)	(0.05)
Weighted average number of common shares outstanding		22,661,874	12,458,974	18,177,082	10,720,117

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

OPAWICA EXPLORATIONS INC.**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)**

(Expressed in Canadian Dollars)

	Share Capital (post-consolidation Note 7) \$	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 period	-	-	(495,084)	(495,084)
Shares issued	202,500	-	-	202,500
Shares issue costs	(6,586)	-	-	(6,586)
Balance at May 31, 2014	32,583,102	1,566,735	(33,311,386)	838,451
Balance at August 31, 2014	32,583,102	1,566,735	(33,936,579)	213,258
Net loss for the period	-	-	(136,587)	(136,587)
Shares issued	102,029	-	-	102,029
Share issue costs	(4,700)	-	-	(4,700)
Balance at May 31, 2015	32,680,431	1,566,735	(34,073,166)	174,000

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

OPAWICA EXPLORATIONS INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED MAY 31, 2015 AND 2014
(Expressed in Canadian Dollars)

	Note	Three months ended		Nine months ended	
		May 31, 2015	May 31, 2014	May 31, 2015	May 31, 2014
		\$	\$	\$	\$
Cash flows from operating activities					
Net loss for the period		(22,266)	(111,373)	(136,587)	(495,084)
Items not involving cash:					
Depreciation	6	256	732	1,386	2,136
Loss on disposal of equipment		-	-	2,641	325
Loss on disposal of investments		-	(21,041)	18,330	101,073
Unrealized loss on investments		-	33,703	-	(1,521)
Changes in non-cash working capital accounts					
Amounts and other receivables		(415)	(9,775)	(8,203)	4,876
Prepaid expenses		3,233	(18,435)	6,472	(17,371)
Trade and other payables		9,107	(24,887)	21,132	(30,652)
Total cash used in operating activities		(10,085)	(151,076)	(94,829)	(436,218)
Cash flows from investing activities					
Expenditures on exploration and evaluation assets		(1,971)	(17,257)	(39,495)	(70,627)
Proceeds from sale of equipment		-	(2,070)	5,000	(2,070)
Proceeds from sale of investment		-	101,030	1,211	463,346
Redemption of term deposits		-	-	-	471,391
Total cash flows provided by investing activities		(1,971)	81,703	(33,284)	862,040
Cash flows from financing activities					
Proceeds from share issuance		-	-	102,029	200,000
Share issuance costs		-	-	(4,700)	(6,586)
Advances from (repayments to) related parties		(91)	(5,604)	(8,253)	(631,386)
Total cash flows provided by financing activities		(91)	(5,604)	89,076	(437,972)
Total (decrease) increase in cash during the period		(12,147)	(74,977)	(39,037)	(12,150)
Cash and cash equivalents, beginning of period		29,513	210,734	56,403	147,907
Cash and cash equivalents, end of period		17,366	135,757	17,366	135,757
Supplemental Cash Flow Information					
Interest paid		-	-	-	-
Taxes paid		-	-	-	-

Non-cash transactions (Note 14)

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

1. NATURE OF OPERATIONS

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.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements for the nine month period ended May 31, 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company's 2014 annual financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The condensed interim financial statements have been prepared using accounting policies consistent with those used in the Company's 2014 annual financial statements except for new standards, interpretations and amendments mandatorily effective for the first time from January 1, 2014. Note 2b) sets out the impact of new standards, interpretations and amendments that have had a material effect on the financial statements.

The condensed interim financial statements were authorized for issue by the Board of Directors on July 29, 2015.

The preparation of condensed interim financial statements in compliance with IAS 34 requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

a) Going Concern of Operations

The Company has not generated revenue from operations. The Company incurred a net loss of \$136,587 during the nine months ended May 31, 2015, has accumulated losses of \$34,073,166 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 AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) New Standards, Amendments and Interpretations Effective for the first time from September 1, 2014

The following new standards, amendments and interpretations are effective for the Company beginning on September 1, 2014. Management does not expect that the adoption of these standards and interpretations will have a significant effect on the financial statements of the Company other than additional disclosures.

- 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. These amendments are effective for annual periods beginning on or after January 1, 2014.

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 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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

There has been no material revisions to the nature of judgments and amount of changes in estimates of amounts reported in the Company's 2014 annual financial statements.

4. INVESTMENTS

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 nine months ended May 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.

4. INVESTMENTS (continued)

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, May 31, 2015	-	-

5. 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	17,732	-	-	17,732
Facility Rental	1,150	-	-	1,150
Project Management	6,720	-	-	6,720
Road Access	2,667	-	-	2,667
Site Meals/Lodge/Auto	1,127	-	-	1,127
Surveying	1,600	-	-	1,600
Subtotal	37,524	-	-	37,524
Acquisition Costs	1,971	-	-	1,971
Balance, May 31, 2015	45,150	113,361	-	158,511

5. 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 favour 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.

6. 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 May 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 period	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 period	1,040	336	10	1,386
Disposals	(7,556)	-	-	(7,556)
Balance at May 31, 2015	1,444	788	374	2,606
Carrying amounts				
At August 31, 2014	11,059	1,792	43	12,894
At May 31, 2015	2,378	1,456	33	3,867

7. 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 5(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.

