



(AN EXPLORATION STAGE COMPANY)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED OCTOBER 31, 2015 AND 2014

(EXPRESSED IN CANADIAN DOLLARS)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim condensed consolidated financial statements of Lakeside Minerals Inc., are the responsibility of the management and Board of Directors of the Company.

The unaudited interim condensed consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited interim condensed consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the interim condensed consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited interim condensed consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim condensed consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim condensed consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Peter Bilodeau"
Peter Bilodeau
Chief Executive Officer

"Al Quong"
Al Quong
Chief Financial Officer

NOTICE TO READER

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim condensed consolidated statements for the three and nine month periods ended October 31, 2015 and 2014 have not been reviewed by the Company's auditors.

LAKESIDE MINERALS INC.

Unaudited Interim Condensed Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

<u>Assets</u>	<u>October 31, 2015</u> <u>(unaudited)</u>	<u>January 31, 2015</u> <u>(audited)</u>
Current		
Cash and cash equivalents	\$ 224	\$ 54,847
HST receivable and other receivables (note 6)	25,053	24,495
Prepaid expenses	-	1,250
Total assets	\$ 25,277	\$ 80,592
 <u>Liabilities</u>		
Current		
Accounts payable and accrued liabilities (note 7)	\$ 331,176	\$ 183,044
Long term debt (note 7)	65,999	86,425
Convertible debentures (note 11)	39,196	25,641
	<u>105,195</u>	<u>112,066</u>
Total liabilities	436,371	295,110
 <u>Shareholders' Equity (Deficiency)</u>		
Share capital (note 8)	3,722,149	3,717,179
Conversion component of convertible debentures (note 11)	6,002	6,002
Reserve for warrants (note 9)	712,901	712,901
Reserve for options (note 10)	163,329	163,329
Accumulated deficit	(5,015,475)	(4,813,929)
Total shareholders' deficiency	(411,094)	(214,518)
Total liabilities and shareholders' deficiency	\$ 25,277	\$ 80,592

Nature of operations and going concern (note 1)

Commitments and contingencies (note 14)

APPROVED ON BEHALF OF THE BOARD

"Peter Bilodeau" (Director)

"Yannis Banks" (Director)

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

LAKESIDE MINERALS INC.

Unaudited Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Three months ended October 31, 2015	Three months ended October 31, 2014	Nine months ended October 31, 2015	Nine months ended October 31, 2014
Expenses				
Management, consulting fees and salaries (note 12)	\$ 50,000	\$ 59,750	\$ 108,350	\$ 172,519
Professional fees	8,342	8,862	33,198	33,675
Office and general	21,968	9,679	69,121	34,783
Exploration and evaluation expenditures (note 5)	357	42,339	8,804	115,349
Corporate acquisition	-	-	-	43,658
	<u>(80,667)</u>	<u>(120,630)</u>	<u>(219,473)</u>	<u>(399,984)</u>
Other income				
Interest	-	-	-	429
Gain on settlement of debt (note 7)	-	-	17,927	54,259
Forgiveness of debt	-	-	-	4,420
	<u>-</u>	<u>-</u>	<u>17,927</u>	<u>59,108</u>
Net loss and comprehensive loss	\$ (80,667)	\$ (120,630)	\$ (201,546)	\$ (340,876)
Weighted average shares outstanding				
- basic and diluted	<u>24,714,312</u>	<u>24,625,216</u>	<u>24,685,104</u>	<u>16,086,200</u>
Loss per share				
- basic and diluted	<u>\$ (0.003)</u>	<u>\$ (0.005)</u>	<u>\$ (0.008)</u>	<u>\$ (0.021)</u>

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

LAKESIDE MINERALS INC.

