DECLAN RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

YEARS ENDED

SEPTEMBER 30, 2015 AND 2014

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Declan Resources Inc.

We have audited the accompanying consolidated financial statements of Declan Resources Inc., which comprise the consolidated statements of financial position as at September 30, 2015 and 2014 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Declan Resources Inc. as at September 30, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Declan Resources Inc.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

December 7, 2015

Declan Resources Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	September 30, 2015 ($)	September 30, 2014 ($)
ASSETS		
Current assets		
Cash	512	4,087
Receivables (Note 5)	3,660	15,781
Short-term investments (Note 6)	200,000	-
Prepaid expenses	46,574	111,374
Deposits (Note 7)	32,413	25,620
	283,159	156,862
Restricted deposits (Note 8)	11,500	23,000
Exploration and evaluation assets (Note 9)	8,774	1,632,156
	303,433	1,812,018
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	1,103,221	633,587
Notes payable (Note 11)	401,843	-
	1,505,064	633,587
Shareholders' equity (deficiency)		
Share capital (Note 12)	18,097,921	18,065,671
Share-based payments reserve (Note 12)	1,554,336	1,430,822
Deficit	(20,853,888)	(18,318,062)
	(1,201,631)	1,178,431
	303,433	1,812,018

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 18)
Subsequent events (Note 20)

These consolidated financial statements were authorized for issue by the Board of Directors on December 7, 2015
They are signed on behalf of the Board of Directors by:

"Michelle Gahagan"
Director

"Wayne Tisdale"
Director

Declan Resources Inc.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended September 30, 2015	Year Ended September 30, 2014
	($)	($)
EXPENSES		
Consulting fees	38,202	47,482
Exploration and evaluation expenditures (Note 9 and 13)	648,814	890,145
Finance fees (Note 13)	27,639	117,500
Foreign exchange loss (gain)	15,444	(13,476)
Insurance	6,287	8,849
Investor relations	65,078	381,882
Management fees (Note 13)	180,895	138,377
Office and miscellaneous	105,280	134,255
Professional fees (Note 13)	86,233	106,246
Property investigation costs	-	9,406
Share-based compensation (Note 12 and 13)	123,514	621,552
Transfer agent and filing fees	15,001	22,971
Travel	49,767	189,684
Loss from operations	(1,362,154)	(2,654,873)
Interest income	433	305
Change in fair value of short-term investments (Note 6)	(80,000)	-
Gain on third party interest in exploration and evaluation assets (Note 9)	163,406	-
Loss on disposal of exploration and evaluation assets (Note 9)	(473,780)	-
Write-off of exploration and evaluation assets (Note 9)	(783,731)	(2,891,390)
Loss and comprehensive loss	(2,535,826)	(5,545,958)
Basic and diluted loss per common share	(0.01)	(0.04)
Weighted average common shares outstanding:		
Basic	174,936,168	143,429,115
Diluted	174,936,168	143,429,115

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

Declan Resources Inc.

Consolidated Statements of Changes in Shareholders` Equity (Deficiency)
(Expressed in Canadian Dollars)

	Number of Shares	Amount	Share-based Payments Reserve	Deficit	Total Shareholders' Equity (Deficiency)
		($)	($)	($)	($)
Balance at September 30, 2013	**115,487,887**	**14,164,249**	**792,537**	**(12,772,104)**	**2,184,682**
Shares issued in private placements	43,571,445	2,750,000	-	-	2,750,000
Share issuance costs - cash	-	(150,602)	16,733	-	(133,869)
Share subscriptions received in advance	-	-	-	-	-
Shares issued for exploration and evaluation assets	10,000,000	877,500	-	-	877,500
Shares issued for warrants exercised	2,360,000	236,000	-	-	236,000
Shares issued for finder's fee	2,063,377	188,524	-	-	188,524
Share-based compensation	-	-	621,552	-	621,552
Loss for the year	-	-	-	(5,545,958)	(5,545,958)
Balance at September 30, 2014	**173,482,709**	**18,065,671**	**1,430,822**	**(18,318,062)**	**1,178,431**
Shares issued for exploration and evaluation assets	1,500,000	30,000	-	-	30,000
Shares issued for finder's fee	112,500	2,250	-	-	2,250
Share-based compensation	-	-	123,514	-	123,514
Loss for the year	-	-	-	(2,535,826)	(2,535,826)
Balance at September 30, 2015	**175,095,209**	**18,097,921**	**1,554,336**	**(20,853,888)**	**(1,201,631)**

Declan Resources Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended September 30, 2015	Year Ended September 30, 2014
	($)	($)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Loss and comprehensive loss for the year	(2,535,826)	(5,545,958)
Items not affecting cash:		
Share-based compensation	123,514	621,552
Accretion interest	-	61,675
Accrued interest	27,639	-
Gain on third party interest in exploration and evaluation assets	(163,406)	-
Change in fair value of short-term investments	80,000	-
Unrealized foreign exchange gain	-	(10,078)
Loss on disposal of exploration and evaluation assets	473,780	-
Write-off of exploration and evaluation assets	783,731	2,891,390
Changes in non-cash working capital items:		
Decrease in receivables	12,121	68,875
Decrease in exploration advances	-	216,060
Increase in deposits	(6,793)	(25,620)
Decrease (increase) in prepaid expenses	64,800	(103,531)
Increase in accounts payable and accrued liabilities	469,634	166,892
CASH USED IN OPERATING ACTIVITIES	(670,806)	(1,658,743)
FINANCING ACTIVITIES		
Issuance of common shares	-	2,986,000
Share issuance costs	-	(132,970)
Interest paid on notes payable	-	(72,000)
Repayment of notes payable	-	(600,000)
Proceeds from notes payable	374,204	-
CASH PROVIDED BY FINANCING ACTIVITIES	374,204	2,181,030
INVESTING ACTIVITIES		
Option proceeds from exploration and evaluation asset	206,527	-
Proceeds from release of restricted deposit	11,500	-
Proceeds from disposal of exploration and evaluation asset	75,000	-
Exploration and evaluation expenditures	-	(544,024)
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	293,027	(544,024)
CHANGE IN CASH DURING THE YEAR	(3,575)	(21,737)
CASH - BEGINNING OF YEAR	4,087	25,824
CASH - END OF YEAR	512	4,087

