STOCKPORT EXPLORATION INC.

Unaudited Condensed Interim Consolidated Financial Statements

July 31, 2016

September 21, 2016

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, 2016 and October 31, 2015

(expressed in Canadian dollars)

	July 31, 2016	October 31, 2015
ASSETS	$	$
Current assets		
Cash	44,428	178,503
Amounts receivable (note 7)	162,955	-
Sales taxes recoverable	3,673	5,852
Prepaid expenses and deposits	12,126	4,710
	223,182	189,065
Marketable securities	546,800	5,500
Property and equipment (note 6)	5,460	8,174
Resource properties (note 7)	4,487,045	9,225,472
	5,262,487	9,428,211
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	1,686,210	1,237,137
Line of credit (note 15)	234,944	250,000
Current portion of convertible debentures (note 11)	-	560,000
	1,921,154	2,047,137
Convertible notes (note 12)	247,500	225,000
Long-term portion of convertible debentures (note 11)	150,847	1,175,381
	2,319,501	3,447,518
SHAREHOLDERS' EQUITY	2,942,986	5,980,693
	5,262,487	9,428,211

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) James Megann — **James Megann**

(s) Carl Sheppard — **Carl Sheppard**

STOCKPORT EXPLORATION INC.
Unaudited Condensed Interim Consolidated Statements of Comprehensive Loss
For the three and nine-month periods ended July 31, 2016 and 2015

(expressed in Canadian dollars)

	For the Three-Months Ended July 31		For the Nine-Months Ended July 31	
	2016	2015	2016	2015
	$	$	$	$
EXPENSES				
Amortization	200	420	595	1,247
Banking fees	641	933	2,552	2,635
General and administrative	8,508	12,865	30,561	30,683
Investor relations and marketing	180	2,283	540	5,553
Listing and regulatory costs	12,396	22,397	30,220	47,000
Management salaries and fees	60,500	60,500	185,590	182,873
Management services	9,000	25,500	60,000	76,500
Professional services	8,942	5,886	32,814	22,322
Share-based compensation	7,840	9,674	16,760	41,780
Travel	3,196	4,514	4,116	5,414
LOSS FROM OPERATIONS	111,403	144,972	363,748	416,007
OTHER EXPENSES (INCOME)				
Accretion expense (note 12)	7,500	7,500	22,500	12,500
Change in fair value of convertible debenture liability (note 11)	-	-	(1,584,534)	-
Write-down of capital assets (note 6)	-	1,383	-	1,383
Write-down of pilot project (note 7)	(162,955)	-	1,616,333	-
Write-down of resource property (note 7)	2,944,517	-	2,944,517	-
Foreign exchange	9,659	(5,420)	(11,356)	(4,410)
Interest income (note 7)	(23,500)	-	(23,500)	-
Interest expense	13,434	1,516	18,059	(563)
LOSS BEFORE INCOME TAXES	2,900,058	149,951	3,345,767	424,917
Deferred income tax (note 14)	-	-	-	-
NET LOSS FOR THE PERIOD	2,900,058	149,951	3,345,767	424,917
Unrealized loss (gain) on available-for-sale securities	(288,800)	1,000	(291,300)	-
COMPREHENSIVE LOSS FOR THE PERIOD	2,611,258	150,951	3,054,467	424,917
LOSS PER SHARE - BASIC AND DILUTED	$ 0.029	$ 0.002	$ 0.034	$ 0.005
Weighted Average Number of Common Shares Outstanding				
Basic	88,653,128	81,705,777	88,653,128	81,026,605

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, 2016 and 2015 and October 31, 2015

(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, 2014	80,450,220	22,319,362	-	30,000	4,603,558	(6,000)	(20,587,257)	6,359,663
Net loss and other 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
Net loss and other comprehensive loss for the period	-	-	-	-	-	(500)	(415,131)	(415,631)
Units issued pursuant to private placements (note 9)	5,000,000	150,000	-	50,000	-	-	-	200,000
Private placement issue costs	-	(13,152)	-	(4,651)	-	-	-	(17,803)
Share-based compensation	-	-	-	-	6,163	-	-	6,163
Balance at October 31, 2015	88,653,128	22,597,563	90,000	75,349	4,651,586	(6,500)	(21,427,305)	5,980,693
Net loss and other comprehensive income for the period	-	-	-	-	-	291,300	(3,345,767)	(3,054,467)
Share-based compensation	-	-	-	-	16,760	-	-	16,760
Balance at July 31, 2016	88,653,128	22,597,563	90,000	75,349	4,668,346	284,800	(24,773,072)	2,942,986