Unaudited Interim Condensed Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

For the nine months ended October 31,	<u>2015</u>	<u>2014</u>
Operating Activities		
Net loss	\$ (201,546)	\$ (340,876)
Adjustments to reconcile net loss to cash flow:		
Shares issued for property	-	24,000
Shares issued for debenture interest	4,970	-
Share issued on corporate acquisition	-	43,658
Gain on forgiveness of debt	-	(4,420)
Gain on settlement of debt	(17,927)	(54,259)
Finance cost	13,555	130
Net change in non-cash working capital items:		
HST receivable and other receivables	3,992	(26,887)
Accounts payable and accrued liabilities	143,582	(144,660)
Long term debt	(2,499)	160,591
Prepaid expenses	1,250	300
Cash flow used in operating activities	<u>(54,623)</u>	<u>(342,423)</u>
Investing Activities		
Cash acquired on corporate acquisition	-	122,055
Loan repayments received	-	56,542
Cash provided from investing activities	<u>-</u>	<u>178,597</u>
Financing Activities		
Issuance of share capital, net of issue costs	-	243,519
Convertible debentures issued, net of issue costs	-	47,500
Cash flow provided from financing activities	<u>-</u>	<u>291,019</u>
Net increase (decrease) in cash	(54,623)	127,193
Cash and cash equivalents – beginning of period	54,847	3,670
Cash and cash equivalents – end of period	\$ <u>224</u>	\$ <u>130,863</u>

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

LAKESIDE MINERALS INC.

Unaudited Interim Condensed Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

	Share Capital		Reserves				
	Number of Shares	Amount	Share based payments	Conversion Component of convertible debentures	Warrants	Accumulated Deficit	Total
Balance at February 1, 2014	10,199,570	3,130,895	\$ 166,329	\$ -	\$ 674,118	\$ (4,347,137)	\$ (375,795)
Issued for cash consideration:							
Private placement (note 8)	5,800,000	290,000	-	-	-	-	290,000
Warrants issued on private placement (Note 9)	-	(58,000)	-	-	58,000	-	-
Share issuance costs (notes 8)	-	(43,675)	-	-	-	-	43,675
Issued for non-cash consideration:							
Issued for settlement of debt (note 8)	5,425,906	217,036	-	-	-	-	217,036
Issued for mineral properties (note 8)	600,000	24,000	-	-	-	-	24,000
Warrants issued for debt settlements (note 9)	-	-	-	-	37,000	-	37,000
Fair value assigned to warrants issued on convertible debentures, net of tax (note 11)	-	-	-	0	-	-	-
Conversion component of convertible debentures, net of tax (note 11)	-	-	-	-	-	-	-
Shares issued on corporate acquisition (Note 8)	2,599,740	69,064	-	-	17,268	-	86,332
Share issuance costs (notes 8)	-	-	-	-	-	-	-
Net loss for the period	-	-	-	-	-	(340,876)	(340,876)
Balance at October 31, 2014	24,625,216	3,629,320	\$ 166,329	\$ 0	\$ 786,386	\$ (4,688,013)	\$ (105,978)
Fair value assigned to warrants issued on convertible debentures, net of tax (note 11)	-	-	-	-	14,180	-	14,180
Conversion component of convertible debentures, net of tax (note 11)	-	-	-	6,002	-	-	6,002
Warrants expired and unexercised (note 9)	-	87,665	-	-	(87,665)	-	-
Stock options expired and unexercised (note 10)	-	3,000	(3,000)	-	-	-	-
Share issuance costs (notes 8)	-	(2,806)	-	-	-	-	(2,806)
Net loss for the period	-	-	-	-	-	(125,916)	(125,916)
Balance at January 31, 2015	24,625,216	3,717,179	\$ 163,329	\$ 6,002	\$ 712,901	\$ (4,813,929)	\$ (214,518)
Issued for non-cash consideration:							
Issued for debenture interest (note 8)	120,000	6,000	-	-	-	-	6,000
Share issuance costs (note 8)	-	(1,030)	-	-	-	-	(1,030)
Net loss for the period	-	-	-	-	-	(201,546)	(201,546)
Balance at October 31, 2015	24,745,216	3,722,149	\$ 163,329	\$ 6,002	\$ 712,901	\$ (5,015,475)	\$ (411,094)

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

LAKESIDE MINERALS INC.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

For the three and nine month periods ended October 31, 2015 and 2014

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Lakeside Minerals Inc. and its subsidiary (the "Company") are engaged in the acquisition, exploration and development of mineral resource properties in Canada. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The address of the Company's registered office is 77 King Street West, Suite 2905, Toronto, Ontario M5K 1H1.

