STOCKPORT EXPLORATION INC.

Unaudited Condensed Interim Consolidated Financial Statements

July 31, 2015

September 9, 2015

Management's Responsibility for Financial Reporting

The accompanying unaudited condensed interim consolidated financial statements of **Stockport Exploration Inc.** are the responsibility of management and have been approved by the Board of Directors. The unaudited condensed interim consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). The unaudited condensed interim consolidated financial statements include certain amounts and assumptions that are based on management's best estimates and have been derived with careful judgment.

In fulfilling its responsibilities, management has developed and maintains a system of internal accounting controls. These controls are designed to provide reasonable assurance that the financial records are reliable for the preparation of the financial statements. The Audit Committee of the Board of Directors reviewed and approved the Company's unaudited condensed interim consolidated financial statements and recommended their approval by the Board of Directors.

These unaudited condensed interim consolidated financial statements have not been reviewed by the external auditors of the Company.

(signed) *"James Megann"*
President and Chief Executive Officer
Halifax, Nova Scotia

(signed) *"Robert Randall"*
Chief Financial Officer
Halifax, Nova Scotia

STOCKPORT EXPLORATION INC.
Unaudited Condensed Interim Consolidated Statements of Financial Position
As at July 31, 2015 and October 31, 2014

(expressed in Canadian dollars)

	July 31, 2015	October 31, 2014
ASSETS	$	$
Current assets		
Cash	31,094	347,586
Sales taxes recoverable	8,575	11,972
Prepaid expenses and deposits	17,423	13,300
	57,092	372,858
Marketable securities	6,000	6,000
Property and equipment (note 6)	9,449	15,255
Resource properties (note 7)	9,457,314	8,591,481
	9,529,855	8,985,594
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	1,023,085	794,625
Line of credit (note 15)	250,000	-
Current portion of convertible debentures (note 11)	375,000	275,000
	1,648,085	1,069,625
Convertible notes (note 12)	217,500	-
Long-term portion of convertible debentures (note 11)	1,456,306	1,556,306
	3,321,891	2,625,931
SHAREHOLDERS' EQUITY	6,207,964	6,359,663
	9,529,855	8,985,594

Nature of operations (note 1)
Basis of presentation and going concern (note 2)
Contingency (note 16)

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

Approved on behalf of the Board of Directors,

(s) Wade K. Dawe	*(s) Carl Sheppard*
Wade K. Dawe	**Carl Sheppard**

STOCKPORT EXPLORATION INC.
Unaudited Condensed Interim Consolidated Statements of Comprehensive Loss
For the periods ended July 31, 2015 and 2014

(expressed in Canadian dollars)

	For the Three-Months Ended July 31		For the Nine-Months Ended July 31	
	2015	2014	2015	2014
	$	$	$	$
EXPENSES				
Amortization	420	600	1,247	1,781
Banking fees	933	832	2,635	2,214
General and administrative	12,865	6,572	30,683	20,791
Investor relations and marketing	2,283	1,585	5,553	2,120
Listing and regulatory costs	22,397	12,845	47,000	40,005
Management salaries and fees	60,500	34,593	182,873	169,869
Management services	25,500	33,500	76,500	33,500
Professional services	5,886	9,013	22,322	19,906
Share-based compensation	9,674	17,389	41,780	51,834
Travel	4,514	1,463	5,414	8,352
LOSS FROM OPERATIONS	144,972	118,392	416,007	350,372
OTHER EXPENSES (INCOME)				
Interest	1,516	(54,128)	(563)	(54,388)
Accretion expense (note 12)	7,500	-	12,500	-
Change in fair value of convertible debenture liability (note 11)	-	792,451	-	821,451
Write-down of capital assets (note 7)	1,383	-	1,383	-
Gain on settlement of accounts payable	-	-	-	(133,460)
Foreign exchange	(5,420)	43,983	(4,410)	10,138
LOSS BEFORE INCOME TAXES	149,951	900,698	424,917	994,113
Deferred income tax (note 14)	-	-	-	-
NET LOSS FOR THE PERIOD	149,951	880,422	424,917	973,837
Unrealized loss (gain) on available-for-sale securities	1,000	(1,500)	-	(1,500)
COMPREHENSIVE LOSS FOR THE PERIOD	150,951	878,922	424,917	972,337
LOSS PER SHARE - BASIC AND DILUTED	$ 0.002	$ 0.011	$ 0.005	$ 0.012
Weighted Average Number of Common Shares Outstanding				
Basic	81,705,777	80,450,220	81,026,605	80,407,682