Other comprehensive income (loss) for the period comprises the net unrealized gain (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, 2016 and 2015

(expressed in Canadian dollars)

	For the Nine-Months Ended July 31	
	2016	2015
	$	$
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net loss for the periods	(3,345,767)	(424,917)
Charges (credits) to income not involving cash		
Amortization	595	1,247
Share-based compensation	16,760	41,780
Accretion expense	22,500	12,500
Change in fair value of convertible debenture liability	(1,584,534)	-
Write-down of capital assets	-	1,383
Write-down of pilot project	1,616,333	-
Write-down of resource property	2,944,517	-
Interest income	(23,500)	-
	(353,096)	(368,007)
Net change in non-cash working capital balances related to operations		
Decrease (increase) in amounts receivable and sales taxes recoverable	(559)	3,831
Increase in prepaid expenses and deposits	(7,416)	(4,123)
Increase in accounts payable and accrued liabilities	203,337	281,106
	(157,734)	(87,193)
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 (paid on) line of credit	(15,056)	250,000
	(15,056)	650,437
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Resource property interests and options	(214,023)	(879,302)
Cash received pursuant to option agreements (note 7)	250,000	-
Sales taxes recoverable related to resource property interests	2,738	(434)
	38,715	(879,736)
NET CHANGE IN CASH	(134,075)	(316,492)
CASH, beginning of periods	178,503	347,586
CASH, end of periods	44,428	31,094
Non-cash financing activities		
Common shares issued as a cost of financing (note 9)	-	35,916

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

Going Concern

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, 2016, the Company incurred a net loss of approximately $3.3 million (year-ended October 31, 2015 - $0.8 million) and had an accumulated deficit of approximately $24.8 million as at July 31, 2016 (year-ended October 31, 2015 - $21.4 million). The Company has no income or cash flow from operations and at July 31, 2016, had a negative working capital balance of approximately $1.7 million (year-ended October 31, 2015 - negative working capital balance of $1.9 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; 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, 2015.

The policies applied in these unaudited condensed interim consolidated financial statements are based on the IFRS as of September 21, 2016, 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, 2016 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, 2015. Refer to note 3, *Significant Accounting Policies*, of the Company's annual consolidated financial statements for the year-ended October 31, 2015 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 cash equivalents 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, 2016, 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 $17,583 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 Company issued convertible notes on February 25, 2015 (note 12) and has an outstanding line of credit of $234,944. The payments required on the convertible notes and the line of credit result in interest rate risk to the Company.

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, 2016 totalled $27.4 million (year-ended October 31, 2015 - $27.4 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, 2014	30,177	32,629	62,806
Additions	-	-	-
Disposals	(18,332)	-	(18,332)
Balance at October 31, 2015	11,845	32,629	44,474
Additions	-	-	-
Disposals	-	-	-
Balance at July 31, 2016	11,845	32,629	44,474
Accumulated amortization			
Balance at November 1, 2014	24,620	22,931	47,551
Additions	1,532	4,166	5,698
Disposals	(16,949)	-	(16,949)
Balance at October 31, 2015	9,203	27,097	36,300
Additions	595	2,119	2,714
Disposals	-	-	-
Balance at July 31, 2016	9,798	29,216	39,014
Carrying amounts			
As at October 31, 2015	**2,642**	**5,532**	**8,174**
As at July 31, 2016	**2,047**	**3,413**	**5,460**

Amortization of exploration equipment is recorded as an addition to resource properties. During the nine-month period ended July 31, 2016, the Company capitalized amortization of $2,119 (year-ended October 31, 2015 - $4,166) to resource properties.

7. Resource properties

The Company's resource properties consist of the following:

	Kenya	Canada		
	Nyanza	KM61	Seymour Lake	Total
	$	$	$	$
Balance at November 1, 2014	3,432,693	4,028,434	1,130,354	8,591,481
Additions incurred during the period	984,545	4,800	-	989,345
Write-off of resource properties	-	-	(355,354)	(355,354)
Balance at October 31, 2015	4,417,238	4,033,234	775,000	9,225,472
Additions incurred during the period	450,595	11,283	-	461,878
Write-down of pilot project	(1,779,288)	-	-	(1,779,288)
Write-down of resource properties	-	(2,944,517)	-	(2,944,517)
Option payments received	-	(100,000)	(376,500)	(476,500)
Balance at July 31, 2016	3,088,545	1,000,000	398,500	4,487,045

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.

The Company suspended the operation of its pilot surface gold recovery project ("pilot project") at the Nyanza property in Kenya during the second quarter of the year. As a result, the Company has written-down the accumulated costs associated with the pilot project, including an accrual of closure costs of $125,000, for a total write-down of $1,779,288. During the nine-month period ended July 31, 2016, the Company signed an agreement to sell the pilot project's plant equipment to an unrelated third party for a value of $162,955 (US $125,000).