The Company is in the process of exploring, and has not yet determined whether there are economically viable reserves on the properties it owns or has optioned. As such, there is uncertainty with respect to the Company's ability to continue as a going concern, dependent upon such events as financing, discovery of reserves, and market demand conditions.

As is common with exploration companies, the Company is dependent upon obtaining necessary equity financing from time to time to finance its on-going and planned exploration activities and to cover administrative costs.

At October 31, 2015, the Company had a working capital deficiency of \$305,899 (January 31, 2015 – working capital deficiency of \$102,452) has not yet achieved profitable operations, has accumulated losses of \$5,015,475 (January 31, 2015 – \$4,813,929) and expects to incur further losses in the development of its business, all of which casts significant doubt upon the Company's ability to continue as a going concern. The Company will require additional financing in order to conduct its planned work programs on mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. These consolidated financial statements do not reflect the adjustments to carrying amounts of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the going concern assumption was deemed inappropriate. Such adjustments could be material.

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. BASIS OF PRESENTATION

2.1 Statement of compliance

These unaudited interim condensed consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These unaudited interim condensed consolidated financial statements were authorized by the Board of Directors of the Company on December 14, 2015.

2.2 Basis of presentation

These unaudited interim condensed consolidated financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's January 31, 2015 annual financial statements.

LAKESIDE MINERALS INC.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

For the three and nine month periods ended October 31, 2015 and 2014

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (continued)

2.3 Adoption of new and revised standards and interpretations

New standards and interpretations

At the date of authorization of these Financial Statements, the IASB and the IFRS Interpretations Committee (“IFRIC”) have issued the following new and revised Standards and Interpretations which are not yet effective and which the Company has not early adopted. However the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

- IFRS 9, 'Financial instruments', effective for annual periods beginning on or after January 1, 2018, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

3. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of share capital, reserves and accumulated deficit. When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital within current economic conditions by:

- i) minimizing discretionary disbursements;
- ii) reducing or eliminating exploration expenditures which are of limited strategic value;
- iii) exploring alternate sources of liquidity.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient potential and if it has adequate financial resources to do so.

LAKESIDE MINERALS INC.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

For the three and nine month periods ended October 31, 2015 and 2014

(Expressed in Canadian Dollars)

3. CAPITAL MANAGEMENT, (continued)

As at October 31, 2015, the Company's capital consist of share capital, reserves for warrants, reserves for options and accumulated deficit in the amount of \$(411,094) (January 31, 2015 - \$(214,518)).

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the nine months ended October 31, 2015. The Company is not subject to externally imposed capital requirements.

4. RISK FACTORS

Fair value

The carrying amount of cash and cash equivalents, note receivable, line of credit, and accounts payables and accrued liabilities approximate fair value due to the relative short maturity of these financial instruments. As at October 31, 2015, cash and cash equivalents are considered level 1.

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and note receivable. Cash and cash equivalents are held with a reputable Canadian chartered bank and law firm. Management believes that the credit risk concentration with respect to financial instruments included in cash and cash equivalents and note receivable is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at October 31, 2015, the Company had a cash and cash equivalents balance of \$224 (January 31, 2015 - \$54,847) and current liabilities of \$331,176 (January 31, 2015 - \$183,044).

5. EXPLORATION AND EVALUATION EXPENDITURES

Lakeside Minerals Inc. is engaged, through Lakeside Minerals Corp., a wholly-owned subsidiary of the Company, in acquiring, exploring, and developing mineral properties in the mining friendly jurisdiction of Quebec. Currently the Company holds a portfolio of properties with an emphasis on gold.

To October 31, 2015, Lakeside holds one main property, Launay. On August 8, 2013, the Company terminated the option agreement on the original 36 claims of the Disson property and no longer considers the Disson property a material property. The Launay property, for which the Company incurred exploration and evaluation expenditures of \$217,805 in 2015 and 2014 years, is briefly described below.