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

STOCKPORT EXPLORATION INC.
Unaudited Condensed Interim Consolidated Statements of Changes in Equity
For the periods ended July 31, 2015 and 2014 and October 31, 2014

(expressed in Canadian dollars)

	Number of Shares	Share Capital	Equity portion of convertible debt	Warrants	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total
		$	$	$	$	$	$	$
Balance at November 1, 2013	80,330,500	22,307,390	75,000	30,000	4,448,577	(5,000)	(18,565,403)	8,290,564
Net loss for the period	-	-	-	-	-	-	(973,837)	(973,837)
Other comprehensive loss for the period	-	-	-	-	-	1,500	-	1,500
Comprehensive loss for the period	-	-	-	-	-	1,500	(973,837)	(972,337)
Shares issued as finders' fees	119,720	11,972	-	-	-	-	-	11,972
Commencement of Phase II (note 11)	-	-	(75,000)	-	75,000	-	-	-
Share-based compensation	-	-	-	-	53,137	-	-	53,137
Balance at July 31, 2014	80,450,220	22,319,362	-	30,000	4,576,714	(3,500)	(19,539,240)	7,383,336
Net loss for the period	-	-	-	-	-	-	(1,048,017)	(1,048,017)
Other comprehensive loss for the period	-	-	-	-	-	(2,500)	-	(2,500)
Comprehensive loss for the period	-	-	-	-	-	(2,500)	(1,048,017)	(1,050,517)
Share-based compensation	-	-	-	-	26,844	-	-	26,844
Balance at October 31, 2014	80,450,220	22,319,362	-	30,000	4,603,558	(6,000)	(20,587,257)	6,359,663
Net loss for the period	-	-	-	-	-		(424,917)	(424,917)
Other comprehensive loss for the period	-	-	-	-	-	-	-	-
Comprehensive loss for the period	-	-	-	-	-	-	(424,917)	(424,917)
Units issued pursuant to private placement (note 9)	2,843,750	113,750	-	-	-	-	-	113,750
Private placement issue costs	-	(8,313)	-	-	-	-	-	(8,313)
Shares issued as finders' fees	359,158	35,916	-	-	-	-	-	35,916
Equity portion of convertible notes (note 12)	-	-	90,000	-	-	-	-	90,000
Share-based compensation	-	-	-	-	41,865	-	-	41,865
Balance at July 31, 2015	83,653,128	22,460,715	90,000	30,000	4,645,423	(6,000)	(21,012,174)	6,207,964

Other comprehensive loss for the period comprises the net unrealized loss on available-for-sale securities.

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

STOCKPORT EXPLORATION INC.
Unaudited Condensed Interim Consolidated Statements of Cash Flows
For the periods ended July 31, 2015 and 2014

(expressed in Canadian dollars)

	For the Nine-Months Ended July 31 2015	2014
	$	$
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net loss for the periods	(424,917)	(973,837)
Charges (credits) to income not involving cash		
Amortization	1,247	1,781
Share-based compensation	41,780	51,834
Gain on settlement of accounts payable	-	(133,460)
Write-down of capital assets	1,383	-
Accretion expense	12,500	-
Change in fair value of convertible debenture liability	-	821,451
	(368,007)	(232,231)
Net change in non-cash working capital balances related to operations		
Increase in sales taxes recoverable	3,831	1,037
Decrease in prepaid expenses and deposits	(4,123)	(9,671)
Increase (decrease) in accounts payable and accrued liabilities	281,106	(93,004)
	(87,193)	(333,869)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Cash received upon convertible note financing	295,000	-
Cash received pursuant to private placement, net of costs	105,437	-
Cash received from line of credit	250,000	-
Restricted cash received	-	897,897
	650,437	897,897
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Resource property interests and options	(879,302)	(236,298)
Sales taxes recoverable related to resource property interests	(434)	4,834
	(879,736)	(231,464)
NET CHANGE IN CASH	(316,492)	332,564
CASH, beginning of periods	347,586	325,610
CASH, end of periods	31,094	658,174
Non-cash financing activities		
Common shares issued as a cost of financing (note 9)	35,916	11,972

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

(expressed in Canadian dollars unless otherwise noted)

1. Nature of operations

These unaudited condensed interim consolidated financial statements include the accounts of Stockport Exploration Inc. (the "Company") and its wholly-owned subsidiaries, 6321593 Canada Inc., Stockport Exploration of Kenya Limited, Stockport Mining Kenya Limited, and Minera Zapoteca, S.A. de C.V.

