Copper Reef Mining Corporation

FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED AUGUST 31, 2015 AND 2014

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed, interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

The accompanying unaudited, condensed interim financial statements of Copper Reef Mining Corp. for the three months ended August 31, 2015 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors. The accompanying unaudited, condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Copper Reef Mining Corporation
Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	August 31, 2015 $	November 30, 2014 $
Assets			
Current assets			
Cash		**40,083**	35,365
Marketable securities	4	**151,591**	603,742
Amounts receivable	5	**33,685**	12,452
Total current assets		**225,359**	651,559
Non-current assets			
Equipment	6	**2,266**	2,925
Exploration and evaluation assets	7, 11	**8,984,073**	8,805,958
Total Assets		**9,211,698**	9,460,442
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	8	**115,804**	142,688
Non-current liabilities		**115,804**	142,688
Deferred income taxes	10	**1,275,000**	1,275,000
Total Liabilities		**1,390,804**	1,417,688
Shareholders' equity			
Share capital	9(a), (b)	**13,344,915**	13,181,915
Stock option reserve	9(c)	**284,900**	472,637
Warrant reserve	9(d)	**28,000**	16,000
Deficit		**(5,836,921)**	(5,627,798)
Total Shareholders' Equity		**7,820,894**	8,042,754
Total Liabilities and Shareholders' Equity		**9,211,698**	9,460,442

Commitments and contingencies (Notes 1, 7 and 11)

+Approved on behalf of the Board of Directors

"Stephen L. Masson" *"Robert Granger"*

Chief Executive Officer & Director **Director**

The accompanying notes are an integral part of these financial statements

Copper Reef Mining Corporation
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

		Three Months Ended August 31		**Nine Months Ended August 31**	
	Notes	**2015 $'s**	2014 $'s	**2015 $'s**	2014 $'s
Expenses					
Amortization	6	**222**	313	**659**	940
General and administrative		**49,972**	17,843	**173,607**	125,027
Investor relations		**452**	3,309	**3,675**	8,353
Generative exploration		**36,295**	15,622	**100,461**	111,300
Total expenses		**86,941**	37,087	**278,402**	245,620
Other Income/(loss)					
Unrealized/realized gain/(loss) on marketable securities	4	**(159,668)**	(2,337)	**(118,460)**	47,295
Total other (loss)		**(159,668)**	(2,337)	**(118,460)**	47,295
Income/(Loss) before income taxes		**(246,608)**	(52,960)	**(396,861)**	(198,325)
Deferred Income tax recovery		**–**	(92,384)	**–**	–
		(246,608)	(52,960)	**(396,861)**	(198,325)
Net Income/(loss) and comprehensive (loss) for period		**(246,608)**	(52,960)	**(396,861)**	(198,325)
Income/(Loss) per share, basic and diluted		**(0.002)**	(0.001)	**(0.003)**	(0.002)
Weighted average shares outstanding, basic and diluted		**119,581,300**	115,281,300	**117,662,667**	114,592,500

Copper Reef Mining Corporation
Statements of Changes in Equity
(Expressed in Canadian Dollars) **As at August 31, 2015 and 2014**

	Number of Shares #	Amount $	Stock Option Reserve $	Warrant Reserve $	Deficit $	Total Shareholders' Equity $
Balance as at November 30, 2013	**110,471,300**	**13,020,375**	**472,637**	**26,250**	**(5,487,698)**	**8,031,564**
Shares issued for cash, private placement	4,310,000	215,500	–	–	–	215,500
Shares issued under property purchase agreement	500,000	15,000	–	–	–	15,000
Fair value of warrants issued	–	(16,000)	–	16,000	–	–
Flow through share premium	–	(52,960)	–	–	–	(52,960)
Warrants expired	–	–	–	(26,250)	26,250	–
Net loss and comprehensive loss for the period	–	–	–	–	(198,325)	(198,325)
Balance, August 31, 2014	**115,281,300**	**13,181,915**	**472,637**	**16,000**	**(5,659,773)**	**8,010,779**
Net loss and comprehensive loss for the period	–	–	–	–	31,975	31,975
Balance, November 30, 2014	**115,281,300**	**13,181,915**	**472,637**	**16,000**	**(5,627,798)**	**8,042,754**
Shares issued for cash, private placement	**800,000**	40,000	**–**	–	–	40,000
Flow through share premium	–	(12,000)	–	12,000	–	–
Shares issued under property purchase agreement	500,000	15,000	–	–	–	15,000
Shares issued under property purchase agreement	1,000,000	40,000	–	–	–	40,000
Shares issued under property purchase agreement	2,000,000	80,000	–	–	–	80,000
Fair Value of options expired	–	–	(187,737)	–	187,737	
Net loss and comprehensive loss for the year	–	–	–	–	(396,861)	(396,861)
Balance, August 31, 2015	**119,581,300**	**13,344,915**	**284,900**	**28,000**	**(5,836,921)**	**7,820,893**

