

**GREYWACKE EXPLORATION LTD.**

**UNAUDITED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2014 & 2013**

## **MANAGEMENT'S RESPONSIBILITY FOR AUDITED FINANCIAL REPORTING**

The accompanying unaudited interim financial statements of Greywacke Exploration Ltd. (the "Company") are the responsibility of the management and Board of Directors of the Company.

The unaudited interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with International Financial Reporting Standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

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 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 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 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.

"Tom MacNeill" (signed)

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President

"Jeff Sheppard" (signed)

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Chief Financial Officer

**Greywacke Exploration Ltd.**  
**Unaudited Interim Statements of Financial Position**  
(Expressed in Canadian dollars)

	December 31, 2014	September 30, 2014
As at,	\$	\$
		(Audited)
<b>ASSETS</b>		
Current		
Cash	4,484	2,150
Trade and other receivables (Note 4)	420	3,618
	<b>4,904</b>	<b>5,768</b>
<b>LIABILITIES</b>		
Current		
Trade and other payables (Note 5)	171,399	140,643
<b>EQUITY</b>		
Capital stock (Note 7 (b))	733,843	733,843
Reserve for warrants (Note 8)	67,059	67,059
Accumulated deficit	(967,397)	(935,777)
	<b>(166,495)</b>	<b>(134,875)</b>
	<b>4,904</b>	<b>5,768</b>

*Nature of Operations and Going Concern (Note 1)*  
*Commitments and Contractual Obligations (Notes 9 and 12)*

Approved on behalf of the Board of Directors on February 10, 2015:

“Tom MacNeill” (signed)

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Director

“Dean Nawata” (signed)

\_\_\_\_\_  
Director

The accompanying notes are an integral part of these unaudited interim financial statements

**Greywacke Exploration Ltd.**  
**Unaudited Interim Statements of Loss and Comprehensive Loss**  
(Expressed in Canadian dollars)

<b>For the three month period ended December 31,</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Accounting, audit and legal	<b>8,580</b>	4,854
Management fees	<b>15,000</b>	15,000
Office, general and administration	<b>137</b>	52
Public relations, filing, transfer and regulatory fees	<b>2,089</b>	1,606
Exploration and evaluation expenditures (Note 9)	<b>5,814</b>	48,307
<b>Net loss and comprehensive Loss</b>	<b>31,620</b>	69,819
<b>Loss per share - basic and diluted</b>	<b>0.00</b>	0.01
<b>Weighted average number of common shares - basic and diluted (000's)</b>	<b>6,390</b>	5,600

The accompanying notes are an integral part of these unaudited interim financial statements

**Greywacke Exploration Ltd.**  
**Unaudited Interim Statement of Changes in Equity**  
(Expressed in Canadian dollars)

	Share Capital		Reserves	Accumulated deficit	Total
	Number of shares	Amount	Warrants		
Balance at October 1, 2013	5,600,499	700,343	67,059	(724,886)	42,516
Net loss for the period	-	-	-	(69,819)	(69,819)
Balance at December 31, 2013	5,600,499	700,343	67,059	(794,705)	(27,303)

	Share Capital		Reserves	Accumulated deficit	Total
	Number of shares	Amount	Warrants		
Balance at October 1, 2014	6,390,499	733,843	67,059	(935,777)	(134,875)
Net loss for the period	-	-	-	(31,620)	(31,620)
Balance at December 31, 2014	6,390,499	733,843	67,059	(967,397)	(166,495)

The accompanying notes are an integral part of these audited financial statements

**Greywacke Exploration Ltd.**  
**Unaudited Interim Statements of Cash Flows**  
(Expressed in Canadian dollars)

<b>Three month period ended December 31,</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>		
Net loss for the period	(31,620)	(69,819)
Non-cash exploration expense	-	-
Change in non-cash working capital		
Trade and other receivables	3,198	5,422
Trade and other payables	30,756	3,553
Cash generated (used) in operating activities	2,334	(60,844)
<b>Increase (decrease) in cash</b>	<b>2,334</b>	<b>(60,844)</b>
<b>Cash, beginning of period</b>	<b>2,150</b>	<b>74,634</b>
<b>Cash, end of period</b>	<b>4,484</b>	<b>13,790</b>
 <b>Supplementary Information</b>		
Interest paid	-	-
Income tax paid	-	-

The accompanying notes are an integral part of these audited financial statements.

