

SPARROW VENTURES CORP.

Condensed Interim Financial Statements

Nine Months Ended October 31, 2015 and 2014

(Expressed in Canadian Dollars)

(Unaudited)

SPARROW VENTURES CORP.

(the “Company”)

CONDENSED INTERIM FINANCIAL STATEMENTS

Nine months ended October 31, 2015 and 2014

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The management of Sparrow Ventures Corp. is responsible for the preparation of the accompanying unaudited condensed interim financial statements. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of condensed interim financial statements and are in accordance with IAS 34 - Interim Financial Reporting.

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

December 12, 2016

SPARROW VENTURES CORP.

Condensed Interim Statements of Financial Position

(Unaudited – prepared by management)

As at October 31, 2015 and January 31, 2015

(Expressed in Canadian Dollars)

	Note	October 31, 2015 \$	January 31, 2015 \$
ASSETS			
CURRENT			
Cash		195	285
GST recoverable		1,597	433
		<u>1,792</u>	<u>718</u>
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		28,835	12,700
Loans payable	3	23,836	21,813
		<u>52,671</u>	<u>34,513</u>
SHAREHOLDERS' DEFICIENCY			
Share capital	4	1,010,618	1,010,618
Share-based payment reserve		98,714	98,714
Deficit		(1,160,211)	(1,143,127)
		<u>(50,879)</u>	<u>(33,795)</u>
		<u>1,792</u>	<u>718</u>

Nature of operations and going concern (Note 1)

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

Approved on behalf of the board:

“Marc Morin”
Marc Morin, Director

“Michael Young”
Michael Young, Director

SPARROW VENTURES CORP.

Condensed Interim Statements of Changes in Shareholders' Deficiency

(Unaudited – prepared by management)

For the periods ended October 31, 2015 and 2014

(Expressed in Canadian Dollars)

	Note	Number of Common Shares #	Share Capital \$	Share-Based Payment Reserve \$	Deficit \$	Total \$
Balance, January 31, 2014		13,590,500	1,007,228	134,338	(1,143,287)	(1,721)
Share issued pursuant to loan agreements	3	67,800	3,340	-	-	3,340
Comprehensive loss for the period		-	-	-	(85,075)	(85,075)
Forfeited options		-	-	(59,891)	59,891	-
Share-based payments	4(c)	-	-	19,503	-	19,503
Balance, October 31, 2014		13,658,300	1,010,568	93,950	(1,168,471)	(63,953)
Share issued pursuant to loan agreements	3	-	50	-	-	50
Comprehensive income for the period		-	-	-	25,344	25,344
Share-based payments	4(c)	-	-	4,764	-	4,764
Balance, January 31, 2015		13,658,300	1,010,618	98,714	(1,143,127)	(33,795)
Comprehensive loss for the period		-	-	-	(17,084)	(17,084)
Balance, October 31, 2015		13,658,300	1,010,618	98,714	(1,160,211)	(50,879)

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

SPARROW VENTURES CORP.

Condensed Interim Statements of Comprehensive Loss

(Unaudited – prepared by management)

For the Nine Months Ended October 31, 2015 and 2014

(Expressed in Canadian Dollars)

	Note	Three months ended October 31,		Nine months ended October 31,	
		2015	2014	2015	2014
		\$	\$	\$	\$
EXPENSES					
Accounting, audit and legal		-	1,116	5,000	1,747
Depreciation		-	78	-	233
Office, rent and administration	5(a)	18	15,821	100	47,469
Regulatory fees		1,750	(104)	8,110	9,321
Share-based payments	4(d)	-	16,927	-	19,503
Transfer agent and shareholder information		-	721	1,851	2,398
LOSS BEFORE OTHER ITEMS		(1,768)	(34,559)	(15,061)	(80,671)
OTHER ITEMS					
Finance and other costs	6	(700)	(555)	(2,023)	(4,404)
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		(2,468)	(35,114)	(17,084)	(85,075)
BASIC AND DILUTED LOSS PER SHARE		(0.000)	(0.003)	(0.001)	(0.006)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED		13,658,300	13,658,300	13,658,300	13,623,034

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

SPARROW VENTURES CORP.