Supplemental Cash Flow Information (Note 19)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Declan Resources Inc. ("the Company") was incorporated on August 25, 2005 under the laws of British Columbia. The Company's head office and registered and records office is Suite 302 – 1620 West 8th Ave, Vancouver, BC, V6J 1V4, Canada. The Company is traded on the TSX Venture Exchange ("TSX-V") under the symbol "LAN".

The Company is a mineral exploration company focused on acquiring, exploring and developing exploration and evaluation assets in Canada.

At the date of the consolidated financial statements, the Company has not identified a known body of commercial grade mineral on any of its exploration and evaluation assets. The ability of the Company to realize the costs it has incurred to date on exploration and evaluation assets is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the exploration and evaluation assets. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

The consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. These consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In addition, management closely monitors the commodity prices and other developments in the natural resources market, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur.

The Company estimates that it will need additional capital to operate for the upcoming year. The Company believes such financing will be available as required, however, there can be no assurance that the Company will be successful in its future financing attempts. These material uncertainties may cast doubt on the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

These consolidated financial statements, including comparatives, are prepared using 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 consolidated financial statements were authorized for issue by the Board of Directors on December 7, 2015.

Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis, except for financial instruments classified as held for trading that have been measured at fair value. Cost is the fair value of consideration given in exchange for net assets.

2. BASIS OF PRESENTATION (continued)

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the parent and its subsidiaries.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Declan Resources (Wyoming) LLC	U.S.A.	100%	Exploration in U.S.A.
Talos Minerals Ltd.	Canada	100%	Holding Company
Revonah Resources (SL) Ltd.	Sierra Leone	85%	Exploration in Sierra Leone
Greenstone Minerals (SL) Ltd.	Sierra Leone	85%	Exploration in Sierra Leone

Significant Accounting Judgments, Estimates and Assumptions

In the application of the Company's accounting policies which are described in Note 3, management is required to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, revenue and expenses and are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and management's assessment of current events and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in these consolidated financial statements include:

Deferred Tax Assets

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

2. BASIS OF PRESENTATION (continued)

Significant Accounting Judgments, Estimates and Assumptions (continued)

Share-based compensation

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model, which incorporates market data and involves uncertainty in estimates used by management in the assumptions. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, and, as a result, changes in subjective input assumptions can materially affect the fair value estimate.

The carrying value and the recoverability of exploration and evaluation assets

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

Determination of functional currency

The functional currency of the Company and its subsidiary is the currency of the primary economic environment in which each entity operates. The Company has determined the functional currency of each entity to be the Canadian dollar. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

3. SIGNIFICANT ACCOUNTING POLICIES

Exploration and Evaluation Assets

Costs related to the acquisition of exploration and evaluation assets are capitalized by property until the commencement of commercial production. Costs incurred before the Company has obtained the legal rights to explore an area are recognized through profit or loss.

Costs related to exploration costs of exploration and evaluation assets, incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development, are charged to operations as incurred. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves.

If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit-of-production method. If, after management review, it is determined that capitalized acquisition costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets are written down to their net realizable value.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and Evaluation Assets (continued)

Any option payments received by the Company from third parties are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Foreign Currency Translation

The Company's functional and reporting currency is the Canadian dollar.

Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction and are not retranslated.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified at fair value through profit or loss) are added to, or deducted from, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets and financial liabilities are measured subsequently as described below. The Company does not have any derivative financial instruments.

Financial Assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments; and
- Available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial Assets

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

- ***Financial assets at fair value through profit or loss*** – Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The Company's cash falls into this category of financial instruments.

- ***Loans and receivables*** – Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method less any provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company currently does not hold financial assets in this category.

- ***Held-to-maturity investments*** – Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity. The Company currently does not hold financial assets in this category.

- ***Available-for-sale financial assets*** – Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company currently does not hold financial assets in this category.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the financial asset and all substantial risks and rewards are transferred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial Liabilities

For the purpose of subsequent measurement, financial liabilities are classified as either financial liabilities at fair value through profit or loss, or other financial liabilities upon initial recognition.

- ***Financial liabilities at fair value through profit or loss*** – Financial liabilities at fair value through profit or loss include financial liabilities that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. Liabilities in this category are measured at fair value with gains or losses recognized in profit or loss. The Company currently does not hold financial liabilities in this category.

- ***Other financial liabilities*** – Other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process. The Company's accounts payable, accrued liabilities and notes payable fall into this category of financial instruments.

A financial liability is derecognized when it is extinguished, discharged, cancelled, or expired.