The Company is in the process of exploring its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. To date, the Company has not earned significant revenues. The recoverability of the amounts shown for resource properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, obtaining necessary financing and permitting to complete the development, and future profitable production or proceeds from the disposition thereof. The Company is incorporated and domiciled in Canada, and its head office is located at 1969 Upper Water Street, Suite 2001, Halifax, Nova Scotia, Canada.

2. Basis of Presentation and Going Concern

<u>Going Concern</u>

These unaudited condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they come due.

For the nine-month period ended July 31, 2015, the Company incurred a net loss of approximately $0.4 million (year-ended October 31, 2014 - $2.0 million) and had an accumulated deficit of approximately $21.0 million as at July 31, 2015 (year-ended October 31, 2014 - $20.6 million). The Company has no income or cash flow from operations and at July 31, 2015, had a negative working capital balance of approximately $1.6 million (year-ended October 31, 2014 - negative working capital balance of $0.7 million). In addition to its working capital requirements, the Company must secure sufficient funding to maintain legal title to its resource properties, to fund its exploration and development activities and to fund its general and administrative costs. Such material uncertainties cast significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nevertheless, there is no assurance that these initiatives will be successful or sufficient.

The Company's ability to continue as a going concern is dependent upon its ability to fund its working capital and exploration requirements and eventually to generate positive cash flows, either from operations or the sale of properties. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

Statement of Compliance

The Company prepares its unaudited condensed interim consolidated financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of Chartered Professional Accountants of Canada – Part 1 ("CPA Canada Handbook"), which incorporates International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"), as issued by the IASB. Accordingly, certain information normally included in annual financial statements prepared in accordance with IFRS, as issued by the IASB, have been omitted or condensed. The unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's annual audited consolidated financial statements for the year-ended October 31, 2014.

The policies applied in these unaudited condensed interim consolidated financial statements are based on the IFRS as of September 9, 2015, the date the Board of Directors approved the financial statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year-ended October 31, 2015 could result in the restatement of these unaudited condensed interim consolidated financial statements.

Basis of Presentation

The condensed interim consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments recorded at fair value. Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The Company's functional currency is the Canadian dollar. The unaudited condensed interim consolidated financial statements are presented in Canadian dollars, which is also the presentation currency of the Company.

Use of Estimates and Judgments

The preparation of financial statements under IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and further periods if the review affects both current and future periods.

3. Significant Accounting Policies

These financial statements have been prepared using the same policies and methods of computation as the annual consolidated financial statements of the Company for the year-ended October 31, 2014. Refer to note 3, *Significant Accounting Policies*, of the Company's annual consolidated financial statements for the year-ended October 31, 2014 for information on the accounting policies as well as new accounting standards not yet effective.

4. Financial Instruments

The Company recognizes financial instruments based on their classification. Depending on the financial instruments' classification, changes in subsequent measurements are recognized in net income (loss) or comprehensive income (loss).

If a financial instrument is measured at fair value, changes in its fair value shall usually be recognized in net income (loss) in the period in which the change occurs, with some exceptions, such as for cash flow hedges and available-for-sale investments. For investments designated as being available-for-sale, changes in the fair value shall be recorded directly in Shareholders' Equity in a separate account called "Accumulated Other Comprehensive Income (Loss)" until the asset is disposed of or becomes impaired. At that time, the gains and losses are transferred to net income (loss).

The Company has implemented the following classifications:

- Cash and restricted cash are classified as "Loans and Receivables." After their initial fair value measurement, they are measured at amortized cost using the effective interest method.

- Marketable securities are classified as "Available-for-Sale". Financial assets classified as Available-for-Sale are recognized initially at fair values plus transaction costs and are subsequently carried at fair value, with changes in the fair value recorded in other comprehensive income.

- Accounts payable and accrued liabilities are classified as "Other Financial Liabilities." After their initial fair value measurement, they are measured at amortized cost using the effective interest method.