**Greywacke Exploration Ltd.**  
**Unaudited Interim Notes to the Financial Statements**  
**For the three month period ended December 31, 2014 and 2013**  
(Expressed in Canadian dollars)

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Greywacke Exploration Ltd. ("the Company") was incorporated on June 5, 2006 under the Canada Business Corporations Act as Minerva Minerals Limited. On June 25, 2013 the Company received approval to change its name from Minerva Minerals Limited to Greywacke Exploration Ltd. and now trades under the ticker symbol GWL. The Company's head office is now located at 602-224 4<sup>th</sup> Avenue South Saskatoon, Saskatchewan, S7K 5M5. The shares of the Company are listed on the Canadian National Stock Exchange ("the CNSX"), and commenced trading on August 13, 2007. The Company is in the business of location, acquisition, exploration and development of mineral properties

Management of the Company plans to devote its efforts to locate, acquire and explore mineral properties with potential reserves. To date, the Company has not determined whether properties acquired contain ore reserves that are economically recoverable, has yet to commence significant exploration work and is considered to be in the exploration stage.

**Going Concern**

The Company's ability to continue to operate and to meet its obligations as they come due is dependent upon its ability to obtain additional financing as necessary and to successfully develop its existing mineral property interests or one or more alternative investments. The development of the Company's Greywacke Property and its newly acquired Brunswick property is uncertain as explained in Note 9. The ultimate outcomes of these matters cannot presently be determined because they are contingent on future events.

As at December 31, 2014, the Company had working capital deficiency of \$166,495 (2013 – \$134,875), had not yet achieved profitable operations, had accumulated losses of \$967,397 (2013 - \$935,777) and expects to incur further losses in the development of its business, all of which casts doubt upon the Company's ability to continue as a going concern.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, and the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

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, non-compliance with regulatory requirements or aboriginal land claims.

These unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

**Greywacke Exploration Ltd.**  
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## **2. BASIS OF PRESENTATION**

### **2.1 Statement of compliance**

These unaudited interim 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 financial statements were authorized by the Board of Directors of the Company on February 10, 2015.

### **2.2 Basis of presentation**

These unaudited interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company’s September 30, 2014 annual financial statements. Management advises readers of these unaudited interim financial statements to review the audited financial statements and accompanying notes as at September 30, 2014 in conjunction with the review of these statements.

### **2.3 Adoption of new and revised standards and interpretations**

The IASB issued a number of new and revised International Accounting Standards, International Financial Reporting Standards, amendments and related interpretations which are effective for the Company’s financial years beginning on or after October 1, 2013. For the purpose of preparing and presenting the financial information for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods.

At the date of authorization of these financial statements, the IASB and IFRIC have issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods:

- IFRS 9 ‘*Financial Instruments: Classification and Measurement*’ – effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.
- IAS 32 ‘*Financial instruments, Presentation*’ – In December 2011, effective for annual periods beginning on or after January 1, 2014, IAS 32 was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date.

The Company has not early adopted these standards, amendments and interpretations; however, the Company is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company.

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**2.3 Adoption of new and revised standards and interpretations (continued)**

At the date of authorization of these financial statements, the IASB and IFRIC have issued the following new and revised Standards and Interpretations which have been adopted for the relevant reporting periods:

- IAS 36 ‘Impairments of Assets’ - amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014.
- IAS 39 ‘Financial Instruments: Recognition and Measurement’ - amended by the IASB in June 2013 to clarify that novation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations does not terminate hedge accounting. The amendments to IAS 39 are effective for annual periods beginning on or after January 1, 2014.
- IFRIC 21 ‘Levies’ - issued in May 2013. IFRIC 21 provides guidance on the accounting for levies within the scope of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets (“IAS 37”). IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (“obligating event”). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014.

The adoption of these pronouncements had no significant financial impact on the financial statements.

**3. Cash**

Cash in the statement of financial position is comprised of cash at banks.

**4. TRADE AND OTHER RECEIVABLES**

The Company’s trade and other receivables arise from general sales tax (“GST”) due from the Canadian government. These are broken down as follows:

	<b>As at,</b>	
	<b>December 31, 2014</b>	September 30, 2014
	\$	\$
GST receivable	<b>420</b>	3,618
<b>Total trade and other receivables</b>	<b>420</b>	3,618

At December 31, 2014, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the receivables has been further discussed in Note 11.

The Company holds no collateral for any receivable amounts outstanding as at December 31, 2014.