Impairment

At the end of each reporting period, the carrying value of the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provision for Environmental Rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as related assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provision for Environmental Rehabilitation (continued)

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss.

Share-based Payment Transactions

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants pursuant to a stock option plan. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model. It is recognized over the vesting period, using the graded vesting method, as an expense, with a corresponding increase to reserves in shareholders' equity. Expected volatility is based on historical volatility (based on the expected life of the options), adjusted for any expected changes due to publicly available information. No expense is recognized for awards that ultimately do not vest. If and when stock options are ultimately exercised, the amount of cash received as well as the applicable amount of the associated reserve is transferred to share capital.

Share-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of equity instruments issued, whichever is more reliably measurable. The fair value of stock-based payments to nonemployees is periodically are-measured until counterparty performance is complete and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The cost of share-based payments to non-employees that are fully vested and non-forfeitable at the grant date is measured and recognized at that date.

Share Capital

The Company records proceeds from share issuances, net of commissions and issuance costs, as share capital.

The Company engages in equity financing transactions to obtain the funds necessary to continue operations. The equity financings may involve the issuance of common shares or units. Warrants that are a part of units are assigned a value based on the residual value, if any, and included in reserves.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Loss Per Share

Basic loss per share is calculated using the weighted average number of shares issued and outstanding during the period. Diluted loss per share is the same as basic loss per share as the issuance of shares on the exercise of share purchase options and warrants is anti-dilutive.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity.

Current Income Tax

Current income tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred Income Tax

Deferred income taxes are calculated based on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Newly Adopted Accounting Standards And Interpretations

During the year ended September 30, 2015, the Company adopted the following new and amended IFRS pronouncements:

IAS 32, Financial Instruments: Presentation

IAS 32 is amended to clarify requirements for offsetting of financial assets and financial liabilities.

IAS 36, Impairment of Assets

Amended to address the disclosures required regarding the recoverable amount of impaired assets or cash generating units (CGUs) for periods in which an impairment loss has been recognized or reversed.

The adoption of these new and revised standards did not have a material effect on these financial statements.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective. The pronouncements are being assessed to determine their impact on the Company's results and financial position.

New standards, amendments and interpretations to existing standards not yet effective

The following standards, amendments to standards and interpretations have been issued for annual periods beginning on or after January 1, 2015 but are not yet effective:

IFRS 7, Financial Instruments – Disclosure

Amended to require additional disclosures on transition from IAS 39 to IFRS 9.

The following standards, amendments to standards and interpretations have been issued for annual periods beginning on or after January 1, 2016 but are not yet effective:

IFRS 11, Joint arrangements

This standard was amended to provide specific guidance on accounting for the acquisition of an interesting in a joint operation that is a business.

IAS 16, Property, plant and equipment and IAS 38, Intangible assets

These standards were amended to prohibit the use of revenue-based depreciation methods for property, plant and equipment and limit the use of revenue-based amortization for intangible assets.

IAS 27, Separate financial statements and IFRS 1, First-time adoption of IFRS

IAS 27 was amended to restore the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

IFRS 1 was amended to permit the use of the business combinations exemption for investments in subsidiaries accounted for using the equity method in the separate financial statements of the first-time adopter.

The following standards, amendments to standards and interpretations have been issued for annual periods beginning on or after January 1, 2018 but are not yet effective:

IFRS 9, Financial instruments

This standard was issued in November 2009 and covers the classification and measurement of financial assets as part of its project to replace IAS 39 Financial Instruments: Recognition and Measurement. In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income.

(Expressed in Canadian dollars)

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

The Company has not yet assessed the potential impact of the application of these standards, nor determined whether it will adopt the standards early.

5. RECEIVABLES

As at September 30, 2015, receivables consist of the following:

	2015	2014
	($)	($)
GST receivable	2,681	10,006
Other receivables	719	5,705
Interest receivable	260	70
	3,660	15,781

6. SHORT-TERM INVESTMENTS

Short-term investments are recorded at fair value and consist of 2,000,000 common shares held in Opal Energy Corp., a Canadian publicly traded corporation that shares management in common with the Company, with an acquisition cost of $280,000. The Company has classified it short-term investments as fair value through profit or loss. During the year ended September 30, 2015, the Company recorded an unrealized loss of $80,000 (2014 - $Nil).

7. DEPOSITS

As at September 30, 2015, deposits consisted of $32,413 (2014 – $25,620) held by the Government of Saskatchewan with respect to outstanding exploration work commitments on the Davidson River property. During the year ended September 30, 2015, the Company forfeited $25,620 that was held with respect to the abandoned Thorburn Lake property, and accordingly has expensed this amount as exploration and evaluation expenditures in the year.

8. RESTRICTED DEPOSITS

As at September 30, 2015, restricted deposits consisted of $11,500 (2014 – $23,000) held in a guaranteed investment certificate as collateral for a corporate credit card.

(Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS

Acquisition costs

Schedule of exploration and evaluation asset acquisition costs for the year ended September 30, 2015 is as follows:

Property	As at September 30, 2014	Cash	Other	Shares	Option Payments	Write-offs and Disposals	As at September 30, 2015
	($)	($)	($)	($)	($)	($)	($)
Firebag River	290,871	-	2,250	30,000	(323,121)	-	-
Patterson Lake NE	548,780	-	-	-	-	(548,780)	-
North Star	202,923	-	-	-	-	(202,923)	-
Thorburn Lake	44,827	-	-	-	-	(44,827)	-
Jackfish Creek	44,827	-	-	-	-	(44,827)	-
Maurice Creek	86,385	-	-	-	-	(86,385)	-
Maybelle North	131,210	-	-	-	-	(131,210)	-
Archer Lake	148,885	-	-	-	-	(148,885)	-
Davidson River	41,558	-	-	-	-	(41,558)	-
Big Sandy Lake	41,558	-	-	-	-	(41,558)	-
Beatty River	41,558	-	-	-	-	(41,558)	-
Other	8,774	-	-	-	-	-	8,774
Total	1,632,156	-	2,250	30,000	(323,121)	(1,332,511)	8,774

(Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

Acquisition costs (continued)

A schedule of exploration and evaluation asset acquisition costs for the year ended September 30, 2014 is as follows:

Property	As at September 30, 2013	Cash	Other	Shares	Option Payments	Write-offs and Disposals	As at September 30, 2014
	($)	($)	($)	($)	($)	($)	($)
Firebag River	1,807	85,000	69,064	135,000	-	-	290,871
Patterson Lake NE	483,780	65,000	-	-	-	-	548,780
North Star	-	115,000	78,457	405,000	-	(395,534)	202,923
Thorburn Lake	-	15,000	7,327	22,500	-	-	44,827
Jackfish Creek	-	15,000	7,327	22,500	-	-	44,827
Maurice Creek	-	23,334	15,551	47,500	-	-	86,385
Maybelle North	-	38,333	22,877	70,000	-	-	131,210
Archer Lake	-	33,334	15,551	100,000	-	-	148,885
Davidson River	-	8,333	8,225	25,000	-	-	41,558
Big Sandy Lake	-	8,333	8,225	25,000	-	-	41,558
Beatty River	-	8,333	8,225	25,000	-	-	41,558
Other	-	-	20,686	-	-	(11,912)	8,774
Sierra Leone	2,483,944	-	-	-	-	(2,483,944)	-
Total	2,969,531	415,000	261,515	877,500	-	(2,891,390)	1,632,156

(Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration and evaluation expenditures

A schedule of exploration and evaluation expenditures for the year ended September 30, 2015 is as follows:

Expenditures	Patterson Lake	Maybelle North	Thorburn Creek	Maurice Creek	Davidson River	Big Sandy	Other	Total
	($)	($)	($)	($)	($)	($)	($)	($)
Field work	-	-	-	-	461,232	-	-	461,232
Geological	5,909	2,544	29,279	14,846	34,377	3,659	19,185	109,799
Geophysics	-	-	-	69,901	-	-	-	69,901
Licenses and permits	-	625	-	1,250	1,250	-	-	3,125
Travel	-	-	-	-	4,757	-	-	4,757
	5,909	3,169	29,279	85,997	501,616	3,659	19,185	648,814

(Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration and evaluation expenditures (continued)

A schedule of exploration and evaluation expenditures for the year ended September 30, 2014 is as follows:

Expenditures	Firebag River	Patterson Lake	North Star	Thorburn Lake	Maurice Creek	Maybelle North
	($)	($)	($)	($)	($)	($)
Assays	3,217	-	1,251	-	-	-
Consulting fees	-	-	-	-	-	-
Drilling	1,577	-	6,750	-	-	-
Field crew	-	-	-	-	-	-
Field work	21,923	-	-	-	-	-
Geological	32,561	5,232	38,185	864	707	10,799
Geophysics	-	-	-	-	-	177,891
Legal	-	-	11,966	-	-	-
Licenses and permits	9,794	-	1,362	-	-	-
Supplies and miscellaneous	-	-	-	-	-	-
Travel	5,455	-	878	-	-	-
	74,527	5,232	60,392	864	707	188,690

(Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration and evaluation expenditures (continued)

A schedule of exploration and evaluation expenditures for the year ended September 30, 2014 is as follows:

Expenditures	**Davidson River**	**Sierra Leone**	**Other**	**Total**
	($)	**($)**	**($)**	**($)**
Assays	-	-	-	4,468
Consulting fees	-	317,899	-	317,899
Drilling	-	-	-	8,327
Field crew	-	53,817	-	53,817
Field work	-	-	-	21,923
Geological	2,567	-	7,385	98,300
Geophysics	-	-	-	177,891
Legal	-	-	-	11,966
Licenses and permits	-	-	1,843	12,999
Supplies and miscellaneous	-	34,683	-	34,683
Travel	-	141,539	-	147,872
	2,567	547,938	9,228	890,145

(Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

a) Firebag River Property

On October 24, 2013, as amended on September 23, 2014 and November 26, 2015, the Company entered into a property option agreement to acquire a 100% interest in the Firebag River Property located in Alberta, Canada. To acquire the property, the Company must make cash payments of $85,000, issue 5,000,000 common shares and complete an exploration work commitment of $300,000 as follows:

	Acquisition in Cash	Acquisition in Shares	Exploration Work Commitments
	($)		($)
On signing of agreement (completed)	45,000	-	-
On approval of agreement by the TSX-V (completed)	40,000	1,500,000	-
November 22, 2014 (completed)	-	1,500,000	150,000
November 5, 2015 (completed)	-	2,000,000	-
November 22, 2016	-	-	150,000
Total	85,000	5,000,000	300,000

On November 5, 2013, 1,500,000 common shares, valued at $135,000, were issued pursuant to the property option agreement. On November 5, 2014, 1,500,000 common shares, valued at $30,000, were issued pursuant to the property option agreement. On November 5, 2015, 2,000,000 common shares, valued at $10,000, were issued pursuant to the property option agreement.

