Interim Financial Statements of

WESTRIDGE RESOURCES INC.

For the 3 months ended October 31, 2015 and 2014

Expressed in Canadian Dollars

NOTICE TO READER

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

The accompanying unaudited interim condensed consolidated interim financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these 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 28, 2015

WESTRIDGE RESOURCES INC.

Interim Statement of Financial Position
Stated in Canadian Dollars

	Notes	October 31, 2015	July 31, 2015
Assets			
Current assets:			
Cash		$ 7,939	$ 213
Accounts receivable	5	420	1,027
Total Current Assets		8,359	1,240
Total Assets		**$ 8,359**	**$ 1,240**
Liabilities and Shareholders' Deficiency			
Current liabilities:			
Accounts payable and accrued liabilities	6	$ 406,102	$ 415,605
Loan payable	7	116,513	96,313
Total Liabilities		522,615	511,918
Shareholders' deficiency:			
Share capital	11	4,363,325	4,363,325
Contributed surplus		879,921	879,921
Accumulated deficit		(5,757,502)	(5,753,924)
Total Shareholders' Equity		(514,256)	(510,678)
Total Liabilities and Shareholders' Deficiency		**$ 8,359**	**$ 1,240**

Nature and continuance of operations (note 1)
Commitments and contingencies (note 16)

Approved on behalf of the Board on December 28, 2015:

"Chris Cooper"
Director

"Brad Nichol"
Director

WESTRIDGE RESOURCES INC.

Interim Statements of Operations and Comprehensive Loss
For the Three Months Ended October 31, 2015 and 2014
Stated in Canadian Dollars

	Notes	Three months ended 2015	2014
Expenses			
Accounting and Audit		$ -	$ 2,000
Bank and interest charges		192	317
Office and general		-	147
Investor relations		-	-
Management fees	10	3,000	4,500
Professional fees		-	3,637
Registration and filing fees		-	1,350
Transfer agent fees		386	1,403
Loss before other items		(3,578)	(13,354)
Other items			
Interest income		-	-
Net income (loss) and comprehensive income (loss) for the period		$ (3,578)	$ (13,354)
Basic and diluted loss per common share	7	$ (0.00)	$ (0.00)

WESTRIDGE RESOURCES INC.

Interim Statements of Changes in Shareholders' Deficiency
For the Three Months Ended October 31, 2015 and 2014
Stated in Canadian Dollars

	Notes	Number of Common Shares	Common Stock Amount	Equity component of convertible loan	Contributed Surplus	Deficit	Total
Balance at July 31, 2014		**21,639,020**	**$ 4,263,325**	**$ -**	**$ 879,921**	**$ (5,894,049)**	**$ (750,803)**
Net loss for the period		-	-	-	-	(13,354)	(13,354)
Shares issued for cash	11(c)	2,000,000	100,000	-	-	-	100,000
Balance at October 31, 2014		**23,639,020**	**$ 4,363,325**	**$ -**	**$ 879,921**	**$ (5,907,403)**	**$ (664,157)**
Balance at July 31, 2015		**23,639,021**	**$ 4,363,325**	**$ -**	**$ 879,921**	**$ (5,753,924)**	**$ (510,678)**
Net loss for the period		-	-	-	-	(3,578)	(3,578)
Balance at October 31, 2015		**23,639,021**	**$ 4,363,325**	**$ -**	**$ 879,921**	**$ (5,757,502)**	**$ (514,256)**

WESTRIDGE RESOURCES INC.

Interim Statements of Cash Flows
For the Three Months Ended October 31, 2015 and 2014
Stated in Canadian Dollars

		Three months ended October 31,		
		2015		**2014**
Operating activities				
Net Loss from continuing operations	$	(3,578)	$	(13,354)
Changes in non-cash working capital items:				
Receivables		607		(3,248)
Accounts payable and accrued liabilities		(9,503)		(17,906)
Net cash flows used in operating activities		(12,474)		(34,508)
Investing activities		-		-
Net cash flows (used in) from investing activities		-		-
Financing activities				
Shares issued for cash, private placement		-		100,000
Shareholder loan		20,200		-
Net cash flows from financing activities		20,200		100,000
Decrease in cash and cash equivalents		7,726		65,492
Cash, beginning of the period		213		3,657
Cash, ending of period	**$**	**7,939**	**$**	**69,149**

Supplemental information with respect to cash flows (note 12)

1. Nature and continuance of operations

Westridge Resources Inc. (the "Company") was incorporated under the laws of the Province of British Columbia on April 30, 2007. The Company is focused on the acquisition, evaluation and exploration of mineral resource properties. The Company trades on the TSX Venture Exchange under the stock symbol WST.