Launay Property

The property is located 48 km northeast of Rouyn-Noranda, in Launay, Privat, and Manneville Townships, northwestern Quebec. Through staking, option and purchase agreements, the Company consolidated a land package over the prospective Macamic deformation zone, a major deformation zone in the Abitibi subprovince. The Launay property currently comprises 178 non-contiguous claims that cover a total area of 71.84 sq km:

LAKESIDE MINERALS INC.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

For the three and nine month periods ended October 31, 2015 and 2014

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION EXPENDITURES (continued)

- 29 claims, 11.8 sq km, are under option agreement to the Company to acquire a 100% interest, subject to property payments, work commitments and subject to a 2% NSR with buyback of 1% NSR for \$1,000,000.
- 21 claims, 8.8 sq km, are 100% owned by the Company; these claims were purchased from Melkior Resources Inc. with Company shares: 15 of these claims are subject to a 2% NSR with buyback of 1% NSR for \$1,000,000; the other 6 claims are subject to a 1% NSR with total buyback for \$500,000.
- 13 claims, 5.3 sq km, (initially 35 claims, 16.0 sq km) are 100% owned by the Company; these claims were acquired from Les Explorations Carat Inc. with cash payments and Company shares; claims are subject to a 2% NSR with buyback of 1% NSR for \$1,000,000.
- 11 claims, 4.5 sq km, are 100% owned by the Company; the claims were purchased from Jack Stoch Geoconsultant Services Ltd. with Company shares, subject to a 2% gross metal royalty (“GMR”); the Company has the option of first refusal to buy back a 1% GMR.
- 15 claims, 6.7 sq km, are 100% owned by the Company; these claims were purchased from 9219-8845 Québec inc. with Company shares; claims are subject to a 2% NSR with buyback of 1% NSR for \$1,000,000.
- The remaining 89 claims were staked and are 100% owned by the Company.

The Company entered into an agreement with arm’s length parties dated December 7, 2010, to acquire a 100% interest in the Launay property originally consisting of 29 non-contiguous claims covering 11.8 sq km. Pursuant to the terms of the Launay Agreement, the Company issued 1,000,000 (250,000 post consolidation) shares of its common stock issued at an estimated fair value of \$0.05 per common share and paid \$10,000 to the vendors immediately upon signing the agreement. The Company also agreed to issue an additional 750,000 (187,500 post consolidation) common shares and pay \$90,000 as follows:

- a) \$15,000 due within seven days of the Company completing a going public transaction (paid).
- b) \$20,000 and 250,000 (62,500 post consolidation) shares on the first anniversary of the agreement (paid and issued).
- c) \$25,000 (amended as per below) and 250,000 (62,500 post consolidation) shares on the second anniversary.
- d) \$30,000 (amended as per below) and 250,000 (62,500 post consolidation) shares on the third anniversary.

The Company was to perform \$250,000 in exploration on the mining claims over a period of three years from the date of the agreement, which was completed.

On October 22, 2012, the Company and its vendors amended the terms of the agreement relating to 29 of 229 claims of the Launay property. The cash payments of \$25,000 payable on December 7, 2012 and \$30,000 payable on December 7, 2013 have been amended to:

- (a) \$25,000 payable to the vendors on June 1, 2013 (amended as per below)
- (b) \$30,000 payable to the vendors on June 1, 2014.

All of the common shares issuable remain the same.

As of June 11, 2013, the Company and vendors negotiated an amendment to the terms of the option agreement

LAKESIDE MINERALS INC.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

For the three and nine month periods ended October 31, 2015 and 2014

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION EXPENDITURES, (continued)

relating to 29 claims of the Launay property. The cash payment of \$25,000 payable on June 1, 2013 has been amended to \$10,000 payable on June 1, 2013 (paid) and \$15,000 payable on the earlier of the closing of any equity or convertible debt financing undertaken by the Company, or June 1, 2014 and \$30,000 payable on June 1, 2014. In addition, the vendors acknowledge that the work commitments have been fulfilled and the Company's obligation is therein fully discharged.