The Optionor retained a 2% net smelter royalty ("NSR") and a 4% gross overriding royalty ("GORR") with respect to the production from the property.

A total of 112,500 (2014 – 626,250) common shares, valued at $2,250 (2014 - $56,363), were issued as a finder's fee in connection with the acquisition.

On September 23, 2014, as amended on November 26, 2015, the Company entered into a property option amending agreement to modify the terms of the original agreement. The amendment allows for Opal Energy Corp. ("Opal"), a corporations that shares management in common with the Company, to earn up to a 70% interest in the property. The exploration work commitments will be changed from $3,000,000 to $300,000 over a two year period and will be made by Opal. The share issuances will remain the same and will be issued by the Company. In addition, Opal will reimburse exploration expenditures of $71,527, cash acquisition costs of $85,000, make cash payments of $250,000, and issue 4,000,000 common shares as follows:

(Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

a) Firebag River Property (continued)

	Reimbursement of Costs Incurred	Acquisition in Cash	Acquisition in Shares
	($)	($)	
On approval of agreement by the TSX-V (received)	156,527	-	2,000,000
Within 90 days of TSX-V approval (received)	-	50,000	-
March 2, 2016	-	100,000	1,000,000
March 2, 2017	-	100,000	1,000,000
Total	156,527	250,000	4,000,000

At any time after completion of the option agreement, Opal can earn an additional 5% of the property from the Company by way of issuing 500,000 common shares of Opal to the Company.

As at September 30, 2015, the Company had received cash payments of $206,527 and 2,000,000 common shares valued at $280,000 (Note 6). A total $323,121 was recorded as a recovery of exploration and evaluation assets against the capitalized acquisition cost of Firebag River and the remaining amount of $163,406 was recorded in the consolidated statement of loss and comprehensive loss as a gain on third party interest in exploration and evaluation assets.

b) Patterson Lake Property

On September 9, 2013, the Company entered into a property option agreement, subsequently amended on September 9, 2014, to acquire a 100% interest in the Patterson Lake Property located in Saskatchewan, Canada. To acquire the property, the Company must make cash payments of $250,000, issue 4,000,000 common shares and complete an exploration work commitment of $650,000.

The Company issued 4,000,000 common shares, valued at $300,000, and paid $185,000 in acquisition costs pursuant to the property option agreement. A total of 734,211 common shares, valued at $55,066, were issued as a finder's fee in connection with the acquisition. The Company also incurred $8,714 in miscellaneous acquisition costs capitalized to the property.

In June 2015, the Company sold 100% of its rights to the Patterson Lake Property to an unrelated third party for cash proceeds of $75,000. A loss on disposal of $473,780 was recorded during the year ended September 30, 2015.

c) North Star Property

On January 17, 2014, the Company entered into a property option agreement to acquire additional interests in the Gibbon's Creek region. The Company acquired a 100% interest in the North Star Property by making cash payments of $15,000 and issuing 1,500,000 common shares, valued at $165,000. A total of 162,500 common shares, valued at $17,875, were issued as a finder's fee in connection with the acquisition. The Company also incurred $5,048 in miscellaneous acquisition costs capitalized to the property.

9. EXPLORATION AND EVALUATION ASSETS (continued)

c) North Star Property (continued)

On December 2, 2013, the Company entered into a property option agreement to acquire a 70% interest in the Gibbon's Creek Property located in Saskatchewan, Canada. To acquire the property, the Company must make cash payments of $1,500,000, issue 11,000,000 common shares and complete an exploration work commitment of $6,500,000.

The Company issued 2,000,000 common shares, valued at $240,000, and paid $100,000 in acquisition costs pursuant to the property option agreement. A total of 317,647 common shares, valued at $38,117, were issued as a finder's fee in connection with this acquisition. The Company also incurred $17,417 in miscellaneous acquisition costs capitalized to the property.

During the year ended September 30, 2014, the Company decided to discontinue exploration on the Gibbon's Creek property and, accordingly, recorded a write-off of $395,534.

During the year ended September 30, 2015, the Company decided to discontinue exploration on the remainder of the North Star property, relinquished its rights to the property and, accordingly, recorded a write-off of $202,923.

d) Six Pack Properties

On March 31, 2014, the Company entered into a property option agreement to acquire a 100% interest in the Six Pack Properties located in Alberta and Saskatchewan, Canada.

To acquire the Jackfish Creek, Maurice Creek, Maybelle North, Richardson River (grouped with Maybelle North), and Thorburn Lake properties, the Company must make cash payments of $100,000, issue 1,500,000 common shares and complete an exploration work commitment of $200,000.

The Company issued 1,500,000 common shares, valued at $112,500, and paid $75,000 in acquisition costs pursuant to the property option agreement. The Company also incurred $3,963 in miscellaneous acquisition costs capitalized to the property.

To acquire the Archer Lake property, the Company must make cash payments of $25,000, issue 1,000,000 common shares and complete an exploration work commitment of $25,000.

The Company issued 1,000,000 common shares, valued at $75,000, and paid $25,000 in acquisition costs pursuant to the property option agreement. A total of 340,909 common shares, valued at $39,205, were issued as a finder's fee in connection with this acquisition. The Company also incurred $792 in miscellaneous acquisition costs capitalized to the property.