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.

On June 22, 2016, the Company entered into a cash and share option agreement with Sovereign Gold Company Limited ("Sovereign") of Australia to acquire 100% of the Company's KM61 concession claims for gross proceeds of $1.4 million. The option excludes the mineralized area known as the KM61 Project. The Company received $100,000 upon signing of the agreement, which was recorded as a recovery of resource property expenditures. Further payments to be made during a 150 day due diligence period include $75,000 within 75 days of execution of the option agreement and $75,000 within 150 days, as well as the issuance of $250,000 in shares of Sovereign upon completion of the due diligence period. Following the due diligence period, the Company will be paid a further $400,000 in quarterly installments of $50,000 per quarter. At the completion of the option agreement, a further $500,000 of Sovereign cash or shares (at Stockport's election) will be issued to the Company.

During the term of the agreement, Stockport will retain 100% of the Crescent Lake rights should Sovereign fail to complete any requirements of the option agreement. Stockport also maintains a 2% NSR on all minerals related to the property. Sovereign retains the right to abandon or accelerate payments at any time throughout the due diligence or option period.

During the period ended July 31, 2016, the Company wrote-down the value of its KM61 property to $1,100,000, which was the net present value of the future cash flows associated with the Sovereign cash and share option agreement to acquire the property, using a discount rate of 20%. As of July 31, 2016, if the discount rate was 5% higher or lower, the write-down of resource property expense would increase or decrease by $60,000.

As at July 31, 2016, the Company determined that there were no indicators of additional impairment or impairment reversals on the KM61 property.

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 (“NSR”), of which 1.5% can be purchased by the Company for $1.0 million.

On January 5, 2016, the Company entered into a cash and share option agreement with Ardiden Limited (“Ardiden”) of Australia to acquire 100% of the Company’s Seymour Lake concessions for gross proceeds of $1.0 million. The Company received $75,000 upon signing of the agreement and received a further $75,000 in cash and $250,000 of Ardiden shares at the end of the due diligence period completed within 150 days following the agreement execution date. As at July 31, 2016, the fair value of the Ardiden shares was $529,300, and the unrealized gain of $279,300 was recorded through the Company’s other comprehensive income for the period.

Following the due diligence period, the Company will be paid a further $350,000 in quarterly installments of $25,000 per quarter. At the completion of the option agreement, a further $250,000 of Ardiden shares will be issued to the Company.

During the option period, Ardiden reserves both the right to accelerate all payments to the Company or withdraw from the agreement. Should Ardiden fail to complete any of the option agreement requirements, the company will retain 100% of its Seymour Lake concession rights. The Company also maintains the option to purchase a 1.5% NSR for payment of $1.0 million on or before January 24, 2024.

During the year-ended October 31, 2015, the Company wrote-down the value of its Seymour Lake property to $775,000, which was the net present value of the future cash flows associated with the Ardiden cash and share option agreement to acquire the property, using a discount rate of 20%. As of October 31, 2015, if the discount rate was 5% higher or lower, the write-down of resource property expense would increase or decrease by $40,000. All amounts received from Ardiden during the nine-month period ended July 31, 2016 were recorded as a recovery of resource property expenditures at their net present value, with the difference between the amount received and the net present value of $23,500 recorded as interest income.

As at July 31, 2016, the Company determined that there were no indicators of additional impairment or impairment reversals on the Seymour Lake property.

8. Accounts payable and accrued liabilities

	July 31, 2016	October 31, 2015
	$	$
Trade accounts payable and accrued liabilities	941,774	736,717
Amounts payable to related parties (note 15)	734,058	491,899
Withholdings and taxes payable	10,378	8,521
	1,686,210	1,237,137

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, 2016		Year-ended October 31, 2015	
	Number	Amount ($)	Number	Amount ($)
Opening balance	88,653,128	22,597,563	80,450,220	22,319,362
Shares issued as finders' fees (note 11)	-	-	359,158	35,916
Shares issued pursuant to private placement	-	-	7,843,750	263,750
	88,653,128	22,597,563	88,653,128	22,619,028
Less: Share issue costs	-	-	-	(21,465)
Closing balance	88,653,128	22,597,563	88,653,128	22,597,563

On October 27, 2015, the Company completed a private placement of 5,000,000 units at a price of $0.04 per unit, for gross proceeds of $200,000 (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 October 27, 2017. Using the residual method to value the units, the Company allocated $150,000 to the value of the common shares and $50,000 to the value of the warrants. Fees related to the financing were $17,803 and consisted of professional and regulatory fees, as well as a finder’s fee of 7% on a portion of the financing, payable in cash. The Company has allocated the fees of $13,152 to the cost of issuing the common shares and $4,651 to the cost of issuing the warrants. All securities issued pursuant to the financing were subject to a four-month hold period from the date of closing.