Copper Reef Mining Corporation
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Notes	Three Months Ended Aug 31		Nine Months Ended Aug 31	
		2015	2014	**2015**	2014
		$'s	$'s	**$'s**	$'s
Cash Flows from Operating Activities					
Net (loss) for the year		**(246,608)**	(39,424)	**(396,861)**	(198,325)
Unrealized (gain)/loss on marketable securities		**133,276**	2,415	**125,497**	(32,007)
Amortization		**222**	313	**659**	940
(Increase)/decrease in amounts receivable		**(27,779)**	238	**(21,231)**	(2,845)
Increase/(decrease) in accounts payable and accrued liabilities		**(11,076)**	15,047	**(26,886)**	(13,671)
Cash (used in) operating activities		**(151,966)**	(21,411)	**(318,82386)**	(245,908)
Cash Flows from Financing Activities					
Proceeds from share and warrant issuance		**–**	–	**40,000**	215,501
Advance from related party		**–**	(22,000)	**–**	5,000
Cash provided from financing activities		**0**	(22,000)	**40,000**	220,501
Cash Flows from Investing Activities					
Proceeds from sale of marketable securities		**67,410**	36,270	**326,655**	127,674
Exploration, evaluation and expenditures, net of (1)	7	**(3,969)**	(60,065)	**(43,115)**	(118,354)
MEAP rebates received	7	**–0**	29,982	**–**	29,982
Cash provided from (used in) investing activities		**63,441**	6,187	**283,540**	39,302
(Decrease) in cash		**(88,524)**	(37,224)	**4,718**	13,894
Cash, beginning of period		**128,607**	97,612	**35,365**	46,493
Cash, end of year		**40,083**	60,388	**40,083**	60,388

Supplemental Information

(1) Change in accrued exploration expenditures	**(698)**	(10,443)	**(6,940)**	(10,443)
(1) Shares issued for evaluation and exploration assets	**80,000**	–	**135,000**	15,000

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Copper Reef Mining Corporation (the "Company" or "Copper Reef") was incorporated under the laws of the Province of Manitoba by Letters Patent of Incorporation dated March 27, 1973 as "Copper Reef Mines (1973) Limited", as amended by Articles of Amendment dated January 18, 2005, and Articles of Amendment dated September 8, 2006, changing the corporate name to "Copper Reef Mining Corporation". The registered and head office of the Company is located at 6 Mitchell Road, Flin Flon, Manitoba R8A 1N1.

The shares of the Company are listed on the Canadian Securities Exchange under the symbol "CZC". The Company is engaged in the identification, acquisition and exploration of mineral properties in Canada, with present activities concentrated in the provinces of Manitoba and Saskatchewan.

The financial statements of Copper Reef for the three and nine months ended August 31, 2015 were reviewed by the Audit Committee and approved and authorized by the Board of Directors on October 20, 2015.

The business of mining and 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 recoverability of the carrying value of exploration and evaluation assets and 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, or 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, unregistered claims, other land claims and non-compliance with regulatory and environmental requirements. These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. These adjustments could be material.