During the year ended September 30, 2015, management decided to discontinue exploration on the Six Pack properties, relinquished its rights to the properties and, accordingly, recorded a write-off of $331,460.

9. EXPLORATION AND EVALUATION ASSETS (continued)

e) Davidson Group Properties

On July 28, 2014, the Company entered into a property option agreement to acquire a 100% interest in the Davidson Group Properties located in Alberta and Saskatchewan, Canada. To acquire the Maybelle North, Rene Lake (grouped with Archer Lake), Davidson River, Beatty River, Maurice Creek, and Big Sandy Lake properties, the Company must make cash payments of $300,000, issue 7,500,000 common shares and complete an exploration work commitment of $1,500,000.

The Company issued 2,500,000 common shares, valued at $150,000, and paid $50,000 in acquisition costs pursuant to the property option agreement. A total of 616,071 common shares, valued at $36,964, were issued as a finder’s fee in connection with the acquisition. The Company also incurred $12,384 in miscellaneous acquisition costs capitalized to the property.

During the year ended September 30, 2015, management decided to discontinue exploration on the Davidson Group properties, relinquished its rights to the properties and, accordingly, recorded a write-off of $249,348.

f) Other

On April 23, 2014, the Company entered into a property option agreement to acquire a 100% interest in the Copper Mountain Property located in Wyoming, U.S.A. and in the Athabasca Property located in Saskatchewan, Canada. One of the parties to this agreement is a director. To acquire the properties, the Company must issue 11,000,000 common shares. During the year ended September 30, 2014, management decided to discontinue exploration on the property, relinquished its rights to the property and, accordingly, recorded a write-off of $11,912.

During the year ended September 30, 2014, the Company acquired properties in Saskatchewan by staking six claims at a cost of $8,774.

g) Sierra Leone Properties

The Company acquired 85% of the issued and outstanding shares of Revonah Resources (SL) Ltd. (“Revonah”) and Greenstone Minerals (SL) Ltd. (“Greenstone”) through the acquisition of Talos Minerals Ltd. Revonah and Greenstone hold interests in certain exploration licenses located in Sierra Leone.

During the year ended September 30, 2014, management decided to discontinue exploration on the properties, relinquished its rights to the properties and, accordingly, recorded a write-off of $2,483,944.

(Expressed in Canadian dollars)

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities is comprised of the following:

	2015	2014
	($)	($)
Accounts payable	407,276	99,587
Related party payable (Note 13)	675,945	510,000
Accrued liabilities	20,000	24,000
	1,103,221	633,587

11. NOTES PAYABLE

During the year ended September 30, 2015, the Company issued notes payable for total proceeds of $374,204 (Note 13). The notes bear interest at 10% per annum, payable in cash. Any interest unpaid at each quarter end will also bear interest at 10% per annum, payable in cash. The notes mature one year from the date of issuance and are secured by promissory notes. During the year ended September 30, 2015, the Company accrued $27,639 (2014 - $Nil) in interest costs, recorded in finance fees.

On July 5, 2013, the Company issued notes payable for proceeds of $600,000, of which $300,000 was from directors, bearing interest at 12% per annum, payable in cash. A loan bonus of 2,400,000 common shares was issued at a value of $72,000 to the lenders, which offset the notes payable, resulting in an effective rate of interest of approximately 24%. The notes matured one year from date of issuance and are secured by promissory notes. Total fees of $7,546 were paid in association with the notes. The loans bonus and fees will be accreted to finance fees, over the term of the notes. The loans and interest were repaid in full during the year ended September 30, 2014. During the year ended September 30, 2015, the Company booked $Nil (2014 - $55,825) and $Nil (2014 - $61,675) in interest and accretion costs, respectively, recorded in finance fees.

12. SHARE CAPITAL AND RESERVES

a) Authorized share capital

An unlimited number of common shares without par value.

b) Issued share capital

During the year ended September 30, 2015, the Company:

i) issued 1,500,000 common shares with a value of $30,000 as an option payment (Note 9(a)).

ii) issued 112,250 common shares with a value of $2,250 as a finder's fee pursuant to the Firebag River option agreement (Note 9(a)).

12. SHARE CAPITAL AND RESERVES (continued)

b) Issued share capital (continued)

During the year ended September 30, 2014, the Company:

i) issued 15,000,000 units pursuant to a private placement for total proceeds of $750,000. Each unit consisted of one common share and one share purchase warrant; each warrant entitles the holder to purchase one common share at a price of $0.10 per share for a one year period. Agents were paid fees of $49,525.

ii) issued 28,571,445 units pursuant to a private placement for total proceeds of $2,000,000. Each unit consisted of one common share and one share purchase warrant; each warrant entitles the holder to purchase one common share at a price of $0.11 per share for a two year period. Agents were paid fees of $39,359 and issued 505,133 warrants with a value of $16,733. Each warrant entitles the holder to purchase one common share at a price of $0.11 per share for a two year period.

iii) issued 1,500,000 common shares with a value of $135,000 as an option payment and issued 626,250 common shares with a value of $56,363 as a finder's fee pursuant to the Firebag River option agreement (Note 9(a)).

iv) issued 2,360,000 common shares for total proceeds of $236,000 pursuant to the exercise of warrants.

v) issued 2,000,000 common shares with a value of $240,000 as an option payment and issued 317,647 common shares with a value of $38,117 as a finder's fee pursuant to the Gibbon's Creek option agreement (Note 9(c)).