Condensed Interim Statements of Cash Flows

(Unaudited – prepared by management)

For the Nine Months Ended October 31, 2015 and 2014

(Expressed in Canadian Dollars)

	Nine Months Ended October 31,	
	2015	2014
	\$	\$
CASH WAS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net loss for the period	(17,084)	(85,075)
Non-cash items		
Accrued interest	2,023	894
Depreciation	-	233
Finance and other costs	-	3,340
Share-based payments	-	19,503
Changes in non-cash working capital accounts		
GST recoverable	(1,164)	-
Prepaid expenses and deposits	-	212
Accounts payable and accrued liabilities	16,135	42,237
	(90)	(18,656)
FINANCING ACTIVITY		
Proceeds from loans	-	16,960
DECREASE IN CASH	(90)	(1,696)
Cash, beginning of period	285	2,007
CASH, END OF PERIOD	195	311

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

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements

(Unaudited – prepared by management)

For the Nine Months Ended October 31, 2015 and 2014

(Expressed in Canadian Dollars)

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

Sparrow Ventures Corp. (the “Company”) was incorporated on July 4, 2006, under the laws of the *Business Corporations Act* (British Columbia). Effective June 17, 2014, the Company’s listing was transferred to the NEX board of the TSX Venture Exchange (the “Exchange”) due to the Company failure to maintain the requirements for a TSX Venture Tier 2 company. Effective June 29, 2015, trading in the shares of the Company was suspended due to the Company’s failure to maintain the services of a transfer agent in accordance with the policies of the Exchange (see Note 9). In addition, effective October 6, 2015, and October 26, 2015, the British Columbia Securities Commission and the Ontario Securities Commission, respectively, issued cease trade orders that all trading in the securities of the Company cease until it files all necessary continuous disclosure records (see Note 9). Members are prohibited from trading in the securities of the Company during the period of the suspension and until the full revocation of all cease trade orders.

The head office, principal address, and records office of the Company are located at Suite 610, 700 West Pender Street, Vancouver, British Columbia, Canada, V6C 1G8. The Company’s registered office address is located at Suite 700, 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5.

The Company is engaged in the acquisition, exploration, and development of resource properties. The Company currently does not hold any mineral property interests and is actively evaluating mineral properties to acquire or option.

These financial statements have been prepared in accordance with International Financial Reporting Standards on the basis that the Company is a going concern and will be able to meet its obligations and continue its operations for its next fiscal year. Several conditions as set out below cast significant doubt on the Company’s ability to continue as a going concern.

The Company’s ability to continue as a going concern is dependent upon the identification and acquisition of resource properties, financial support from its creditors, shareholders, and related parties, its ability to obtain financing to fund working capital requirements and upon the attainment of future profitable operations.

The Company has not yet achieved profitable operations, has incurred significant operating losses and negative cash flows from operations, and has been reliant on external financing of equity. As at October 31, 2015, the Company has accumulated losses of \$1,160,211 since inception. There is no assurance that the Company will be successful in generating and maintaining profitable operations, or able to secure future debt or equity financing for its working capital and development activities.

These financial statements do not reflect any adjustments to the amounts and classifications of assets and liabilities, which would be necessary should the Company be unable to continue as a going concern.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standards 34, “*Interim Financial Reporting*” (“IAS 34”), using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting policies and methods of computation applied by the Company in these condensed interim financial statements are the same as those applied in the Company’s annual financial statements as at and for the year ended January 31, 2015.

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements

(Unaudited – prepared by management)

For the Nine Months Ended October 31, 2015 and 2014

(Expressed in Canadian Dollars)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Significant Accounting Judgments, Estimates and Assumptions

The condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended January 31, 2015.

These condensed interim financial statements were approved and authorized for issue by the Board of Directors of the Company on December 12, 2016.

In the preparation of financial statements in conformity with IFRS, management is required to make judgments, estimates, and assumptions that affect the amounts reported and disclosed in the interim financial statements and related notes. There has been no significant change to the Company's estimation and judgment from those disclosed in note 2 to the audited financial statements for the year ended January 31, 2015.

NOTE 3 – LOANS PAYABLE

The Company entered into loan agreements dated May 28, 2014 (the "Loans"), with one current director and one former director of the Company ("the Lenders") in the total principal amount of \$20,326. The Loans are unsecured, bear interest at 12% per annum, and mature on November 28, 2015 (the original maturity date of May 28, 2015, was extended subsequently to November 28, 2016). In consideration for the Loans, the Company issued an aggregate of 67,800 common shares to the Lenders at a fair value of \$3,390 which was recorded as finance cost.

During the nine months ended October 31, 2015, the Company accrued \$2,023 (2014 - \$894) in interest expense on the Loans which remained outstanding as at October 31, 2015.