As at August 31, 2015, the Company had not advanced any of its properties to commercial production and is not able to finance day to day activities through operations. The Company incurred cash losses before income taxes and net of realized/unrealized losses/gains on marketable securities $86,941 during the quarter ended August 31, 2015, and had an accumulated deficit of $5,836,921 as at August 31, 2015. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with funds currently on hand and through the raising of equity, and expects that its current capital resources will be sufficient to carry out its exploration plans and operations for the coming twelve months.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

a) STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

These un-audited, condensed financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements comply with International Accounting Standard 34, International Financial Reporting.

b) BASIS OF PREPARATION

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore that this financial report be read in conjunction with the annual financial statements for the Company for the year ended November 30, 2014. Certain amounts in prior periods have been reclassified to conform to the current period presentation.

3. ADOPTION OF NEW AND AMENDED IFRS PRONOUNCEMENTS

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning on or after January 1, 2014.

The adoption of the following new IFRS pronouncement will result in enhanced financial statement disclosures in the Company's annual financial statements. This pronouncement does not affect the Company's financial results nor does it result in adjustments to previously reported figures.

- Offsetting Financial Assets and Liabilities (Amendments to IAS 31)
  The standard amends the presentation to provide clarifications on the application of offsetting rules focused on four main areas: 1) the meaning of "currently has a legally enforceable right of set off", 2) the application of simultaneous realisation and settlement, 3) the offsetting of collateral amount, and 4) the unit of account for applying offsetting requirements.

(Expressed in Canadian Dollars) August 31, 2015 and 2014

4. MARKETABLE SECURITIES

The Company holds shares in two public companies Foran Mining Corp. and Jaxon Minerals Inc. Activity in marketable securities is summarized as follows:

	August 31, 2015					November 30, 2014		
Securities issuer	**Number of shares November 30, 2014**	**Number of shares sold during period**	**Number of shares end of Period**	**Value $**	**Cumulative Unrealized (loss) $**	Number of shares held	Value $	Cumulative Unrealized (loss) $
Foran Mining Corp.	**2,870,200**	**1,555,500**	**1,314,700**	**151,191**	**(124,897)**	2,870,200	602,742	(1,836,928)
Jaxon Minerals Inc. *	**20,000**	**–**	**20,000**	**400**	**(19,600)**	20,000	1,000	(16,000)
Total				**151,591**	**(144,497)**		603,742	(1,852,928)

During the nine months ended August 31, 2015, the Company sold 1,555,500 shares of Foran Mining Corp. for net proceeds of $333,692 net of commissions of $7,757, resulting in a net realized gain of $14,754.

5. AMOUNTS RECEIVABLE

The Company's amounts receivable are broken down as follows:

	August 31, 2015 $	November 30, 2014 $
Goods and services tax receivable	**4,692**	6.577
Amounts due from broker re sale of marketable securities	**28,992**	5,875
Total	**33,684**	12,452

6. EQUIPMENT

	Cost $	**Accumulated Amortization $**	**August 31, 2015 Net Book Value $**	**November 30, 2014 Net Book Value $**
Vehicles	**10,031**	**7,765**	**2,266**	2,925

7. EVALUATION AND EXPLORATION ASSETS

The Company holds interests in 40 mineral properties, with 38 held by way of mineral claims and two by mineral leases, all located in Saskatchewan and Manitoba. Twenty-five of the properties are consolidated into eight groups and the remaining fifteen are presently considered individual properties.

A continuity schedule of the capitalized expenditures allocated to individual major properties and summarized for minor properties is shown overleaf:

(Expressed in Canadian Dollars) August 31, 2015 and 2014

	Total	Mink Narrows	Gold Rock Group	Smelter Group	Hanson Lake	Alberts	Morgan Group	Burn	Otter/ Twin	Pikoo	Others
Balance, November 30, 2013	**8,699,727**	**2,450,238**	**1,514,870**	**1,604,775**	**1,679,538**	**548,121**	**331,478**	**–**	**265,335**	**–**	**305,372**
Claim acquisition & holding	**77,058**	502	–	–	–	923	7,470	–	104	65,050	3,009
Assay	**159**	–	–	–	–	–	–	99	–	60	–
Line cutting	**5,120**	–	93	–	–	–	–	59	4,968	–	–
Field labour costs	**45,838**	–	8,075	–	–	6,650		16,625	7,600	6,888	–
Other fields costs	**15,612**	–	0	–	–	302	2,550	7,760	426	4,574	–
Total 2014 YTD Q3 expenditures	143,787	502	8,168	–	–	7,875	10,020	24,543	13,098	76,571	3,009
Subtotal to August 31, 2014	**8,843,514**	2,450,740	1,523,038	1,604,775	1,679,538	555,996	341,498	24,543	278,433	76,571	308,381
MEERA Rebates	**(29,983)**	–	–	–	–	–	–	–	(29,983)	–	–
Total to August 31. 2014	**8,813,531**	**2,450,740**	**1,523,038**	**1,604,775**	**1,679,538**	**555,996**	**341,498**	**24,543**	**248,451**	**76,571**	**308,381**
Claim acquisition & holding	3,074	14	732	–	–	169	0	100	113	0	1,946
Assay	7,880	–	–	–	–	–	–	–	–	7,879	–
Geological	3,051	–	–	–	–	–	–	701	–	2,350	–
Field labour costs	24,093	–	–	–	–	475	–	9,886	951	12,781	–
Other fields costs	13,986	–	–	–	–	–	–	270	–	12,584	1,132
Total costs for Q4, 2014	**52,084**	**14**	**732**	**0**	**0**	**644**	**0**	**10,958**	**1,064**	**35,594**	**3,078**
Subtotal	**8,865,615**	**2,450,754**	**1,523,770**	**1,604,775**	**1,679,538**	**556,640**	**341,498**	**35,501**	**249,515**	**112,165**	**311,459**
MEAP and cash in lieu Rebates	**(12,425)**	**–**	**–**	**–**	**–**	**–**	**–**	**(12,425)**	–	**–**	**–**
Write down of properties	**(47,233)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(47,233)**
Balance, November 30, 2014	**8,805,957**	**2,450,754**	**1,523,770**	**1,604,775**	**1,679,538**	**556,640**	**341,498**	**23,076**	**249,515**	**112,165**	**264,226**
Claim acquisition & holding	144,236	534	468	–	195	4,591	1,482	130	221	15,000	121,615
Assay	42	–	–	–	–	–	–	–	–	–	42
Geological	13,534	–	44	–	–	–	–	–	5,090	8,400	0
Field labour costs	19,814	–	475	–	–	–	–	475	3,563	14,825	475
Other fields costs	490	–	118	–	–	–	–	–	–	373	0
YTD Expenditures to Aug 31, 2015	**178,113**	**534**	**1,105**	0	**195**	**4,591**	**1,482**	**605**	**8,874**	**38,598**	**122,132**
Balance, August 31, 2015	**8,984,073**	**2,451,288**	**1,524,875**	**1,604,775**	**1,679,733**	**561,231**	**342,980**	**23,681**	**258,388**	**150,764**	**386,359**

7. EVALUATION AND EXPLORATION ASSETS (CONT'D)

CanAlaska – C2 and C3 Claims

On May 11, 2015, the Company completed the 100% acquisition, subject to a 2.5% Net Smelter Returns Royalty ("NSR") from CanAlaska Uranium Ltd., of two claim blocks located in the Fort a la Corme area of Northern Saskatchewan. Terms of the acquisition were:

1. Issuance of 1,000,000 shares to CanAlaska Uranium Ltd.
2. Completion of two years assessment work or the issuance of a further 1,000,000 shares of the Company

49 North Claims

On May 12, 2015, the Company completed the 100% acquisition, subject to a 3.0% Net Smelter Returns Royalty ("NSR") from 49 North Resources Inc., of seven claim blocks located in the Fort a la Corme area of Northern Saskatchewan. Terms of the acquisition were:

1. Issuance of 2,000,000 shares to CanAlaska Uranium Ltd.

Mink Narrows Group, Manitoba

The Mink Narrows Group includes the Mink Narrows, Mystic and Payuk mineral properties. The claims are 100% owned by the Company.

Gold Rock Group, Manitoba

The Gold Rock Group includes the Gold Rock, North Star and Star mineral properties, the North Star mining lease and the Gold Rock mining lease. The North Star mineral property and mining lease are subject to 2% NSR.