- Embedded derivatives are classified as "Financial Assets or Financial Liabilities at Fair Value through Profit or Loss". The convertible debentures issued on October 31, 2013 included certain embedded derivatives, which are included in convertible debentures on the statement of financial position. After initial recognition at fair value, the embedded derivatives are remeasured each period at fair value, with changes in fair value recognized in non-operating income in the consolidated statement of comprehensive loss.

a) Fair value

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying values of cash and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

b) Foreign currency rate risk

A portion of the Company's transactions occur in United States, Mexican and Kenyan currencies; accordingly, the related financial assets are subject to fluctuations in the respective exchange rates.

For the period ended July 31, 2015, the sensitivity of the Company's net income due to changes in the exchange rate between the Canadian dollar and foreign currencies (primarily the United States dollar and the Kenyan shilling) would have impacted net income by $2,519 for a 5% increase or decrease in the Canadian dollar.

c) Concentration of credit risk

Management does not believe it is exposed to any significant concentration of credit risk except that a significant portion of its cash is on deposit with major Canadian and Kenyan banks. All of the sales taxes recoverable are with either the government of Canada or the government of Mexico.

d) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due (note 2).

e) Interest rate risk

The Company has cash; accordingly, the Company's interest income is susceptible to fluctuations in interest rates. The convertible debentures were issued on October 31, 2013. The payments required on the convertible debentures are subject to a number of factors, as outlined in note 11, which results in interest rate risk.

5. Capital Management

The Company's capital structure consists of share capital, the equity portion of convertible notes, warrants, and contributed surplus, which at July 31, 2015 totalled $27.2 million (year-ended October 31, 2014 - $27.0 million). The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition and exploration of resource properties and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions, and there can be no assurance the Company will be able to raise funds in the future.

There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

6. Property and equipment

	Office equipment	Exploration equipment	Total
	$	$	$
Cost			
Balance at November 1, 2013	30,177	31,936	62,113
Additions	-	693	693
Disposals	-	-	-
Balance at October 31, 2014	30,177	32,629	62,806
Additions	-	-	-
Disposals	(18,332)	-	(18,332)
Balance at July 31, 2015	11,845	32,629	44,474
Accumulated amortization			
Balance at November 1, 2013	22,238	18,613	40,851
Additions	2,382	4,318	6,700
Disposals	-	-	-
Balance at October 31, 2014	24,620	22,931	47,551
Additions	1,247	3,176	4,423
Disposals	(16,949)	-	(16,949)
Balance at July 31, 2015	8,918	26,107	35,025
Carrying amounts			
As at October 31, 2014	**5,557**	**9,698**	**15,255**
As at July 31, 2015	**2,927**	**6,522**	**9,449**

Amortization of exploration equipment is recorded as an addition to resource properties. During the nine-month period ended July 31, 2015, the Company recorded a loss on the disposal of office equipment for $nil proceeds and capitalized amortization of $3,176 (year-ended October 31, 2014 - $4,318) to resource properties.

7. Resource properties

The Company's resource properties consist of the following:

	Kenya	Canada		Mexico	
	Nyanza $	KM61 $	Seymour Lake $	La Morena and Other $	Total $
Balance at November 1, 2013	2,901,570	4,023,134	1,130,354	838,787	8,893,845
Additions incurred during the period	531,123	5,300	-	24,741	561,164
Write-off of resource properties	-	-	-	(863,528)	(863,528)
Balance at October 31, 2014	3,432,693	4,028,434	1,130,354	-	8,591,481
Additions incurred during the period	862,233	3,600	-	-	865,833
Balance at July 31, 2015	4,294,926	4,032,034	1,130,354	-	9,457,314

Kenya

i) Nyanza

The Company has an agreement with East African Pure Gold Limited ("EAPG") and B&M Mining Company Limited ("B&M") to earn an interest in three mineral exploration concessions located in Kenya. Under the terms of the agreement, the Company has:

- A first option to earn a 70% interest on completing exploration expenditures of US $600,000 and making cash payments of US $300,000 to EAPG and B&M by August 2016. The required exploration expenditures have been incurred, and cash payments of US $28,000 have been made to date.
- A second option to earn an 80% interest by exercising the first option and incurring cumulative exploration expenditures of US $4.0 million.
- Within 90 days of completion of the second option, EAPG and B&M can deliver a one-time joint election to fund its 20% share of exploration costs, or EAPG and B&M can grant the Company a future option to acquire an additional 10% interest by funding additional exploration expenditures of US $10.0 million. The Company will remain the operator on the concessions and is not obligated to incur additional exploration expenditures.
- Within 90 days of completion of a positive feasibility study and receipt of a production notice from the Company for each project, EAPG and B&M can deliver a one-time joint election to fund its 10% or 20% share of the construction costs, or EAPG and B&M can grant the Company a further option to acquire an additional 5% interest by funding additional costs of US $10.0 million. The Company is not obligated to advance a project, covered by a feasibility study, to production.
- The Company maintains a 100% right to any surface mineralization to a depth of one metre below saprolite.