On June 18, 2014, the Company amended the terms to its Launay property agreement. The final payment of \$45,000 which had been due on June 1st, 2014 has now been restructured as follows:

- \$30,000 will be payable in shares for a total issuance of 600,000 (issued) shares at \$0.04
- \$15,000 (paid) will be payable on June 30th, 2014
- An additional \$15,000 will be payable on December 15th, 2014

On December 11, 2014, the Company amended the Launay property agreement, to revise the payment schedule from \$15,000 payable on December 15, 2014, to as follows:

- a) \$7,500 (paid) payable on December 15, 2014;
- b) \$7,500 payable on March 15, 2015.

On March 11, 2015, the Company amended the Launay property agreement, to revise the payment schedule from \$7,500 payable on March 15, 2015, to June 15, 2015. On June 15, 2015, the Company amended the Launay property agreement, to revise the payment schedule from \$7,500 payable on June 15, 2015, to October 31, 2015. The Company is currently negotiating a further extension to the final payment.

On April 30, 2012, the Company entered into an agreement with Melkior Resources Inc. (TSX-V: MKR) ("Melkior") to acquire 21 mineral claims, the Trojan and Launay South blocks, which are adjacent to Lakeside's Launay property claim blocks located in Privat and Launay Townships. Under the terms of the agreement, Lakeside acquired 100% interest in the mineral claims by issuing 750,000 (187,500 post consolidation) common shares (issued) to Melkior and recognizing the continuance of third party net smelter royalties on the mineral claims.

On June 5, 2012, the Company entered into an agreement with Les Explorations Carat Inc. ("Les Explorations") to acquire 35 mineral claims, located east of the Rochette block and east and west of the Labreteche block. Under the terms of the agreement, Lakeside acquired 100% interest in the mineral claims by agreeing to make two cash payments of \$5,000 each within 6 months (paid) and 12 months of the execution of the agreement; issuing 200,000 (50,000 post consolidation) common shares (issued) to Les Explorations; and, granting of a 2% net smelter royalty on the mineral claims. The Company can buy back half of the 2% net smelter royalty with a payment of \$1,000,000.

Upon successful completion of all these obligations the vendor shall transfer title to the claims to the Company, subject to a NSR of 2%, of which a 1% NSR may be acquired upon payment of \$1,000,000.

On September 7, 2012, the Company entered into an agreement with privately owned Jack Stoch Geoconsultant Services Ltd. (JSGS) to acquire 11 mineral claims covering 4.5 sq km, also known as the Freegold property. Under the terms of the agreement, the Company can acquire a 100% interest in the Freegold property subject to the Company issuing 600,000 (150,000 post consolidation) common shares (issued) to JSGS. JSGS retains a two percent (2%) GMR and the Company has the option of first refusal to buy back a one percent (1%) GMR.

LAKESIDE MINERALS INC.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

For the three and nine month periods ended October 31, 2015 and 2014

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION EXPENDITURES (continued)

On January 8, 2013, the Company entered into an agreement with 9219-8845 Quebec Inc. (“Canadian Mining House”) to acquire 15 mineral claims. Under the terms of the agreement, the Company can acquire 100% interest subject to the Company issuing 150,000 (37,500 post consolidation) shares. Canadian Mining House retains a 2% net smelter royalty on the claims. The Company can buy back half of the 2% net smelter royalty with a payment of \$1,000,000.

6. HST RECEIVABLE AND OTHER RECEIVABLES

The Company’s HST and other receivables arise from harmonized services tax (“HST”), and amounts due from government taxation authorities.

The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables, which are due in less than one year.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities, professional fees, amounts payable for financing activities and payroll liabilities.