The Gold Rock Mining Lease is 100% owned by the Company, subject to a 2% NSR. In addition the NSR holder retains a 25% NPI in the first 25 feet below surface of vein material as currently documented.

Also included in the Gold Rock Group is the Murr claim, also owned 100% by the Company, subject to a 1% NSR.

Smelter Property, Manitoba

The Smelter Property is comprised of three contiguous claims, which are 100% owned by the Company.

Hanson Lake, Saskatchewan

The Hanson Lake Property consists of a single claim located in the Hanson Lake area of Saskatchewan. It is 100% owned by the Company.

Alberts Lake Group, Manitoba

The Alberts Lake Group includes the Alberts Lake, Lew, Leo Lake, Amulet, Mike, Mur and Hanna mineral properties. With the exception of the Mike 1 (15% NPI) and Mur 6 (2% NSR), all claims are 100% owned by the Company.

7. EVALUATION AND EXPLORATION ASSETS (CONT'D)

Morgan Group, Manitoba

The Morgan Group includes the Morgan, Bruce Morgan, Woo and Woosey mineral properties. The Morgan claims are 100% owned, subject to a 10% NPI with an advance royalty payment of $150,000 upon the making of a Bruce Morgan Property production decision by the Company. The Woo and Woosey claims are 100% owned with no underlying royalties or charges.

Kiss/Kississing Group, Manitoba

The Kississing/Kiss Group includes the Kississing and Kiss mineral properties. The claims are 100% owned by the Company.

Burn, Manitoba

On January 23, 2012, the Company announced that it had reached an option agreement with Jaxon Minerals Inc (JAX-TSX-V) "Jaxon" whereby, Jaxon can earn a 100% interest over a four year period, to the Company's Burn Property for a total consideration of $10,000 (received), 190,000 Jaxon shares (20,000 received, valued at $17,000) and a work commitment of $600,000 to earn 100% interest. The Company will retain a 2.5% NSR of which 1% can be purchased by Jaxon for $1,000,000 or alternatively, at the Company's election, payment of a $1.00 per ton royalty for ore extracted from the property. On January 7, 2014, Jaxon terminated the option agreement with the Company.

During the year, the Company received a Manitoba government rebate of $12,425 against a cash in lieu payment of the same amount made previously to maintain claims in good standing when there was insufficient work completed on the property to maintain claims in good standing.

Otter/Twin Lakes Group, Manitoba

The Otter Group includes the Otter Lake and Twin Lakes mineral properties. On December 23, 2011, the Company announced the 100% acquisition of the Otter Lake Property for $5,000 and 50,000 shares of the Company valued at $5,250 based on the quoted market price of the shares on the measurement date. The vendor retained a 1% NSR on the Otter Lake claims. The Twin Lakes property is owned 100% by the Company.

During the year ended November 30, 2014, the Company received a Manitoba government rebate of $29,983 for work completed on the property.

Lucille Lake, Manitoba

The Lucille Lake property includes three, unpatented mineral claims all of which are owned 100% by the Company with no underlying agreements or royalties.

Pikoo, Saskatchewan

On January 23, 2014, the Company entered a property purchase agreement with CanAlaska Uranium Ltd. for the acquisition of two claim units located in Saskatchewan. In order to complete the purchase, the Company was required to pay $50,000 cash (paid), issue two tranches of shares each of 500,000 on or before February 15, 2014 (issued) and by January 31, 2015 (issued) and complete $50,000 of qualified exploration work by December 31, 2014 (incurred) and a further $50,000 by December 31, 2015.

(Expressed in Canadian Dollars) August 31, 2015 and 2014

7. EVALUATION AND EXPLORATION ASSETS (CONT'D)

Other Individual Claims

The Company also holds title to fourteen additional properties, ten of which do not carry any capitalized costs. The remaining properties are the Cook Lake, Hammel Lake, Jewel Box and Radar Properties.

On April 23, 2012, pursuant to an agreement dated February 14, 2012, the Company announced that it had acquired 100% of the Hamell Lake Property for $5,000 and 50,000 shares of the Company valued at $3,000 based on the quoted market price of the shares on the measurement date. The vendor retains a 1% NSR.