NOTE 4 – SHARE CAPITAL

(a) Authorized

The Company is authorized to issue an unlimited number of voting common shares without par value.

(b) Issued and Outstanding Share Capital

As at October 31, 2015, the Company had 13,658,300 issued and fully paid common shares (January 31, 2015 – 13,658,300) outstanding as presented in the statements of changes in shareholders' deficiency.

(c) Stock Options

The Company adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees, and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Stock options and charitable options will be exercisable for a period of up to 10 years from the date of grant.

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements

(Unaudited – prepared by management)

For the Nine Months Ended October 31, 2015 and 2014

(Expressed in Canadian Dollars)

NOTE 4 – SHARE CAPITAL (Continued)

(c) Stock Options (Continued)

In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days, or, in the case of an optionee providing investor relations activities, the 30th day following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or consulting arrangement was by reason of death, the option may be exercised within a maximum year of six months after such death, subject to the expiry date of such option.

A summary of the status of the options outstanding is as follows:

	Number of Options	Weighted Average Exercise Price \$
Balance, January 31, 2014	1,214,000	0.05
Granted	760,000	0.05
Cancelled	(760,000)	0.05
Balance, January 31, 2015	1,214,000	0.05
Cancelled (i)	(334,000)	0.05
Balance, October 31, 2015	880,000	0.05

(i) During the nine months ended October 31, 2015, 334,000 stock options were cancelled unexercised.

The following table summarizes the stock options outstanding as at October 31, 2015:

Exercise Price \$	Number of Options Outstanding	Expiry Date	Number of Options Exercisable
0.05	220,000	May 27, 2021	220,000
0.05	660,000	June 17, 2024	660,000
	880,000		880,000

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Notes to the Condensed Interim Financial Statements

(Unaudited – prepared by management)

For the Nine Months Ended October 31, 2015 and 2014

(Expressed in Canadian Dollars)

NOTE 4 – SHARE CAPITAL (Continued)

(d) Share-Based Payments

During the nine months ended October 31, 2015, the Company recorded share-based payments of \$Nil (2014 – \$16,927) for stock options granted and vested and \$Nil (2014 – \$2,576) for the repricing of stock options during the period.

The fair values of the stock options granted and repriced were estimated using the Black-Scholes option pricing model, with the following weighted average assumptions made for the nine months ended October 31, 2015, and October 31, 2014:

	2015	2014
Risk free interest rate	-	1.98%
Expected dividend yield	-	0%
Expected stock price volatility	-	111.8%
Expected life (in years)	-	5 years

The weighted average fair value of options granted and vested during the nine months ended October 31, 2015, was \$Nil (October 31, 2014: \$0.02) per option.

(e) Charitable options

As at October 31, 2015, the Company has 105,000 outstanding charitable stock options exercisable at \$0.10 which expire on May 26, 2018.

NOTE 5 – RELATED PARTY TRANSACTIONS

Details of transactions between the Company and related parties, in addition to those transactions disclosed elsewhere in these financial statements are described as follows.

(a) Related Party Transactions

The Company incurred the following transactions with companies having directors and officers in common during the nine months ended October 31, 2015, and 2014:

	Nine months ended October 31,	
	2015	2014
	\$	\$
Office, rent and administration expense		47,250
Legal fees	-	1,447
	-	48,697

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements

(Unaudited – prepared by management)

For the Nine Months Ended October 31, 2015 and 2014

(Expressed in Canadian Dollars)

NOTE 5 – RELATED PARTY TRANSACTIONS (Continued)

(b) Compensation of Key Management Personnel

The remuneration of directors and other members of key management personnel during the nine months ended October 31, 2015, and 2014 were as follows:

	Nine months ended October 31,	
	2015	2014
	\$	\$
Short-term benefits (i)		13,500
Share-based payment on options granted and vested (ii)	-	14,700
	-	28,200

(i) Short-term benefits include salaries and management fees paid directly to key management.

(ii) Share-based payments represent the fair value of options granted and vested to key management personnel under the Company's stock option plan (Note 4(d)).

(c) Related Party Balances

The following related party amounts were reflected in the statements of financial position as at October 31, 2015, and January 31, 2015.