The following is an aged analysis of the accounts payables and accrued liabilities:

	<u>October 31, 2015</u>	<u>January 31, 2015</u>
Less than 90 days	\$ 72,938	\$ 64,973
Greater than 90 days	258,238	118,071
Total accounts payable and accrued liabilities	\$ 331,176	\$ 183,044

During the year ended January 31, 2015, the terms for two accounts totaling \$86,425 in accounts payable were deferred on payment schedules extending to 2017, payable in monthly instalments of \$750 and \$500, with the outstanding balances of \$64,316 and \$13,109 due on April 30, 2016 and April 30, 2017 respectively. One account was settled on April 24, 2015, resulting in a gain on settlement of debt of \$17,927 in these financial statements.

8. SHARE CAPITAL

Share Issuances

During the nine month period ended October 31, 2015:

- (i) On March 16, 2015, the Company issued 59,507 common shares in exchange for payment of debenture interest of \$2,975. Share issue costs included cash payments of \$515.
- (ii) On September 16, 2015, the Company issued 60,493 common shares in exchange for payment of debenture interest of \$3,025. Share issue costs included cash payments of \$515.

During the year ended January 31, 2015:

- (iii) On June 13, 2014, the Company completed the consolidation of its outstanding common shares on

LAKESIDE MINERALS INC.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

For the three and nine month periods ended October 31, 2015 and 2014

(Expressed in Canadian Dollars)

a ratio of 4 old for 1 new share. Number of shares for the year ended January 31, 2014 is adjusted

8. SHARE CAPITAL (continued)

for the effects of consolidation. Basic and diluted loss per share for the years ended January 31, 2015 and 2014, respectively are adjusted for effects of consolidation.

- (iv) On June 15, 2014, the Company issued 600,000 shares at a price of \$0.04 in exchange for mineral properties (note 5).
- (v) On June 23, 2014, the Company entered into shares for debt agreements totalling \$95,170, with arm's length and non-arm's length parties. Following the share consolidation a total of 217,303 Lakeside units for gross proceeds of \$10,865 were issued to unrelated parties for settlement of debt, and 1,686,107 Lakeside shares for gross proceeds of \$67,444 were issued to insiders and related parties for outstanding fees. Each unit is comprised of one share and one half share purchase warrant exercisable for a period of 36 months at \$0.10. Details of the warrant valuation are described in Note 12.

The 1,686,107 Lakeside shares issued to insiders and related parties are for settlements of outstanding fees to the following: \$51,605 to the Foundation Opportunities Inc., ("FOI"), with an officer in common, and \$32,700 to Cavalry Corporate Solutions Ltd. ("Cavalry"), with a director in common.

- (vi) On June 23, 2014, the Company entered into shares for debt agreement totalling \$77,884, with an arm's length party. Following the share consolidation, a total of 1,557,676 Lakeside units for gross proceeds of \$77,884 were issued to Forages M. Rouillier Drilling Inc, a Quebec-based underground and surface drilling company. Each unit is comprised of one share and one half share purchase warrant exercisable for a period of 36 months at \$0.10. Details of the warrant valuation are described in Note 12.
- (vii) On June 23, 2014, the Company entered into shares for debt agreements totalling \$15,641, with an arm's length party. Following the share consolidation, a total of 312,820 Lakeside units for gross proceeds of \$15,641 were issued for settlement of debt. Each unit is comprised of one share and one half share purchase warrant exercisable for a period of 36 months at \$0.10. Details of the warrant valuation are described in Note 12.
- (viii) On June 23, 2014, the Company entered into shares for debt agreement with an arm's length party. Following the share consolidation, an additional 1,652,000 Lakeside Units for gross proceeds of \$82,600 was issued to an unrelated party for settlement of debt. Each unit is comprised of one share and one half share purchase warrant exercisable for a period of 36 months at \$0.10. Details of the warrant valuation are described in Note 12.
- (ix) On June 24, 2014, pursuant to the terms of the subscription agreement dated March 12, 2014 between Lakeside and Canada Pacific Capital Corp. ("Canada Pacific"), Canada Pacific subscribed for 5,800,000 units of Lakeside at a price of \$0.05 per unit, for aggregate consideration of \$290,000 in cash. Each unit consists of one common share and one-half of one common share purchase warrants exercisable at a price of \$0.10 per share at any time prior the third anniversary of issuance. Details of the warrant valuation are disclosed in Note 12. Share issue costs of \$43,675 were incurred.