7. 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).
- 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 May 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 May 31, 2015	<u>22,661,874</u>	<u>32,680,431</u>

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.

c) Contributed Surplus

	May 31, 2015 \$	August 31, 2014 \$
Warrants	205,980	205,980
Share Options	1,360,755	1,360,755
Contributed Surplus	<u>1,566,735</u>	<u>1,566,735</u>

7. SHARE CAPITAL (continued)

d) Share Purchase Warrants

The following is a summary of changes in warrants from August 31, 2013 to May 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 May 31, 2015	4,000,000	\$0.06

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

Number of Warrants Outstanding and Exercisable		Exercise Price per Share	Expiry Date
May 31, 2015	August 31, 2014		
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		

8. 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 May 31, 2015 and August 31, 2014.

9. NATURE OF INCOME AND EXPENSES

	2015	2014
	\$	\$
Other items include:		
Unrealized gains (losses) on investments	-	1,521
Loss on sale of investments (Note 4)	(18,330)	(101,073)
Loss on disposal of equipment (Note 6)	(2,641)	(325)
Interest income	-	480
	<u>(20,971)</u>	<u>(99,397)</u>
Employee costs include:		
Consulting fees	8,891	6,200
Management fees	714	49,400
Salaries and benefits	22,275	70,300
	<u>31,880</u>	<u>125,900</u>
General and administrative expenses include:		
Accounting and legal fees	20,137	58,198
Business development	5,800	27,171
Filing fees	8,961	12,526
Insurance	5,735	5,698
Investor communications	3,150	23,576
Office expenses	7,433	37,580
Rent	19,169	23,782
Travel and automobile	12,126	78,494
	<u>82,511</u>	<u>267,025</u>

10. 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 \$18,048 (nine months ended May 31, 2014 – \$17,169) were recovered from a company with common directors that is co-tenant to the Company's office premises lease. At May 31, 2015, \$1,404 (August 31, 2014 – \$14,901) was included in amounts and other receivable.

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	<u>28,025</u>	<u>127,252</u>
	<u>28,025</u>	<u>127,252</u>

10. RELATED PARTY TRANSACTIONS (continued)

On November 1, 2012, the Company signed a Consulting, Management and Key Personnel Agreement to pay \$25,000 per month to a company of which the former Chairman was a director, for the term of the contract expiring December 31, 2017. On September 6, 2013, by mutually agreed constructive dismissal, the Chairman resigned as an officer and director of the Company and his Agreement was settled in full with statutory severance by the payment of \$595,000 to a third party trust. During the nine months ended May 31, 2014, the Company paid \$25,000 in management fees to the company of which the former Chairman was a director.

Pursuant to an employment agreement dated January 1, 2013, the Company is committed to pay the Chief Financial Officer \$3,500 per month for the term of the contract expiring December 31, 2013. This agreement was amended on June 1, 2013 and the salary increased to \$5,500 per month. The term of the contract was extended to September 30, 2014. During the nine months ended May 31, 2015, the Company paid \$20,591 in salary to the Chief Financial Officer (nine months ended May 31, 2014 - \$52,202 salary).

Due to related parties of \$133 (August 31, 2014 - \$8,386) 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 and is non-interest bearing.

11. COMMITMENTS

- a) The Company is committed to certain management contracts as described in Note 10.
- b) On November 25, 2013, the Company extended its office lease until July 31, 2016 ("Office Lease"). Under the terms of the Office Lease, there are operating costs which the Company estimates to be \$14.50 per square foot for the year ended August 31, 2014. The operating costs will be adjusted annually. The Company and its co-tenant have agreed to each pay for 50% of the rent due and owing. Effective January 14, 2015, the Company and its co-tenant settled the early termination of its Office Lease by agreeing to incur \$11,905 in transaction costs for incoming tenant improvements and realtors' fees, and rent of \$6,019 for the month of January 2015. The Company's 50% portion of these costs under its co-tenant agreement is \$8,962.
- c) In relation to the December 27, 2013 flow-through financing described in Note 7(a), the Company is committed to incur \$99,800 Canadian exploration expenditures by December 31, 2014 under the look back rule.

During the nine months ended May 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.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair values

The Company's financial instruments includes cash and cash equivalents, term deposits, investments, 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:

	May 31, 2015		August 31, 2014	
	Fair Value	Carrying Value	Fair Value	Carrying Value
	\$	\$	\$	\$
FVTPL assets (i)	17,366	17,366	75,944	75,944
Loans and receivables (ii)	1,404	1,404	18,601	18,601

(i) Cash and cash equivalents, term deposits and investments

(ii) Other receivable

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 May 31, 2015	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	17,366	-	-	17,366

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 May 31, 2015, the Company has no financial assets that are past due or impaired due to credit risk defaults.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 13. 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 May 31, 2015:

	Carrying Amount \$	Contractual Cash Flows \$	Within 1 year \$	Within 2 years \$	Within 3 years \$	Over 3 years \$
Trade payables	41,694	41,694	41,694	-	-	-
Due to related parties	133	133	133	-	-	-
Total	41,827	41,827	41,827	-	-	-

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.

13. 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.

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For the nine months ended May 31, 2015 and 2014

(Expressed in Canadian Dollars)

14. NON-CASH TRANSACTIONS

	May 31, 2015	August 31, 2014
Non-cash Financing and Investing Activities	\$	\$
Expenditures on exploration and evaluation assets	-	2,500