During 2014, the Company wrote off the Hammel Lake group as all staked claims expired and the Company has no plan to apply further work on the property. In addition, the Company wrote off the capitalized cost balance in the other properties where there is capitalized costs (i.e. Cook Lake, Jewel Box and Radar Properties) as the Company is not planning to perform further exploration work on them.

As at November 30, 2014, the remaining balance of the Other Properties includes capitalized costs of Kiss/Kissing Group and Lucille Lake.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are broken down as follows:

	August 31, 2015 $	November 30, 2014 $
Trade payables and accrued liabilities	**87,931**	91,830
Due to related parties (Note 10)	**27,873**	50,858
Total	**115,804**	142,688

9. SHARE CAPITAL

a) AUTHORIZED SHARE CAPITAL

Unlimited number of common shares without par value

b) ISSUED SHARE CAPITAL

As at August 31, 2015, the Company had 119,581,300 issued and fully paid common shares (November 30, 2014 – 115,281,300).

i) On December 31, 2013, the Company completed a non-brokered private placement of 3,310,000 flow-through common shares at $0.05 per share for gross proceeds of $165,500. The flow-through premium for this placement was estimated to be $52,960.

A director and officer of the Company subscribed for 1,250,000 of these flow-through common shares. A director of the Company subscribed for 100,000 of these flow-through common shares. An officer of the Company subscribed for 300,000 of these flow-through shares. A former director of the Company subscribed for 100,000 of these flow-through common shares. Family members of directors and officers subscribed for 660,000 of these flow-through common shares.

The Company is committed to incur prior to December 31, 2014, on a best efforts basis, $165,500 in qualifying exploration expenditures pursuant to this private placement. See Note 12(c).

ii) On January 24, 2014, the Company completed a non-brokered private placement of 1,000,000 units at $0.05 per unit for gross proceeds of $50,000. Each unit is comprised of one common share and one common share purchase warrant. The warrants are exercisable at $0.10 per common share and expire January 23, 2016.

iii) On January 24, 2014, pursuant to a property purchase agreement described in Note 7 the Company issued 500,000 common shares at a deemed fair value of $0.03 per share, based on the fair market price of the January 24, 2014 private placement.

iv) On December 31, 2014, the Company closed a non-brokered private placement of 800,000 units at a price of $0.05 per unit for net proceeds of $40,000. Each unit consists of one flow through and one warrant at an exercise price of $0.10 and exercisable for two years, expiring December 30, 2016 .

A director and officer of the Company subscribed for 300,000 of these units. An officer of the Company subscribed for 200,000 of these units.

v) On February 3, 2015, pursuant to a property purchase agreement with CanAlaska Uranium Ltd. noted in Note 7 and in Note 9(iv) above, the Company issued 500,000 common shares at a deemed fair value of $0.03 per share, based on the fair market price of the January 24, 2014 agreement.

vi) On May 11, 2015, pursuant to a property purchase agreement with CanAlaska Uranium Ltd.. , noted in Note 7, the Company issued 1,000,000 common shares at a deemed fair value of $0.04 per share based on the fair market price as at May 11, 2015

(Expressed in Canadian Dollars) August 31, 2015 and 2014

9. SHARE CAPITAL (CONT'D)

vii) On May 12, 2015, pursuant to a property purchase agreement with 49 North Resources Inc., noted in Note 7, the Company issued 2,000,000 common shares at a deemed fair value of $0.04 per share based on the fair market price as at May 12, 2015

c) INCENTIVE STOCK OPTIONS

Pursuant to the Company's stock option plan (the "Plan"), the Company may grant to its employees, officers, directors and consultants, options to purchase common shares of the Company at a fixed price as determined by the board of directors. The options vest in accordance with the terms of their granting and have a maximum term of five years. The common shares reserved for issuance under the Plan will not exceed, in aggregate, 10% of the Company's common shares issued and outstanding at the time of grant.

No stock options were granted during the three and six months ended August 31, 2015.

Options granted August 25, 2010 expired August 24, 2015.