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The total aggregate amount of debt settled for shares is \$271,295 that resulted in the issuance of 3,739,799 Lakeside units and 1,686,107 Lakeside shares. Share issue costs included cash payments of \$2,806. The total gain on forgiveness of debt was \$17,259.

9. RESERVE FOR WARRANTS

Warrants to purchase common shares carry exercise prices and terms to maturity at October 31, 2015 as follows:

Date of Expiry	No. of warrants	Exercise Price (\$)
September 16, 2016	1,000,000	0.07
June 23, 2017	1,869,899	0.10
June 25, 2017	4,199,877	0.10
March 26, 2018	1,466,434	0.40
	<u>8,536,210</u>	<u></u>

At October 31, 2015, the following warrants were outstanding. All warrants issued during the period and warrants outstanding as at October 31, 2015, vested on the grant date. The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date:

Exercise price	Number of outstanding exercisable warrants	Weighted average remaining contractual life (in years)	Expiry date
\$0.40	1,466,434	2.41	March 26, 2018
\$0.10	1,869,899	1.65	June 23, 2017
\$0.10	4,199,877	1.65	June 24, 2017
\$0.07	1,000,000	0.88	September 16, 2016
	<u>8,536,210</u>	<u>1.69</u>	

10. RESERVE FOR OPTIONS

The Company awards stock options to directors, management and employees of the Company. The compensation expense is recognized when options are issued if exercisable immediately; otherwise, expense is recognized over the vesting term.

The Company established a stock option plan to provide additional incentive to its directors, officers, employees and consultants in their efforts on behalf of the Company in the conduct of its affairs. The stock option plan provides that the total number of shares which may be issued thereunder is limited to 10% of the aggregate number of shares outstanding. Under the terms of the plan, options vest immediately and expire on the fifth anniversary from the date of issue unless otherwise stated. As at October 31, 2015, the Company has 2,474,522 (January 31, 2015 – 2,225,022) options available for issuance under the plan.

Lakeside has the following stock options outstanding:

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10. RESERVE FOR OPTIONS (continued)

	October 31, 2015		January 31, 2015	
	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options
Outstanding - beginning of year	\$ 0.93	237,500	\$ 0.85	562,500
Transactions during the year:				
Granted	-	-	-	-
Expired/cancelled	0.80	(50,000)	0.80	(325,000)
Outstanding	\$ 0.96	187,500	\$ 0.93	237,500
Exercisable	\$ 0.96	187,500	\$ 0.93	237,500

The weighted average remaining contractual life for outstanding options is as follows:

Price Range	Number of Options	Weighted Average Remaining Life (years)	Number of Options - exercisable	Weighted Average Exercise Price
\$0.80	150,000	0.15	150,000	\$ 0.80
\$1.60	37,500	1.13	37,500	\$ 1.60
\$0.40 - \$1.60	187,500	0.35	187,500	\$ 0.96

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimated, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options. Expected volatility is based on comparable companies.

11. CONVERTIBLE DEBENTURES

On September 16, 2014, the Company closed a non-brokered private placement of an unsecured convertible debenture under SIDEX's program "Field Action 2014" for total gross proceeds of \$50,000. The debentures mature 2 years from the closing date. These debentures were issued at face value and are convertible, at the option of the holder, at any time prior to the maturity date, into common shares of the Company at a conversion price equal to \$0.05 per common share until September 16, 2015, and \$0.10 per share from September 17, 2015 until September 16, 2016.

The rate of interest on the Debentures is 12% per annum, payable semi annually in equal installments on March 16, and September 16, of each year beginning on March 16, 2015, in cash or common shares of the Company. The debentures may be repaid at any time by the Company, subject to 45 days notice, and is repayable at maturity in cash or shares at the option of the Company.