The head office, principal and registered address and records office of the Company are located at 888 Dunsmuir Street, Suite 1100, Vancouver, B.C., V6C 3K4.

2. Basis of preparation

Going Concern

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at October 31, 2015, the Company had not advanced any exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company's continuation as a going concern is dependent upon the successful results from its exploration and evaluation activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and/or private placement of common shares.

Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. Management believes that the Company's capital resources should be adequate to continue operating and maintaining its business strategy during the quarter ending October 31, 2015. However, if the Company is unable to raise additional capital, management expects that the Company may need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures. These financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

As at October 31, 2015, the Company had cash and cash equivalents of $7,939 (July 31, 2015 - $213), a net working capital deficiency of $(514,256) (July 31, 2015 - $(510,678)) and an accumulated deficit of $5,757,502 (July 31, 2015 - $5,753,924) since inception and expects to incur further losses.

On March 3, 2014, the Company consolidated its share capital on one (1) new common share without par value for every two (2) two common shares without par value. All common shares and per share amounts have been restated to give retroactive effect to the share consolidation (note 11).

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The significant accounting policies that have been applied in the preparation of these financial statements are summarized below.

These accounting policies have been used throughout all periods presented in the financial statements.

3. Significant accounting policies

(a) Significant judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates by a material amount. Matters that require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

<u>Share-based payments</u>

Share-based payments are determined using the Black-Scholes Option Pricing Model based on estimated fair values of all share-based awards at the date of grant. The Black-Scholes Option Pricing Model utilizes assumptions such as expected price volatility, the expected life of the option and the number of options that may be forfeited. Changes in these input assumptions may affect the fair value estimate.

<u>Deferred taxes</u>

The Company recognizes the deferred tax benefit of deferred tax assets to the extent their recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions from deferred tax assets.

(b) Consolidation

During the fiscal year ended July 31, 2015, the Company dissolved its 100% wholly owned Mexican subsidiary, Minera Westridge S.A. de C.V., and accordingly, the 2015 financial statements are not consolidated. However, the comparative financial statements for the year ended July 31, 2014 include the subsidiary accounts and have been shown as discontinued assets and liabilities on the statements of financial position and gain on discontinued operations on the operations statement.

(c) Non-currents assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured at the lower of their carrying amount and fair value less costs to sell, with impairments recognized in the statements of income in the period measured. Non-current assets or disposal groups held for sale are presented in current assets and liabilities within the balance sheet. Assets or disposal groups held for sale are not depleted, depreciated or amortized. Liabilities associated with assets held for sale are presented separately from the Company's other liabilities.

Assets or disposal groups are classified as held-for-sale when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. For the sale to be highly probable management must be committed to a plan to sell the asset and an active program to locate a buyer and complete the plan must have been initiated. The asset or disposal group must be actively marketed for sale at a price that is reasonable in relation to its current fair value and the sale should be expected to be completed within one year from the date of classification.
A discontinued operation is a component of the Company that has either been disposed of or that is classified as held for sale. A component of the Company is comprised of operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Company. Net earnings of a discontinued operation and any gain or loss on disposal are combined and presented as net earnings from discontinued operations in the statements of earnings (loss) and comprehensive earnings (loss).

(d) Foreign currency translation

The functional currency of the Company is the Canadian dollar, and the financial statements are presented in Canadian dollars.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

(e) Convertible debenture

The convertible debenture was initially recorded at fair value and subsequently measured at amortized cost. The convertible debenture was allocated between the debt and equity components using the residual method at the date of issuance and is recorded net of transaction costs. The debt component is accreted to the face value using the effective interest method, with the resulting charge recorded as accretion on convertible debenture, which is included in interest on convertible loan in the statement of operations.

In instances where the Company issues equity instruments to settle all or a part of the outstanding debt, the equity instruments are treated as consideration paid and are measured initially at fair value of the equity instruments issued, or when not reliably measurable, at the fair value of the financial liability extinguished. Any difference between the carrying amount of the financial liability extinguished and the consideration paid is recognized in profit or loss. If the financial liability is not fully extinguished, and terms related to the remaining portion have been modified, the Company allocates the consideration paid between the extinguished portion and the modified portion.

(f) Share-based payments

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to contributed surplus. The fair value of options is determined using a Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(g) **Financial instruments**

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period where they are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Other non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial assets, a significant or prolonged decline in the value of the instrument is an objective evidence of impairment. The Company does not have any derivative financial assets and liabilities.