The following tables summarize the Company's stock option transactions during the periods ended August 31, 2015 and November 30, 2014:

Grant Date	Number of Options	Weighted Average Exercise Price $	Estimated Grant Date Fair Value $
Balance, November 30, 2013	**5,095,000**	**0.10**	**353,800**
Granted January 25, 2013	2,275,000	0.10	109,200
Cancelled August 31, 2013	(300,000)	0.10	(20,363)
Issued September 27, 2013	1,000,000	0.10	30,000
Balance, November 30, 2014	**8,070,000**	**0.10**	**472,637**
Expired August 25, 2015	3,020,000	0.10	(187,737)
Balance, August 31, 2015	**5,050,000**	**0.10**	**284,900**

All options vest immediately and their fair values are expensed to stock-based compensation and reflected as stock option reserve. Fair values are estimated using the Black-Scholes valuation model with the following assumptions:

i) 2,275,000 options granted during the year ended November 30, 2013 had a grant date fair value of $109,200 based on risk-free interest rate – 2.20%; expected volatility – 202%; expected dividend yield – 0%; and expected life – 5 years. Of these options, 1,900,000 were issued to directors and officers with a total grant date fair value of $91,200.

ii) 1,000,000 options granted during the year ended November 30, 2013 had a grant date fair value of $30,000 based on risk-free interest rate – 2.01%; expected volatility – 198%; expected dividend yield – 0%; and expected life – 5 years.

(Expressed in Canadian Dollars) August 31, 2015 and 2014

9. SHARE CAPITAL (CONT'D)

As at August 31, 2015, the following options were outstanding:

Grant Date	Exercise Price $	Number of Outstanding Options	Expiry Date	Remaining Contractual Life (in Years)
April 27, 2011	0.11	200,000	April 27, 2016	**0.9**
June 15, 2011	0.10	1,575,000	June 15, 2016	**1.0**
January 25, 2013	0.10	2,275,000	January 24, 2018	**2.7**
September 27, 2013	0.10	1,000,000	September 26, 2018	**3.3**
	0.10	**5,050,000**		**2.2**

d) WARRANTS

The following table summarizes a continuity of outstanding warrants:

	Issued	Expiry Date	Weighted Average Exercise Price $	Remaining Contractual Life (in Years)	Estimated Grant Date Fair Value $
Balance November 30, 2013	**3,750,000**		**0.15**	**0.08**	**26,250**
Expired	(3,750,000)				(26,250)
Issued, January 24, 2014	1,000,000	Jan. 23, 2016	0.10	0.45	16,000
Balance November 30, 2014	**1,000,000**		**0.10**	0.90	**16,000**
Issued December 31, 2014	800,000	Dec. 31, 2016	0.10	1.33	12,000
Balance August 31, 2015	**1,800,000**		**0.10**	**0.81**	**28,000**

The weighted average grant date fair value of the warrants issued during the year ended November 30, 2014 of $0.02 (2013 - $0.01) was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2014	2013
Expected dividend yield	0%	0%
Expected volatility	134%	101%
Risk free interest rate	1.11%	1.14%
Life (years)	2.0	1.0

(Expressed in Canadian Dollars) August 31, 2015 and 2014

10. RELATED PARTY TRANSACTIONS AND BALANCES

a) RELATED PARTY BALANCES

Related party	**Purpose**	**Amounts charged during the period**	**Amounts payable/ accrued at August 31, 2015**	Amount Charged during the year ended Nov 30, 2014	Amounts payable/ accrued at Nov. 30, 2014
Corporation controlled by an officer	Filing fees	**14,425**	**1,625**	7,775	1,625
	Expenses	**–**	**–**	2,498	–
Accounting firm of which an Officer of the Company is a Partner	Professional fees	**–**	**–**	7,500	7,500
Corporation controlled by a Director and significant shareholder	Management fees	**62,553**	**5,000**	101,125	–
	Exploration, cap and exp	**105,418**	**12,359**	146,505	19,996
	Corporate expenses	**69,718**	**8,888**	99,741	21,737
		252,114	**27,873**	365,144	50,858

During the period ended August 31, 2015 the Company recorded director's fees of $nil (2014 - $nil).