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**5. TRADE AND OTHER PAYABLES**

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and amounts payable for operating and financing activities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an aged analysis of the trade and other payables:

	<b>As at,</b>	
	<b>December 30,</b>	September 30,
	<b>2014</b>	2014
	\$	\$
Less than 3 months	<b>66,693</b>	77,753
Greater than 3 months	<b>104,706</b>	62,890
<b>Total trade and Other Payables</b>	<b>171,399</b>	140,643

**6. RELATED PARTY TRANSACTIONS**

Certain corporate entities and consultants that are related to the Company's officers and directors or persons holding more than 10% of the issued and outstanding shares of the Company provide consulting and other services to Greywacke. All transactions were conducted in the normal course of operations and are measured at the exchange amounts as follows:

During the three months ended December 31, 2013, the Company incurred management fee expenses of \$15,000 (2014 - \$15,000) to a shareholder of the Company, for providing officers, directors and investor relation services to the Company.

During the three months ended December 31, 2013, the Company incurred exploration expenses of \$13,307 and made an additional \$35,000 payment, pursuant to the Greywacke option agreement, to K&K Consulting Limited ("K&K"). K&K is related to the Company by virtue of its ownership position in the Company. In conjunction with the Company's acquisition of the Greywacke property, Nil common shares (2013 - 1,000,000) (or 17.8% of the issued and outstanding shares) were issued to K&K.

**7. SHARE CAPITAL**

(a) Authorized share capital

The authorized share capital of the Company consists of an unlimited number of common shares with no par value.

(b) Changes in issued capital stock to December 31, 2013 were as follows:

	Number of Shares	Amount \$
Balance, October 1, 2013	5,600,499	660,343
Debt for shares settlement	590,000	-
Shares issued for property	200,000	40,000
Balance, September 30, 2014 and December 31, 2014	6,390,499	700,343

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**7. SHARE CAPITAL** (continued)

On February 26, 2014, the Company announced the settlement of \$29,500 of indebtedness to a creditor, who is a related party and insider of the Company, by issuing 590,000 shares at a price of \$0.05 per share.

On July 2, 2014 the Company issued 200,000 shares as a finders' fee, at a price of \$0.02 per share, for bringing a property to the Company.

(c) Stock options

During the 2007 year, a stock option plan was approved by the directors and shareholders of the Company. The plan provides that the aggregate number of shares reserved for issuance is to be 10% of the total number of issued and outstanding common shares of the Company from time to time. These options vest immediately when issued, unless otherwise stated.

As at December 31, 2014, the Company had 639,050 (2014 – 639,050) options available for issuance under the plan.

As at December 31, 2014, there were no stock options outstanding under this plan.

(d) Warrants

As at December 31, 2014, there were no warrants issued and outstanding.

**8. RESERVE FOR WARRANTS**

Reserve for warrants is comprised of the following:

	<b>December 31, 2014</b>	September 30, 2014
Balance, beginning of year	\$ 67,059	\$ 67,059
Balance, end of year	<u>\$ 67,059</u>	<u>\$ 67,059</u>

**9. EXPLORATION AND EVALUATION EXPENDITURES**

The evaluation and exploration expenses for the Company are broken down as follows:

	<b>Three month period ended December 30,</b>		<b>Cumulative to date</b>
	<b>2014</b>	2013	
Greywacke	\$ 5,814	48,307	\$ 144,318
Brunswick	-	-	23,097
<b>Exploration and evaluation expenditures</b>	<b>\$ 5,814</b>	<b>\$ 48,307</b>	<b>\$ 167,415</b>

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**9. EXPLORATION AND EVALUATION EXPENDITURES (continued)**

**Greywacke, Saskatchewan, Canada**

Effective April 8, 2013 the Company acquired a 100% mineral interest in a 13,777 hectare property located within the La Ronge gold belt district, north-central Saskatchewan for cash consideration of \$50,000, issuance of 1,000,000 post consolidation shares and work commitments as described in note 12.

**Brunswick Claims, Ontario, Canada**

Effective March 31, 2014 the Company acquired a 100% mineral interest in a 3,136 hectare property located within the Cote Lake gold district, northern Ontario for cash consideration of \$18,000 for staking costs, issuance of 200,000 shares as a finder's fee and a 1% NSR on the property.

Ownership of mineral interests involves inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance histories of many mineral interests. The Company has investigated ownership of its mineral interests and, to the best of its knowledge, such ownership interests are in good standing.

**10. CAPITAL MANAGEMENT**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, 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 to sustain future development of the business. The Company defines capital to include its shareholders' equity. 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. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. 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 three month period ended December 31, 2014. The Company is not subject to externally imposed capital requirements.