(h) Income taxes

Current tax:

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(i) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings per share is calculated by dividing the profit or loss attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share is calculated by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which comprise share options granted.

(j) Contingencies

Contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

(k) Related party transactions

Parties are considered 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. Parties are also considered related if they are subject to common control. 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.

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction/development or exploration of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

(m) Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured as the expenditure expected to be required to settle the obligation at the reporting date. In cases where it is determined that the effects of the time value of money are significant, the provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

(n) Debt modifications and extinguishments

An exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss.

4. Change in accounting policy

The following new standards, interpretations and amendments were issued by the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC"), and are effective for annual periods beginning on or after January 1, 2014. The following standards were adopted by the Company by the quarter ended October 31, 2015 had no material impact on the Company's consolidated financial statements:

(a) IFRS 2, Share-based Payment ("IFRS 2"):
Amended to clarify the definition of a vesting condition and separately define performance and service conditions. The amendment is effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

(b) IFRS 3, Business Combinations ("IFRS 3"):
Amended to clarify that an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as a financial liability or as equity on the basis of the definitions in IAS 32. Non-equity consideration is measured at fair value at each reporting date, with changes recognized in the results of operations. As well, the amendment clarifies that IFRS 3 does not apply to the formation of any joint arrangement and that the scope exemption only applies in the financial statements of the joint arrangement itself. The amendment is effective for business combinations for which the acquisition date is on or after July 1, 2014.

(c) IFRS 13, Fair Value Measurement ("IFRS 13"):
Amended to clarify that the portfolio exception in IFRS 13, which allows fair value measurement of a group of financial assets and liabilities on a net basis, applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32. The amendment is effective for annual periods beginning on or after July 1, 2014.

(d) IAS 24, Related Party Disclosures ("IAS 24"):
Amended to include as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity. The amendment is effective for annual periods beginning on or after July 1, 2014.

(e) IAS 32, Financial Instruments: Presentation ("IAS 32"):
Amended to provide further clarity around details relating to the right to offset and the application of offsetting under certain circumstances. The amendment is effective for annual periods beginning on or after January 1, 2014.

(f) IAS 36 – Impairment of Assets ("IAS 36")
The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed.

(All amounts are expressed in Canadian dollars)

The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less cost of disposal.

Future accounting policy changes issued but not yet in effect

The following amendments to existing standards were issued by the IASB and are effective for annual periods beginning on or after January 1, 2015. Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded from below:

IFRS 7 – Financial Instruments: Disclosure
Applies to additional disclosures required on transition from IAS 39 to IFRS 9. The effective date of IFRS 7 is January 1, 2015. The Company is assessing the impact of this new standard, if any, on the financial statements.

IFRS 9 – Financial Instruments: Classification and Measurement
Applies to classification and measurement of financial assets and liabilities as well as derecognition of financial instruments. IFRS 9 will replace IAS 39. The effective date of IFRS 9 is January 1, 2018. The Company is assessing the impact of this new standard, if any, on the financial statements.

5. Accounts receivable

Accounts receivable consist of the following:

		October 31, 2015		July 31, 2015
Goods and Services Tax/Harmonized Sales Tax	$	420	$	1,027

6. Accounts payable and accrued liabilities

		October 31, 2015		July 31, 2015
Accounts payable	$	375,799	$	385,302
Accrued liabilities		7,000		7,000
Amounts due to related parties (Note 8)		23,303		23,303
	$	406,102	$	415,605

During the year ended July 31, 2014, the Company settled certain accounts payable of $366,456 by issuing 7,329,112 common shares, of which 309,600 common shares were issued to settle interest payable related to the convertible debenture (Notes 8). Included in the $366,456 was $127,530 settled to related parties (notes 10, 11).

Included in accounts payable and accrued liabilities as at July 31, 2014 was $80,000 related to a commitment to make payments to Tektite pursuant to the terms of the Amended Agreement.

During the year ended July 31, 2014, the Company received a loan from a shareholder for $14,000. The amount is unsecured, bears interest at 1% per month and is repayable on demand.

The Company settled the loan by issuing 280,000 common shares as at July 31, 2014 (Notes 10 and 12).

7. Loan Payable

The loan is payable to a former officer, unsecured and bears interest at 15% per annum. The original loan was in the amount of $67,000 and was due on August 20, 2013. During the year ended July 31, 2015, the Company accrued interest of $10,050 (2014 - $9,465). As at July 31, 2015, the total interest accrued was $29,313. There was no change as at October 31, 2015.