SPL 214, which is part of the Nyanza property, is subject to a 2% net smelter royalty. 1% of the net smelter royalty is payable to African Queen Mines Limited ("AQ"), and 1% is payable to AQ's partner, Abba Mining Company Limited.

Canada

i) KM61

The Company holds a 100% interest in the KM61 property, which is a molybdenum-copper-silver prospect, located in northwestern Ontario, contiguous with the Seymour Lake project. The majority of the KM61 property, including the mineralized zone, is subject to a 0.5% net smelter royalty. Of the remaining claims on the KM61 property, certain portions are subject to a 3% net smelter royalty and the balance are not subject to any royalties. The Company can repurchase 50% of the 0.5% net smelter royalty for $250,000 and/or 50% of the 3% net smelter royalty for $1.0 million.

During the year-ended October 31, 2012, the Company identified various indicators of impairment of the property, including declines in the prices of molybdenum, copper and silver, a lack of recent exploration work with no significant exploration work planned in the foreseeable future, as well as a strategic shift in the Company's exploration focus towards its Kenyan operations. Given the stage of exploration of the property, the estimated fair value of $4.0 million was determined based on a review of comparable sale transactions of resource properties. The resulting impairment charge of $4.4 million was charged to expenses. This write-down was approximately 50% of the carrying value prior to the recorded impairment.

As at July 31, 2015 and at October 31, 2014, the Company determined that there were no indicators of additional impairment or impairment reversals. Management is currently assessing options to fund additional exploration of KM61.

ii) Seymour Lake

The Company holds a 100% interest in the Seymour Lake property, which is a tantalum-lithium-beryllium prospect located in northwestern Ontario, in the Crescent Lake area of the Thunder Bay Mining District. Certain portions of the Seymour Lake property are subject to a 3% net smelter return royalty, of which 1.5% can be purchased by the Company for $1.0 million.

Mexico

i) La Morena and Other

The Company holds a 100% interest in the La Morena property, located in the state of Coahuila, Mexico. During the year-ended October 31, 2014, the Company recorded a write-off on its Mexican resource properties in the amount of $863,528.

8. Accounts payable and accrued liabilities

	July 31, 2015	October 31, 2014
	$	$
Trade accounts payable and accrued liabilities	652,049	676,854
Amounts payable to related parties (note 15)	370,011	109,040
Withholdings and taxes payable	1,025	8,731
	1,023,085	794,625

9. Capital Stock

a) Authorized

The Company has authorized an unlimited number of common shares without par value.

b) Issued and outstanding

	Nine-months ended July 31, 2015		Year-ended October 31, 2014	
	Number	Amount ($)	Number	Amount ($)
Opening balance	80,450,220	22,319,362	80,330,500	22,307,390
Shares issued as finders' fees (note 11)	359,158	35,916	119,720	11,972
Shares issued pursuant to private placement	2,843,750	113,750	-	-
Share issue costs	-	(8,313)	-	-
Closing balance	83,653,128	22,460,715	80,450,220	22,319,362

On July 3, 2015, the Company completed a private placement of 2,843,750 units at a price of $0.04 per unit, for gross proceeds of $113,750 (note 15). Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.06 until July 3, 2017. Using the residual method to value the units, the Company has allocated $113,750 to the value of the common shares and $nil to the value of the warrants. Fees related to the financing were $8,313 and consisted primarily of professional and regulatory fees. The Company has allocated the fees of $8,313 to the cost of issuing the common shares. All securities issued pursuant to the financing are subject to a four-month hold period from the date of closing.