vi) issued 1,500,000 common shares with a value of $165,000 as an option payment and issued 162,500 common shares with a value of $17,875 as a finder's fee pursuant to the North Star option agreement (Note 9(c)).

vii) issued 2,500,000 common shares with a value of $187,500 as an option payment and issued 340,909 common shares with a value of $39,205 as a finder's fee pursuant to the Six Pack option agreement (Note 9(d))

viii) issued 2,500,000 common shares with a value of $150,000 as an option payment and issued 616,071 common shares with a value of $36,964 as a finder's fee pursuant to the Davidson Group option agreement (Note 9(e))

c) Stock options

Pursuant to the policies of the TSX-V, the Company may grant incentive stock options to its officers, directors, employees and consultants. The Company has implemented a fixed Stock Option Plan (the "Plan") whereby the Company has reserved 10% of the issued shares for issuance under the Plan. Options have a maximum term of ten years and terminate after a certain number of days following the termination of the optionee's term/employment, except in the case of death, in which case they terminate one year after the event. Vesting is determined by the Board of Directors.

At September 30, 2015, the Company had incentive stock options enabling the holders to acquire further common shares as follows:

(Expressed in Canadian dollars)

12. SHARE CAPITAL AND RESERVES (continued)

c) Stock options (continued)

Expiry Date	Options Outstanding	Options Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Life
			($)	**(years)**
September 29, 2016	300,000	200,000	0.07	1.00
September 11, 2017	950,000	950,000	0.16	1.95
October 7, 2018	5,300,000	5,300,000	0.09	3.02
November 22, 2018	1,000,000	1,000,000	0.09	3.15
February 28, 2019	2,000,000	2,000,000	0.11	3.42
	9,550,000	9,450,000	0.10	2.95

A continuity schedule of outstanding stock options is as follows:

	Number Outstanding	Weighted Average Exercise Price
		($)
Balance – September 30, 2013	6,250,000	0.16
Granted	9,500,000	0.09
Forfeited	(4,450,000)	0.14
Balance – September 30, 2014	11,300,000	0.11
Expired	(1,000,000)	0.15
Forfeited	(750,000)	0.15
Balance – September 30, 2015	9,550,000	0.10

d) Share purchase warrants

At September 30, 2015, the Company had 29,076,578 outstanding share purchase warrants that are exercisable at $0.11 per share until July 23, 2016.

A continuity schedule of outstanding share purchase warrants is as follows:

	Number Outstanding	Weighted Average Exercise Price
		($)
Balance – September 30, 2013	7,292,308	0.24
Issued	44,076,578	0.11
Exercised	(2,360,000)	0.10
Balance – September 30, 2014	49,008,886	0.13
Expired	(19,932,308)	0.15
Balance – September 30, 2015	29,076,578	0.11

(Expressed in Canadian dollars)

12. SHARE CAPITAL AND RESERVES (continued)

e) Share-based payments

During the year ended September 30, 2015, the Company granted Nil (2014 - 9,200,000) stock options with a fair value of $Nil (2014 - $821,395) or $Nil (2014 - $0.09) per option. The options granted in the 2014 fiscal year vested over a period of 18 months. During the year ended September 30, 2015, the Company expensed $123,514 (2014 - $621,552) as share-based compensation.

The options were valued using the Black-Scholes option pricing model under the following weighted average assumptions:

	2015	2014
Risk free interest rate	-	1.7%
Expected dividend yield	-	-
Stock price volatility	-	127%
Expected life of options	-	4.8 years
Forfeiture rate	-	-

13. RELATED PARTY TRANSACTIONS

The Company's key management personnel consist of directors, officers and companies owned or controlled in whole or in part by officers and directors. The following summarizes the Company's related party transactions during the years ended September 30, 2015 and 2014:

Key Management Compensation

	2015 ($)	2014 ($)
Management fees	120,895	83,377
Interest expense	5,518	27,912
Geological consulting fees	38,625	335,009
Share-based compensation	83,570	332,052
Professional fees	50,500	54,500
Total	299,108	832,850

a) As at September 30, 2015, a total of $128,634 (2014 - $5,578) was included in accounts payable and accrued liabilities owing to a corporation controlled by the former Chief Executive Officer ("CEO") of the Company for management fees.

b) As at September 30, 2015, a total of $1,050 (2014 - $Nil) was included in accounts payable and accrued liabilities owing to a corporation controlled by the Chief Financial Officer ("CFO") of the Company for professional fees.

13. RELATED PARTY TRANSACTIONS (continued)

c) As at September 30, 2015, a total of $5,643 (2014 - $5,643) was included in accounts payable and accrued liabilities owing to a corporation controlled by a former director of the Company for geological consulting fees.

d) As at September 30, 2015, a total of $21,525 (2014 - $Nil) was included in accounts payable and accrued liabilities owing to a director of a subsidiary of the Company for geological consulting fees.

e) As at September 30, 2015, a total of $516,936 (2014 - $516,936) was included in accounts payable and accrued liabilities owing to a corporation controlled by the CEO of the Company for management fees and interest free loan advances.

f) As at September 30, 2015, a total of $2,157 (2014 - $Nil) was included in accounts payable and accrued liabilities owing to a director of the Company for reimbursable expenses.

g) As at September 30, 2015, a total of $107,018 (2014 - $Nil) in notes payable was owing to two corporations controlled by the CEO of the Company (Note 11).

h) The Company repaid notes payable to related parties of $Nil (2014 - $300,000) and the associated interest, included in finance fees, of $Nil (2014 - $36,000) (Note 11).