8. Convertible debenture

On February 22, 2013, the Company issued a convertible debenture in the principal amount of $258,000 (the "Loan"). The Loan bears interest at a rate of 8% per annum, and the Company has the right to redeem, at any time, any portion of the principal amount outstanding by payment of that portion of the principal amount that is being redeemed to the creditor.

The creditor may convert the Loan, in whole and not in part, into common shares of the Company. The Original Conversion Price was $1.30. On April 30, 2014, the Original Conversion Price was amended to $0.05 per common share. Under the new terms, a loss in the amount of $297,692, equal to the difference between the fair value of the consideration the holder receives on conversion under the revised terms and the fair value under the original terms, was recognized in profit or loss with a corresponding increase in equity).

For accounting purposes, the Loan contains both a liability component and an equity component, being the creditor's conversion option to shares, which have been separately presented on the statement of financial position. The Company allocated the original $258,000 principal of the Loan to the individual liability ($253,309) and equity components ($4,691), by establishing the fair value of the liability component at the date of issue and then allocating the remaining balance of the net proceeds to the equity component. The fair value of the liability component was determined by discounting the stream of future payments of interest and principal amounts at the estimated prevailing market rate at the date of issuance of 10% for a debt instrument of similar maturity and credit quality but without any share conversion option for the lenders. Including the impact of the costs of issuance, applying the effective interest method, the liability component of the Loan bears an effective annual interest rate of 10%.

On April 30, 2014, the Original Conversion Price was amended to $0.05 per common share. Under the new terms, a loss in the amount of $297,692, equal to the difference between the fair value of the consideration the holder receives on conversion under the revised terms and the fair value under the original terms, was recognized in profit or loss with a corresponding increase in equity).

During the year ended July 31, 2014, the Company accrued interest expense of $15,480 related to the Loan. In April 2014, the Company converted the principal amount into 5,160,000 common shares and settled interest payable by issuing 309,600 common shares (Notes 6, 10 and 12).

(All amounts are expressed in Canadian dollars)

9. Discontinued operations

During the year ended July 31, 2015, the Company dissolved its wholly-owned Mexican subsidiary Minera Westridge S.A. de C.V. One of the accounts on the 2014 financial statements was re-classified in order to properly distinguish amounts that relate to the Mexican subsidiary. Specifically, on the Statement of Financial Position, $261,018 of accounts payable and accrued charges were reclassified as discontinued current liabilities.

10. Related party transactions

The following amounts due to related parties are included in accounts payable and accrued liabilities (note 8):

	October 31, 2015	October 31, 2014
Companies controlled by executives of the Company	$ 23,303	$ 13,853

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

During the year ended July 31, 2014, the Company settled certain amounts payable to related parties in the amount of $127,530 by issuing 2,550,600 common shares (notes 8, 11).

11. Share capital and reserves

(a) Authorized:

Unlimited number of common shares without nominal or par value.

(b) Share consolidation:

On March 3, 2014, the Company consolidated its share capital on one (1) new common share without par value for every two (2) two common shares without par value. All common shares and per share amounts have been restated to give retroactive effect to the share consolidation (note 2).

(c) Share transactions

During the year ended July 31, 2015, the Company had the following share transactions:

I. On October 15, 2014, the Company issued 2,000,000 common shares at a price of $0.05 per share for gross proceeds of $100,000.

During the year ended July 31, 2014, the Company had the following share transactions:

I. On July 3, 2014, the Company issued 7,329,113 common shares at $0.05 per share to certain vendors for the settlement of accounts payable, which included interest payable (Notes 6, 8 and 12).

II. On the same date, the Company issued 5,160,000 common shares at $0.05 per share to the holder of the convertible debenture for settlement of the principal amount of the debenture. The balance of $4,691 under equity component of convertible debenture was reclassified to share capital upon conversion of the debenture.

III. Also on July 3, 2014, the Company issued 280,000 common shares at $0.05 per share to a shareholder for settlement of shareholder loan (Notes 6 and 12).

IV. On August 15, 2013, a private placement consisted of 794,800 Units at a price of $0.50 per Unit for gross proceeds of $397,400 was closed ($225,000 of the total proceeds were received during the year ended July 31, 2013). Each unit consists of one share and one-half of one warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.70 until August 15, 2015. The Company paid arm's length finders a total cash commission of $23,750 and issued to the finders 47,500 Finder's Warrants. Each Finder's Warrant entitles the holder to purchase one common share of the Company at a price of $0.70 until August 15, 2015.These warrants expired.

There are no warrants outstanding as at October 31, 2015.

(e) Stock options

The Company has a stock option plan under which it is authorized to grant options to executive officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 5 years with vesting determined by the board of directors.

The Company had no stock options outstanding as at October 31, 2015 or 2014.