On October 31, 2013, the Company completed a private placement of 1,196 units at a price of $1,001 per unit, for gross proceeds of $1,197,196 (note 11). Pursuant to this private placement, a finders' fee of 7%, or $83,804, was payable. 3% of the fee was payable in cash, and 4% was payable in shares at a value of $0.10 per share. During the year-ended October 31, 2014, the Company issued 119,720 common shares, valued at $11,972, and paid cash of $8,979 to the finders. The remaining balance of $26,937 in cash and 359,158 common shares, valued at $35,916, were paid to the finders during the nine-month period ended July 31, 2015.

10. Stock options

The Company has adopted a stock option plan (the "Plan"), providing the Board of Directors with the discretion to issue an equivalent number of options of up to 10% of the issued and outstanding share capital of the Company. Stock options are granted with an exercise price of not less than closing share price of the day preceding the date of grant.

During the nine-month period ended July 31, 2015, no stock options were granted by the Company (year-ended October 31, 2014 - 1,750,000 stock options), and 100,000 stock options expired or were forfeited (year-ended October 31, 2014 – 3,125,000 stock options expired or forfeited). The estimated fair value of the stock options granted was estimated at the grant date using the Black-Scholes option pricing model and the following weighted-average assumptions:

	Year-ended October 31, 2014
Risk-free rate	1.08%
Expected volatility of the Company's share price	162%
Expected dividend yield	N/A
Expected life of each option	4.4 years
Weighted average fair value per option	
Exercise price equal to stock price on date of grant	$0.05
Exercise price exceeds stock price on date of grant	N/A

Changes in stock options during the nine-month period ended July 31, 2015 and the year-ended October 31, 2014 are summarized as follows:

	Nine-months ended July 31, 2015		**Year-ended October 31, 2014**	
	Number of options	**Weighted average exercise price ($)**	**Number of options**	**Weighted average exercise price ($)**
Outstanding - beginning of periods	5,115,000	0.12	6,490,000	0.17
Granted	-	-	1,750,000	0.06
Forfeited or expired	(100,000)	0.07	(3,125,000)	0.18
Outstanding - end of periods	5,015,000	0.12	5,115,000	0.12

As at July 31, 2015, the Company had outstanding stock options entitling the holders to acquire additional common shares as follows:

Weighted average exercise price per share ($)	Number of options outstanding	Expiry date	Weighted average remaining contractual life (years)	Number of options exercisable
0.04	50,000	July 23, 2018	2.98	50,000
0.05	50,000	August 20, 2018	3.06	37,500
0.05	1,200,000	June 5, 2019	3.85	600,000
0.07	250,000	July 4, 2019	3.93	125,000
0.07	200,000	September 11, 2019	4.12	50,000
0.07	100,000	April 12, 2018	2.70	100,000
0.10	700,000	September 30, 2017	2.17	700,000
0.10	990,000	January 17, 2018	2.47	990,000
0.10	100,000	January 21, 2018	2.48	100,000
0.10	100,000	March 13, 2018	2.62	100,000
0.14	150,000	August 3, 2015	0.01	150,000
0.25	600,000	December 1, 2016	1.34	600,000
0.27	150,000	November 8, 2015	0.27	150,000
0.30	375,000	June 7, 2016	0.85	375,000
0.12	5,015,000		2.52	4,127,500

As at July 31, 2015, 3,350,313 options were available for granting under the Plan (October 31, 2014 – 2,930,022).

The estimated value of options earned during the nine-month period ended July 31, 2015 was $41,865 (year-ended October 31, 2014 - $79,981). The Company capitalized $85 (October 31, 2014 - $1,001) in non-cash share-based compensation expense to resource properties, with the balance of $41,780 (October 31, 2014 - $78,980) charged to operations.

11. Convertible Debentures

On October 31, 2013, the Company completed a private placement of 1,196 units at a price of $1,001 per unit, for aggregate gross proceeds of $1,197,196. The proceeds of the financing are being used to fund expenditures, including a two-phased exploration and potential surface gold recovery program at the Company's Nyanza Project in Kenya:

- Phase I - sampling, metallurgy, permitting and plant equipment procurement; and

- Phase II – capital investment and plant operation for the surface gold recovery program. Until the Company advanced to Phase II, 75% of the gross proceeds, being $897,897, were held in trust with a Kenyan law firm. At the Company's discretion, it was entitled to advance to Phase II with the completion of a successful Phase I.