	October 31, 2015	January 31, 2015
	\$	\$
Accounts Payable and Accrued Liabilities	1,116	1,116
Loans Payable (Note 3)	11,918	21,813
	13,034	22,929

NOTE 6 – FINANCE AND OTHER COSTS

	Nine months ended October 31,	
	2015	2014
	\$	\$
Finance cost (Note 3)	-	3,340
Interest expense (Note 3)	2,023	894
Bank Interest expense (Note 3)	-	170
	2,023	4,404

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements

(Unaudited – prepared by management)

For the Nine Months Ended October 31, 2015 and 2014

(Expressed in Canadian Dollars)

NOTE 7 – FINANCIAL RISK MANAGEMENT

(a) Fair Value of Financial Instruments

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, and loans payable. The carrying values of these financial instruments approximate their fair values because of their short term nature and/or the existence of market related interest rates on the instruments. These estimates are subjective and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of hierarchy are:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Company has no financial instrument assets or liabilities recorded in the statements of financial position at fair value at October 31, 2015, and January 31, 2015.

(b) Financial Instruments Risk

The Company is exposed in varying degrees to a variety of financial instrument related to risks. The Board approves and monitors the risk management processes:

(i) Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institutions. The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

(ii) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, that it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. There can be no assurance that the Company will be successful with generating and maintaining profitable operations or will be able to secure future debt or equity financing for its working capital and development activities (Note 1).

(iii) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interests on the Company's loans payable is based on a fixed rate, and as such, the Company is not exposed to significant interest rate risk.

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements

(Unaudited – prepared by management)

For the Nine Months Ended October 31, 2015 and 2014

(Expressed in Canadian Dollars)

NOTE 8 – CAPITAL MANAGEMENT

The Company manages its share capital as capital, which as at October 31, 2015, was \$1,010,618 (January 31, 2015 - \$1,010,618). The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can continue to provide returns for shareholders and benefits for other stakeholders. The management of the capital structure is based on the funds available to the Company in order to pursue the development and expansion of its business and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, or return capital to its shareholders.

To effectively manage the entity's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its objectives. The Company may issue new shares or seek debt financing to ensure that there is sufficient working capital to meet its short-term business requirements. The Company is not subject to externally imposed capital requirements.

There were no changes in the Company's management of capital during the nine months ended October 31, 2015, and year ended January 31, 2015.

NOTE 9 – SUBSEQUENT EVENTS

Partial Revocation of Cease Trade Order

On August 15, 2016, the British Columbia Securities Commission issued a partial revocation order (the "Partial Revocation Order") in respect of its cease trade order dated October 6, 2015 (the "Cease Trade Order") issued for the failure of the Company to file certain of its periodic continuous disclosure filings including its interim and annual financial statements and Management's Discussion and Analysis from and after the period ended July 31, 2015, as required by National Instrument 51-102 - *Continuous Disclosure Obligations*.

Pursuant to the Partial Revocation Order, the Company has undertaken a non-brokered private placement of secured convertible debentures to B.C. or offshore subscribers only, for gross proceeds of up to \$250,000 in order to hold its annual general meeting, effect a 10-to-1 consolidation of the common shares of the Company, prepare and file all outstanding continuous disclosure records, and provide sufficient working capital to continue its operations until it can apply for a full revocation of the Cease Trade Order and the cease trade order issued by the Ontario Securities Commission on October 26, 2015.

Reinstatement of Transfer Agency Services

Effective September 20, 2016, transfer agency services for the Company as provided by Computershare Trust Company of Canada were reinstated.

Secured Convertible Debenture Offering

On October 3, 2016, the Company announced the closing of the first tranche of its non-brokered private placement of secured convertible debentures (the "Debentures") (the "Private Placement") in the amount of \$28,754, of a total of up to \$250,000.

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements

(Unaudited – prepared by management)

For the Nine Months Ended October 31, 2015 and 2014

(Expressed in Canadian Dollars)

NOTE 9 – SUBSEQUENT EVENTS (Continued)

Secured Convertible Debenture Offering (Continued)

The Debentures mature 24 months from the date of issue, accrue interest at a rate of 11% per year and are convertible into units of the Company (each, a “Unit”) at a per Unit conversion price equal to the 10-day post-consolidated average closing price of the common shares of the Company on the NEX following the resumption of trading subject to a \$0.05 minimum (the “Conversion Price”). Each Unit is comprised of one common share and one common share purchase warrant (each, a “Warrant”) of the Company. Each Warrant entitles the holder to acquire one additional common share of the Company at an exercise price equal to the Conversion Price.

The holders of the Debentures of the Private Placement received a copy of the cease trade orders presently in effect and a copy of the Partial Revocation Order in accordance with the terms of the Partial Revocation Order received by the Company. The Company’s obligations under the Debentures are secured by a general security agreement.