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 were 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, 2015, the Company issued $26,937 in cash and 359,158 common shares, valued at $35,916, for the final payment of these finders' fees.

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.

The estimated fair value of options recognized has been estimated at the grant date using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the expected volatility. Changes in the assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable estimate of the fair value of the Company's stock options. During the nine-month period ended July 31, 2016, the Company granted 1,950,000 stock options (year-ended October 31, 2015 – no options granted). 540,000 stock options expired or were forfeited during the nine-month period ended July 31, 2016 (year-ended October 31, 2015 – 250,000 stock options expired or forfeited). Weighted average assumptions used in the pricing model for the nine-month period ended July 31, 2016 were as follows:

Risk-free rate	0.47%
Expected volatility of the Company's share price	202%
Expected dividend yield	N/A
Expected life of each option	4.45 years
Weighted average fair value per option	
Exercise price exceeds stock price on date of grant	$ 0.03

Changes in stock options during the nine-month period ended July 31, 2016 and the year-ended October 31, 2015 are summarized as follows:

	Nine-months ended July 31, 2016		Year-ended October 31, 2015	
	Number of options	Weighted average exercise price ($)	Number of options	Weighted average exercise price ($)
Outstanding - beginning of periods	4,865,000	0.12	5,115,000	0.12
Granted	1,950,000	0.05	-	-
Forfeited or expired	(540,000)	0.29	(250,000)	0.11
Outstanding - end of periods	6,275,000	0.09	4,865,000	0.12

As at July 31, 2016, 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	1.98	50,000
0.05	50,000	August 20, 2018	2.05	50,000
0.05	1,200,000	June 5, 2019	2.85	1,200,000
0.05	200,000	February 16, 2021	4.55	-
0.05	1,750,000	July 11, 2021	4.95	-
0.07	250,000	July 4, 2019	2.93	250,000
0.07	200,000	September 11, 2019	3.12	150,000
0.07	100,000	April 12, 2018	1.70	100,000
0.10	700,000	September 30, 2017	1.17	700,000
0.10	975,000	January 17, 2018	1.47	975,000
0.10	100,000	January 21, 2018	1.48	100,000
0.10	100,000	March 13, 2018	1.62	100,000
0.25	600,000	December 1, 2016	0.34	600,000
0.09	6,275,000		2.78	4,275,000

As at July 31, 2016, 2,590,313 options were available for granting under the Plan (October 31, 2015 – 4,000,313). The estimated value of options earned during the nine-month period ended July 31, 2016 was $16,760 (year-ended October 31, 2015 - $48,028).

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 preferred share in Stockport Mining Kenya ("SMK"). $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, 2016	**October 31, 2015**
	$	$
Phase I	299,299	299,299
Phase II	897,897	897,897
Total financing proceeds after Phase I and Phase II	1,197,196	1,197,196
Premium entitlement (110%)	1,316,916	1,316,916
Total amount to be repaid by October 31, 2018	2,514,112	2,514,112
Estimated fair value of amont to be repaid	150,847	1,735,381
Less: Current portion of convertible debentures	-	(560,000)
	150,847	1,175,381

As a result of the Company suspending the operation of its pilot project and its write-down, the Company recorded a corresponding change in the estimated fair value of its convertible debentures in the amount of

$1,584,534. As at July 31, 2016, the Company has estimated the fair value of its convertible debenture liability based upon its full settlement obligation to issue 5,084,224 common shares at the maturity date of October 31, 2018. The Company estimated the fair value of its obligation to issue these shares based on the market trading price of $0.03 per share.

As at October 31, 2015, the Company estimated the fair value of this liability was 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 $1,735,381. The current portion of the fair value of this liability was estimated to be $560,000 at October 31, 2015.

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 unsecured convertible promissory notes (the "Notes"). The Notes bear interest at 15% per annum, payable quarterly, and will be repayable by the Company on or before the maturity date of March 27, 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 of the Company at a conversion price of $0.05 per share or a five-day volume weighted-average price ("VWAP") preceding the date of conversion, whichever is higher.