During the year-ended October 31, 2014, the Company elected to proceed with Phase II. As a result, the convertible debenture holders are now entitled to receive:

- a repayment of the convertible debenture in the amount of 100% of the investment ($1,000 per unit) based on 75% of free cash flow generated from the surface gold recovery project;

- a right to purchase a preferred share in Stockport Mining Kenya ("SMK"), a subsidiary of the Company. $1 per unit has been allocated to the cost of the preferred share. The preferred share will pay a premium entitlement of 110% of the original investment ($1,100 per unit) from 75% of free cash flow generated from the gold recovery project and is then redeemed by SMK; and

- if the amount of the debenture plus the 110% premium entitlement is not paid within the five year maturity date of October 31, 2018, then the amount of debt and premium entitlement, less any repayments to that date, will be converted into common shares of the Company at a conversion price of $0.50 per share.

Under the terms of this financing, the Company also issued 1,000 warrants with each unit. The 1,196,000 warrants are exercisable at the commencement of Phase II at a price of $0.10 per share and expire on October 31, 2018. An initial value of $30,000 was assigned as the fair value of the warrants.

Details of the amounts repayable related to the convertible debenture are as follows:

	July 31, 2015 $
Phase I	299,299
Phase II	897,897
Total financing proceeds after Phase I and Phase II	1,197,196
Premium entitlement (110%)	1,316,916
Total amount to be repaid by October 31, 2018	2,514,112
Estimated fair value of amount to be repaid	1,831,306
Less: current portion of convertible debentures	(375,000)
Long-term portion of convertible debentures	1,456,306

The Company has estimated the fair value of this liability based on the net present value of 75% of projected future cash flows from operating the surface gold recovery program until October 31, 2018, using a discount rate of 20%, resulting in a fair value of $1,831,306 (October 31, 2014 - $1,831,306). The current portion of the fair value of this liability is estimated to be $375,000 (October 31, 2014 - $275,000).

The equity portion of convertible debentures expired with the Company's decision to advance to Phase II during the year-ended October 31, 2014. As a result, this amount of $75,000 was transferred to Contributed Surplus.

12. Convertible Notes

On February 25, 2015, the Company completed a $295,000 bridge loan financing from various directors and other private investors of the Company by the issuance of 12% unsecured convertible promissory notes (the "Notes"). The Notes bear interest at 12% per annum, payable quarterly commencing August 25, 2015, and will be repayable by the Company on or before the maturity date of February 25, 2018.

The principal amount of the Notes is convertible into common shares of the Company at the election of the holder at the rate of $0.05 of principal converted per share (the "Conversion Price"). If the Notes are not repaid within three days of the maturity date, they will be automatically converted into common shares of the Company at the Conversion Price. If interest is not paid each quarter, any accrued interest can be converted, at the option of the holder, into shares at the five-day Volume Weighted-Average Price ("VWAP") preceding the date of conversion.

The Company has assessed the respective value of the Notes and the conversion component. The Notes have been initially recorded at a value of $205,000, and the equity component of the Notes has been valued at $90,000. The initial recorded value of the Notes, in the amount of $205,000, will be accreted to the face value of the Notes over the term of three years. During the nine-month period ended July 31, 2015, the change in the recorded value of the Notes was as follows:

Convertible promissory notes, original value	$ 205,000
Accretion expense	12,500
Total value of the Notes, July 31, 2015	$ 217,500

In preparing the allocation of value between the Notes and the equity component of the Notes, the Company estimated an interest rate of 25% for a similar debt instrument with no conversion option. If the Company had used an interest rate of 20%, the recorded value of the equity component of the Notes would have been $30,000 lower. If the Company had used an interest rate of 30%, the recorded value of the equity component of the Notes would have been $40,000 higher.

13. Warrants

Warrant activity during the nine-month period ended July 31, 2015 and the year-ended October 31, 2014 was as follows:

	Nine-months ended July 31, 2015			Year-ended October 31, 2014		
	Number	Exercise price per warrant ($)	Amount ($)	Number	Exercise price per warrant ($)	Amount ($)
Outstanding - beginning of period	1,196,000	0.10	30,000	1,196,000	0.10	30,000
Warrants issued for cash	2,843,750	0.06	-	-	-	-
Outstanding - end of period	4,039,750	0.07	30,000	1,196,000	0.10	30,000

The estimated fair value of the warrants issued pursuant to the July 3, 2015 private placement financing was estimated at $nil under the residual method of valuing the units issued (note 9).