(f) Loss per share

The calculation of basic and diluted loss per share for the quarter ended October 31, 2015 was based on the weighted average number of common shares outstanding of 23,639,021 (2014 – 23,639,021).

12. Supplemental information with respect to cash flows

The Company has not paid any amounts for interest or income taxes during either the year ended October 31, 2015 or 2014.

13. Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Audit and Risk Management Committee, which is responsible for developing and monitoring the Company's compliance with risk management policies and procedures. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada and Mexico. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to this risk is on its other receivables. This risk is minimal as receivables consist solely of refundable sales taxes.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

As at October 31, 2015, the Company's liabilities consisted of accounts payable and accrued liabilities of $406,102 and a loan payable of $116,513. The Company's cash and cash equivalents of $7,939 at October 31, 2015, are not sufficient to pay these liabilities. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price risk is comprised of three types of market price changes: foreign currency exchange rates, interest rates and commodity prices.

(i) Foreign currency exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's risk to foreign exchange is limited since it holds only Canadian dollars and has dissolved its Mexican subsidiary.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash equivalents as these instruments have original maturities of three months or less and are therefore exposed to interest rate fluctuations on renewal. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. Accordingly, the Company is not subjected to interest rate risk.

(iii) Commodity price risk

The Company does not hold any financial instruments that have direct exposure to other price risks.

(d) Fair value of financial instruments

Financial instruments included in the statements of financial position are measured at fair value upon initial recognition and are adjusted to their fair value at October 31, 2015. The carrying amount of financial instruments classified as current approximates fair value due to their short-term to maturity. In fiscal 2014, long-term debt was initially measured at fair value and subsequently recorded at amortized cost using the effective interest rate method.

Fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. For the purposes of estimating the fair value of derivative contracts, quoted market prices are utilized and if not available, estimates from third party brokers. These broker estimates are corroborated with external sources or observable market data using assumptions that market participants would use when pricing the asset or liability. In the absence of quoted market prices and broker estimates, fair value is determined upon valuation models. Fair values determined by valuation models require the use of assumptions. In developing assumptions, the Company uses external readily observable market inputs. In circumstances market inputs are not available, the Company uses input data that is not based upon market data.

The Company classifies fair value of derivatives according to the following hierarchy on the amount of observable inputs used to value the instruments.

Level I – Quoted prices are available in active markets for identical assets or liabilities at the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on a consistent basis. These derivatives include financial instruments traded on merchant exchanges.

Level II – Pricing inputs used are other than prices in active markets included in Level I. Fair values in Level II are determined by using quoted market prices in active markets and adjusted for factors specific to the asset or liability. Level II valuations are based on inputs, including quoted forward prices for commodities and interest rates, time value, volatility factors and broker quotations, which can be substantially observed or corroborated in the market place for over-the-counter derivatives.

Level III – Fair values are determined using inputs for the asset or liability that are not readily observable or are unavailable. These derivatives may include items based upon pricing services or broker quotes where the observations of inputs are unavailable to the Company. In these instances, internal methodologies are used to determine fair value with inputs based upon historical data, forward pricing curves, time value of money, and market risk including counterparty default.

14. Capital disclosures

The Company manages its capital in a manner consistent with the risk characteristics of the assets it holds. All financing, including equity and debt, are analyzed by management and approved by the Board of Directors.

The Company's objectives when managing capital are:
(a) to safeguard the Company's ability to continue as a going concern and provide returns for shareholders; and
(b) to facilitate the acquisition or development of projects in Canada consistent with the growth strategy of the Company.

The Company is meeting its objective of managing capital through its detailed review and performance of due diligence on all potential acquisitions, preparing short-term and long-term cash flow analysis to ensure an adequate amount of liquidity and monthly review of financial results. The Company considers convertible debentures net of cash, shareholder loans; and shareholders' equity (deficiency) to be capital. The Company does not have any externally imposed requirements on its capital.

There have been no changes in the Company's approach to capital management from the previous years.

15. Segmented information

At October 31, 2015, the Company operates in only one reporting segment, Canada. Discontinued operations consist of operations conducted by the Company's wholly-owned subsidiary (note 5).

16. Commitments and contingencies

Included in accounts payable and accrued liabilities as at July 31, 2015 is $80,000 (2014 - $80,000) related to a commitment to make payments to a third party. The Company is in default related to certain terms of the agreement (Note 6).

As at July 31, 2015, the Company is in default related to certain of a loan payable (Note 7).

During the year ended July 31, 2014, the Company received $12,000 for settlement again a third party regarding an acquisition of certain mineral rights.