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

Financial instruments measured at fair value are classified into one of 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 the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, short-term investments, receivables, restricted deposits, accounts payable and accrued liabilities and notes payable.

The Company classified its cash and short-term investments as fair value through profit or loss; receivables as loans and receivables; and accounts payable and accrued liabilities and notes payable as other financial liabilities. The fair values of cash and short-term investments are measured on the statement of financial position using level 1 of the fair value hierarchy. The fair values of receivables, restricted deposits, accounts payable and accrued liabilities and notes payable approximate their book values because of the short-term nature of these instruments.

Financial instrument risk exposure

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

14. FINANCIAL AND RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments with the exception of the financial institutions which hold its cash. The Company manages this credit risk by ensuring that these financial assets are placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist primarily of goods and services tax due from the government and other receivables; the balances are in good standing as at September 30, 2015. The Company does not believe it has a material exposure to credit risk.

Foreign exchange risk

The Company is not exposed to any significant foreign currency risk.

Liquidity risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts which are available on demand. The Company has significant financial liabilities outstanding including accounts payable and accrued liabilities and loans payable. The Company is exposed to the risk that it may not have sufficient liquid assets to meet its commitments associated with these financial liabilities. To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through equity transactions.

Interest rate risk

The Company is exposed to interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. Interest rate risk is minimal as the Company does not have significant interest bearing assets or any interest bearing liabilities that are tied into market rates.

Commodity price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

Political uncertainty

In conducting operations in other countries, the Company was subject to considerations and risks not typically associated with companies operating in North America. These included risks such as the political, economic and legal environments. Among other things, the Company's results may have been adversely affected by changes in the political and social conditions, and by changes in governmental policies with respect to mining laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation. The Company currently operates primarily in Canada and thus is not exposed to any material political risk.

(Expressed in Canadian dollars)

15. MANAGEMENT OF CAPITAL

The Company manages its common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

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 the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in certificates of deposit with major financial institutions.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. 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.

There have been no changes to the Company's approach to capital management during the year ended September 30, 2015

16. INCOME TAXES

a) Provision for Income Taxes

A reconciliation of the combined Canadian federal and provincial income taxes at statutory rates and the Company's effective income tax expense is as follows:

	2015	**2014**
	($)	**($)**
Loss for the year	(2,535,826)	(5,545,958)
Expected income tax recovery	(659,000)	(1,442,000)
Permanent differences	43,000	532,000
Change in statutory, foreign tax, foreign exchange rates and other	(1,000)	1,995,000
Change in unrecognized tax benefits of non-capital losses	617,000	(1,085,000)
Income tax expense	-	-

(Expressed in Canadian dollars)

16. INCOME TAXES (continued)

b) Deferred Income Taxes

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consists of the following amounts:

	2015	2014
	($)	($)
Non-capital losses carry-forward	1,526,000	1,414,000
Exploration and evaluation assets	1,869,000	1,327,000
Share issuance costs	53,000	100,000
Marketable securities	10,000	-
Canadian eligible capital	3,000	3,000
	3,461,000	2,844,000

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

Temporary Differences	2015	Expiry Date Range
	($)	
Canadian eligible capital	13,000	No expiry date
Share issuance costs	204,000	2035 to 2038
Exploration and evaluation assets	7,190,000	No expiry date
Marketable	80,000	No expiry date
Non-capital losses available for future periods	5,872,000	2016 to 2035

Tax attributes are subject to review, and potential adjustment, by tax authorities.

17. SEGMENTED INFORMATION

The Company operates in one industry segment being the acquisition and exploration of mineral exploration and evaluation assets. The total assets attributable to the geographical locations relate primarily to exploration and evaluation assets and are all located in Canada.

(Expressed in Canadian dollars)

18. COMMITMENTS AND CONTINGENCIES

On August 1, 2015, the Company entered into a cost sharing arrangement agreement for the provision of office space and various administrative services. Under the terms of the agreement, the Company will pay $2,500 plus GST per month commencing on September 1, 2015 and continuing until the expiration of the underlying head lease on July 31, 2018.

Fiscal Year	Amount
	($)
2016	30,000
2017	30,000
2018	25,000

19. SUPPLEMENTAL CASH FLOW INFORMATION

	2015	2014
	($)	**($)**
Supplemental Disclosure of Cash Flow Information:		
Amounts accrued for exploration and evaluation assets included in accounts payable and accrued liabilities	-	1,741
Amounts accrued for share issue costs included in accounts payable and accrued liabilities	-	899
Shares received from option agreement on exploration and evaluation asset	280,000	-
Shares issued for exploration and evaluation assets	30,000	877,500
Shares issued for finders' fees for acquisition of exploration and evaluation assets	2,250	188,524
Warrants issued as finders` fees	-	16,733

20. SUBSEQUENT EVENTS

The following events occurred subsequent to the year ended September 30, 2015:

a) A total of 2,300,000 stock options held by former officers of the Company were forfeited without being exercised.

b) The Company issued 2,000,000 common shares, valued at $10,000, as an option payment pursuant to the Firebag River Property option agreement.

c) The Company entered into agreements with certain lenders to extend the maturity date from one year to three years from the original issue date on notes payable totaling $374,204.