As at July 31, 2015, the Company had 4,039,750 common share purchase warrants outstanding, exercisable at a weighted-average exercise price of $0.07 into common shares of the Company. 2,843,750 of the outstanding warrants expire on July 3, 2017, and 1,196,000 of the outstanding warrants expire on October 31, 2018.

14. Deferred Income Taxes

The following reflects deferred income tax assets (liabilities):

	July 31, 2015 $	October 31, 2014 $
Non-capital losses carried forward	535,000	334,000
Deductible share issue costs	26,000	34,000
Accounting value of mineral resource properties in excess of tax value	(820,000)	(630,000)
Accounting value of convertible debenture in excess of tax value	242,000	242,000
Tax value of property and equipment and prepaid expenses in excess of accounting value	17,000	20,000
Net deferred future income tax asset (liability) recognized	-	-

The Company also has the following approximate net deferred tax assets, primarily related to foreign operations, which have not been recognized:

	July 31, 2015 $	October 31, 2014 $
Net deferred tax assets - not recognized	3,176,000	3,620,000

15. Related Party Transactions

The Company completed a private placement financing of 2,843,750 units for gross proceeds of $113,750 on July 3, 2015. Directors and officers of the Company purchased 968,750 of the units issued pursuant to this financing.

During the three-month period ended July 31, 2015, the Company was provided an operating line of credit of up to $250,000 by a company owned by certain directors of Stockport Exploration Inc. Interest on the operating line of credit is payable monthly at prime plus 1%. As of the date of this report, the Company has drawn $250,000 against the line of credit and has accrued interest payable of $1,498 on the line of credit balance outstanding. During the nine-month period ended July 31, 2015, the Company also incurred management service fees of $76,500 and rent of $18,000 to a company owned by certain directors.

On February 25, 2015, the Company completed a $295,000 bridge loan financing by the issuance of 12% unsecured convertible promissory notes. Certain directors of the Company contributed $195,000 towards the financing. As at July 31, 2015, accrued interest on the Notes in the amount of $10,064 was payable to related parties.

There were no further transactions with related parties outside the normal course of business operations during the period.

As at July 31, 2015, total amounts payable to officers, directors and companies owned thereby were $815,011 (October 31, 2014 - $109,040), including convertible debt and outstanding line of credit amounts.

During the year-ended October 31, 2014, the Company paid management service fees of $59,000 and rent of $6,000 to a company owned by an officer.

16. Contingency

The Company has an employment arrangement with the President and CEO of the Company which provides that, should a change in control event occur, the President may elect to terminate his employment with the Company, in which event the Company is required to pay the President a lump sum payment equal to 2.5 times his annual salary. The Company also has a consulting arrangement with the Chairman of the Company which provides that, should a change in control event occur, the Chairman may elect to terminate his arrangement with the Company, in which event the Company is required to pay the Chairman a lump sum payment equal to 2.0 times his annual remuneration. The payment of these change in control settlements would be subject to the Company maintaining an average market capitalization in excess of CDN $25 million, based on any 10-day volume weighted trading price within the three-month period following the effective date of the change in control.

17. Segmented Information

The Company conducts mineral operations in Canada, Mexico and Kenya and is searching for mineral exploration opportunities worldwide. Since the Company is in the exploration stage, there is no segmented revenue or operating results to report. The Company's total assets are segmented geographically as follows:

					July 31, 2015
		Mineral Operations			
	Corporate Canada	**Canada**	**Mexico**	**Kenya**	**Total**
	$	**$**	**$**	**$**	**$**
Current assets	36,909	-	4,417	15,766	57,092
Marketable securities	6,000	-	-	-	6,000
Property and equipment	2,927	-	-	6,522	9,449
Resource properties	-	5,162,388	-	4,294,826	9,457,214
	45,836	5,162,388	4,417	4,317,114	9,529,755

October 31, 2014

		Mineral Operations			
	Corporate Canada	**Canada**	**Mexico**	**Kenya**	**Total**
	$	**$**	**$**	**$**	**$**
Current assets	361,577	-	3,137	8,144	372,858
Marketable securities	6,000	-	-	-	6,000
Property and equipment	5,558	-	-	9,697	15,255
Resource properties	-	5,158,788	-	3,432,693	8,591,481
	373,135	5,158,788	3,137	3,450,534	8,985,594