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, 2016 and the year-ended October 31, 2015, the change in the recorded value of the Notes was as follows:

Convertible promissory notes, original value	$ 205,000
Accretion expense	20,000
Recorded value of the Notes, October 31, 2015	$ 225,000
Accretion expense	22,500
Recorded value of the Notes, July 31, 2016	$ 247,500

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, 2016 and the year-ended October 31, 2015 was as follows:

	Nine-months ended July 31, 2016			Year-ended October 31, 2015		
	Number	Exercise price per warrant ($)	Amount ($)	Number	Exercise price per warrant ($)	Amount ($)
Outstanding - beginning of period	9,039,750	0.07	75,349	1,196,000	0.10	30,000
Warrants issued pursuant to July 3, 2015 private placement (note 9)	-	-	-	2,843,750	0.06	-
Warrants issued pursuant to October 27, 2015 private placement (note 9)	-	-	-	5,000,000	0.06	50,000
Less: Warrant issue costs	-	-	-	-	-	(4,651)
Outstanding - end of period	9,039,750	0.07	75,349	9,039,750	0.07	75,349

As at July 31, 2016, the Company had the following common share purchase warrants outstanding:

Expiry date	Number of warrants outstanding	Weighted average exercise price ($)	Number of warrants exercisable
July 3, 2017	2,843,750	0.06	2,843,750
October 27, 2017	5,000,000	0.06	5,000,000
October 31, 2018	1,196,000	0.10	1,196,000

14. Deferred Income Taxes

The following reflects deferred income tax assets (liabilities):

	July 31 2016 $	October 31 2015 $
Non-capital losses carried forward	-	512,000
Deductible share issue costs	-	25,000
Accounting value of mineral resource properties in excess of tax value	-	(768,000)
Accounting value of convertible debentures in excess of tax value	-	215,000
Tax value of property and equipment and prepaid expenses in excess of accounting value	-	16,000
Net deferred future income tax asset (liability) recognized	-	-

The Company also has the following approximate net deferred tax assets which have not been recognized:

	July 31 2016 $	October 31 2015 $
Net deferred tax assets - not recognized	4,499,000	3,404,000

15. Related Party Transactions

The Company completed a private placement financing of 5,000,000 units for gross proceeds of $200,000 on October 27, 2015. Directors and officers of the Company purchased 200,000 of the units issued pursuant to this financing for gross proceeds of $8,000.

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 for gross proceeds of $38,750.

During the year-ended October 31, 2015, the Company received proceeds from an operating line of credit of $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 an outstanding line of credit amount of $234,944 and accrued interest payable of $786 on the line of credit balance outstanding. During the nine-month period ended July 31, 2016, the Company incurred management service fees of $60,000 and rent of $15,000 to a company owned by certain directors (year-ended October 31, 2015 – management service fees of $102,000 and rent of $24,000). The management service fees are incurred on a cost recovery basis and include general and administration charges such as utilities, accounting services, and investor relations services of the Company.

On February 25, 2015, the Company completed a $295,000 bridge loan financing by the issuance of unsecured convertible promissory notes. Certain directors of the Company contributed $195,000 towards the financing. As at July 31, 2016, accrued interest on the Notes in the amount of $38,177 was payable to related parties.

As at July 31, 2016, total amounts payable to officers, directors and companies owned thereby were $1,164,002 (October 31, 2015 - $936,899), including an outstanding line of credit amount of $234,944 and $195,000 of the principal amounts received from related parties pursuant to the convertible note financing, which have a balance sheet carrying value of $163,600 (October 31, 2015 – carrying value of $148,700).

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 an arrangement with a Consultant to the Company which provides that, should a change in control event occur, the Consultant may elect to terminate his arrangement with the Company, in which event the Company is required to pay the Consultant a lump sum payment equal to 2.0 times his annual remuneration. The payment of this change in control settlement 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, 2016

		Mineral Operations			
	Corporate Canada	**Canada**	**Mexico**	**Kenya**	**Total**
	$	**$**	**$**	**$**	**$**
Current assets	57,963	-	1,195	164,024	223,182
Marketable securities	546,800	-	-	-	546,800
Property and equipment	2,047	-	-	3,413	5,460
Resource properties	-	1,398,500	-	3,088,545	4,487,045
	606,810	1,398,500	1,195	3,255,982	5,262,487

October 31, 2015

		Mineral Operations			
	Corporate Canada	**Canada**	**Mexico**	**Kenya**	**Total**
	$	**$**	**$**	**$**	**$**
Current assets	141,348	-	4,405	43,312	189,065
Marketable securities	5,500	-	-	-	5,500
Property and equipment	2,642	-	-	5,532	8,174
Resource properties	-	4,808,234	-	4,417,238	9,225,472
	149,490	4,808,234	4,405	4,466,082	9,428,211