The accounts payable and accrued liabilities to related parties are unsecured and non-interest bearing with no fixed terms of repayment (Note 8).

b) KEY MANAGEMENT PERSONNEL COMPENSATION

The remuneration of directors and other members of management were as follows:

	August 31	
	2015	**2014**
	$	**$**
Short term employee benefits	**51,000**	32,000
Share based payments	**-**	–
Totals	**51,000**	32,000

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the compensation committee having regard to the performance of individuals and market trends.

c) Share subscriptions

See Note 9(iv) for descriptions of related party share subscriptions.

11. Commitments and Contingencies

a) Commitments

Consulting Agreement

The Company entered into an exploration management services agreement dated December 31, 2010 with M'Ore and the President and significant shareholder of M'Ore, who is an officer, director and shareholder of the Company. Pursuant to the agreement, M'Ore provides consulting and management services to the Company and incurs various administrative expenses, including administrative salaries and office and vehicle rentals on behalf of the Company. The term of the agreement is for a period of two years ended December 31, 2012 and can be renewed thereafter at the end of every 12 months. On March 28, 2013, the Company has extended the term of the agreement for a further two year term to December 31, 2014.

Assuming the agreement is renewed it is anticipated that the basic terms would be unchanged. This would result in management fees and salaries incurred by M'Ore being capped at $200,000 per annum. Additional charges to the Company in prior years consisted of a lease with M'Ore whereby the Company would pay $30,000, plus operating expenses, per annum for rental of office and storage space. The lease also specifies rates to be charged for the use of various items of equipment if and when utilized by the Company.

b) Contingencies

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

c) Flow-through expenditures

During the year ended November 30, 2014, the Company renounced Canadian exploration expenditures in the aggregate amount of $165,500 (2013 -$220,000) related to proceeds from the issuance of flow-through shares pursuant to the financings described in Note 9(b) and has incurred these qualifying Canadian exploration expenditures as at November 30, 2014. If the Company does not incur the required qualifying expenditures, it will be required to indemnify the holders of the flow-through shares for any tax and other costs payable by them as a result of the Company not making the required expenditures. See Note 9 (iv) for an additional flow through financing that closed in December 2014.

(Expressed in Canadian Dollars) August 31, 2015 and 2014

12. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the evaluation and exploration of its mineral exploration properties and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of share capital as well as cash. There were no changes to the Company policy for capital management during the years ended November 30, 2014 and 2013. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, acquire or dispose of assets, or adjust the amount of cash and marketable securities. In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company is not subject to any externally imposed capital requirements. The Company's investment policy is to invest its excess cash in highly liquid investments that are readily convertible into cash with maturities of three months or less from the original date of acquisition or when it is needed, selected with regards to the expected timing of expenditures from continuing operations. The Company expects that its current capital resources will be sufficient to fund its present operational commitments and working capital needs for the coming twelve months. However, additional funding will be required to meet any new operational commitments if further drilling programs are to be carried out.

13. FINANCIAL INSTRUMENTS

a) FAIR VALUE

The carrying values of cash, amounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments.

As at November 30, 2014	**Loans and receivables and other liabilities $**	**Assets at fair value through profit and loss $**	**Total $**
Cash	35,365	–	35,365
Marketable securities	–	603,742	603,742
Amounts receivable		12,452	12,452
Accounts payable and accrued liabilities	142,688	–	142,688
As at August 31, 2015			
Cash	**40,083**	**–**	**40,083**
Marketable securities	**–**	**151,591**	**151,591**
Amounts receivable	**–**	**33,684**	**33,684**
Accounts payable and accrued liabilities	**115,804**	**–**	**115,804**

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3: Inputs that are not based on observable market data.

14. SUBSEQUENT EVENTS

On September 25, 2015 the Company announced the closing of the first tranche of a private placement previously announced on September 11, 2015 of up to $300,000. The total for the first tranche is 1,180,000 flow-through units issued at $0.05/unit which raised fifty nine thousand dollars ($ 59,000). Each unit consist of one flow through share and one ordinary share purchase warrant. Each warrant can be exercised to purchase one common share of the Company with an exercise price of 10 cents for a two year term expiring September 24, 2015. The shares issued pursuant to this private placement are subject to a four month and one day hold period (January 26, 2016) and otherwise in compliance with applicable securities laws.