The Company considers its capital to be equity, which is comprised of share capital, reserve accounts, and accumulated deficit, which as at December 31, 2014 totaled (\$166,495) (2013 - \$134,875).

The Company's objective when managing capital is to obtain adequate levels of funding to support its exploration activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the identification and development of mineral deposits. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

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

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash, and short-term guarantee deposits, all held with a major Canadian financial institution.

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## **11. FINANCIAL INSTRUMENTS**

### **Fair Value Hierarchy**

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

*Level 1* - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

*Level 2* - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

*Level 3* - valuation techniques using inputs for the asset or liability that are not based on observable market data.

### **Fair Value**

The Company has designated its cash as FVTPL, which is measured at fair value. Trade and other receivables are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair value. Trade and other payables are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also equals fair value. Fair values of trade and other receivables trade and other payables are determined from transaction values which were derived from observable market inputs. Fair values of these financial instruments are based on Level 2 measurements. As at December 31, 2014, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### **Credit Risk**

The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations.

The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions.

### **Interest Rate Risk**

The Company is not exposed to interest rate risk due to the short-term nature of its financial instruments.

### **Liquidity Risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2014, the Company had current assets of \$4,904 (2014 - \$5,768) and current liabilities of \$171,399 (2014 - \$140,643). All of the Company's financial liabilities and receivables are subject to normal trade terms. The Company had current working capital deficiency as of December 31, 2014, of \$166,495 (2014 - \$134,875).

**Greywacke Exploration Ltd.**  
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**12. COMMITMENTS AND CONTRACTUAL OBLIGATIONS**

On April 8, 2013, the Company announced it entered into an option agreement with K & K Consulting Limited and Keith Metcalfe to acquire a 100% interest in five (5) mineral claim tenures totaling 13,777 hectares (34,044 acres) located within the La Ronge Gold Belt District of north-central Saskatchewan (the “Greywacke Property”). Pursuant to the terms of the option agreement, as amended on September 10, 2013, the Company can acquire a 100% interest in the Greywacke Property by making cash payments of \$50,000 payable in instalments; \$15,000 has been paid on signing, the remaining \$35,000 has been paid before December 31, 2013; by issuance of 1,000,000 post-consolidated common shares and by incurring \$15,000 in expenditures on the Greywacke Property prior to December 31, 2013 and \$35,000 by December 31, 2014. The Greywacke Property is subject to a 1% net smelter returns royalty, which may be purchased by the Company for \$1,000,000, less any previously paid NSR payments. At December 31, 2014, all requirements under the option agreement have been satisfied.

The Company’s activities are subject to environmental regulation (including regular environmental impact assessments and permitting) in each of the jurisdictions in which its mineral properties are located. Such regulations cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour relations and worker safety. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. It is likely that environmental legislation and permitting will evolve in a manner which will require stricter standards and enforcement. This may include increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a higher degree of responsibility for companies, their directors and employees.

The Company has not determined and is not aware whether any provision for such costs is required and is unable to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future due to the uncertainty surrounding the form that these laws and regulations may take.

**Asset purchase agreements obligations**

The Company has one asset purchase agreement with an unrelated entity under which the Company is committed to conduct exploration work representing the following capital expenditures for these Vendors, in each of the calendar years indicated:

	Exploration Commitment	
	2014	2015
<b>Greywacke Property</b>	<b>\$ 35,000</b>	<b>\$ -</b>

In the event that the Company fails to comply with the above mentioned conditions the Company shall remedy to any non-compliance by paying the Vendor an amount in cash that is equal to 60% of the difference between the required capital expenditure for any given year and the amount actually spent. If the default has not been remedied within the said 90 day period from default, the two agreements allow them to take back partial ownership from the purchased assets at the rate of 25% of each uncompleted year.

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**12. COMMITMENTS AND CONTRACTUAL OBLIGATIONS** (continued)

In the period the Company has made the cash payment and incurred the required exploration expenditures as required under the option agreement and has notified the Optionor that it was exercising its rights under the option agreement.

Effective July 1, 2013, the Company entered into a management services agreement with 49 North Resources Inc., which expires in twelve months, unless otherwise terminated. Under the agreement certain staff of 49 North Resources Inc. will provide services as the Company's President and Chief Executive Officer, Vice-President and Chief Operating Officer, Chief Financial Officer and Secretary, Investor Relations and general administrative services, including rent. Monthly remuneration is \$5,000 and is payable to 49 North Resources Inc.

**13. EVENTS AFTER THE REPORTING PERIOD**

Subsequent to period end, the Company exercised its 100% option on the Greywacke property.