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As an incentive for purchasing Debentures, the Company issued 1,000,000 warrants at the closing. Each warrant is exercisable into shares at a price of \$0.07 per Share, for a period of 2 years from the closing date and had a value of \$19,293 (see note 12 for estimates used in the valuation of warrants). The warrant value of \$19,293

11. CONVERTIBLE DEBENTURES (continued)

prior to tax effect has been recognized in equity for the year ended January 31, 2015. The warrants are subject to a four month hold period from the date of issuance.

The debentures are classified as a liability, with the exception of the portion relating to the conversion feature, resulting in the carrying value of the debentures being less than face value. The discount is being accreted over the term of the debentures utilizing the effective interest rate method at a 36.92% discount rate. The interest rate to discount comparable debt without the conversion feature is 16%.

The following table reflects the continuity of convertible debentures for the period ended October 31, 2015:

<i>Period ended,</i>	October 31, 2015
Debentures issued	\$ 50,000
Transaction costs relating to convertible debentures – warrants, net of tax	(14,180)
Transaction costs relating to convertible debentures - cash	(2,500)
Conversion component of convertible debenture, net of tax	(6,002)
Interest expense	6,730
Accretion expense	12,425
Deferred tax liability	(7,277)
	\$ 39,196

12. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The Company and FMI Capital Advisory Inc. (“FMI”) (formerly Foundation Opportunities Inc.) entered into a financial advisory and consulting agreement on October 15, 2010. FMI is a subsidiary of Foundation Financial Holdings Corp. (“FFHC”). FFHC is an entity in which Adam Szweras, an officer of the Company, is a director of FFHC and his minor children hold an indirect interest, and Yannis Banks, a director and former officer of the Company, holds an interest. For the nine month period ended October 31, 2015, the Company was charged \$45,000 for consulting by FMI (2014 - \$65,000). At October 31, 2015, \$96,123 (January 31, 2015 - \$45,250) is included in accounts payable and accrued liabilities.

The Company and Cavalry Corporate Solutions Inc. (“Cavalry”) entered into a management services agreement on November 1, 2010. The management services agreement includes the services of the Company’s Chief Financial Officer (“CFO”). Cavalry is an entity in which FFHC is the sole shareholder. The agreement was terminated on February 28, 2014. For the nine month period ended October 31, 2015, the Company recorded \$nil (2014 - \$5,000) for management services provided by Cavalry. At October 31, 2015, \$11,300 (January 31, 2015 - \$11,300) is included in accounts payable and accrued liabilities.

The Company and Branson Corporate Services (“Branson”) entered into a management services agreement on March 1, 2014, which includes the services of the Company’s Chief Financial Officer (“CFO”), as well as other accounting and administrative services. Branson is an entity in which FFHC owns 49% of the shares. In consideration for services the Company agreed \$5,000 per month for services. For the nine month period ended October 31, 2015, the Company recorded \$51,000 (2014 - \$41,000) for management services provided by Branson. At October 31, 2015, \$52,863 (January 31, 2015 - \$5,403) is included in accounts payable and accrued liabilities in relation to Branson.

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During the nine month period ended October 31, 2015, Fogler Rubinoff LLP (“Fogler”) a law firm in which Adam Szweras an officer of the Company is also a partner, provided \$19,328 (2014 - \$157,793) of legal services, which are included in professional fees and cost of share issuance in equity. Of this amount in 2014,

12. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (continued)

\$128,303 was related to the cost of share issuance in equity in relation to the Canada Pacific Capital Corp and Unite Capital Corp transactions. At October 31, 2015, \$60,069 (January 31, 2015 - \$50,642) is included in accounts payable and accrued liabilities to Fogler.

During the nine month period ended October 31, 2015, \$12,500 (2014 - \$40,269) was paid to the former Chief Executive Officer. As at October 31, 2015, \$nil (January 31, 2015 - \$nil) is included in accounts payable and accrued liabilities.

13. SEGMENTED INFORMATION

At October 31, 2015, the Company’s operations comprise of a single reporting operating segment engaged in mineral exploration in Quebec.

14. COMMITMENTS AND CONTINGENCIES

Environmental Contingencies

The Company’s exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.