

FAR RESOURCES LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian dollars)

SEPTEMBER 30, 2015

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed interim financial statements for the period ended September 30, 2015.

FAR RESOURCES LTD.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian dollars)
AS AT

	September 30, 2015	March 31, 2015 (Audited)
ASSETS		
Current assets		
Cash	\$ 8,557	\$ 11,129
GST receivable	<u>2,272</u>	<u>1,416</u>
Total current assets	<u>10,829</u>	<u>12,545</u>
Non-current assets		
Long term investments (Note 4)	5,000	5,500
Exploration and evaluation assets (Note 5)	<u>262,891</u>	<u>260,391</u>
Total assets	<u>\$ 278,720</u>	<u>\$ 278,436</u>
LIABILITIES AND EQUITY (DEFICIT)		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 258,786	\$ 220,717
Short-term loan payable (Note 7)	<u>28,500</u>	<u>50,500</u>
Total liabilities	<u>287,286</u>	<u>271,217</u>
Equity (deficit)		
Capital stock (Note 8)	1,636,134	1,476,934
Shares to be issued (Note 8)	-	125,000
Reserves (Note 8)	253,402	195,560
Deficit	<u>(1,840,260)</u>	<u>(1,790,275)</u>
Total equity (deficit)	<u>(8,566)</u>	<u>7,219</u>
Total liabilities and equity (deficit)	<u>\$ 278,720</u>	<u>\$ 278,436</u>

Nature and continuance of operations (Note 1)

Subsequent events (Note 13)

Approved and authorized on behalf of the Board on November 30, 2015:

"Leon F. Anderson"
Leon F. Anderson

Director

"Keith C. Anderson"
Keith C. Anderson

Director

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

FAR RESOURCES LTD.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian dollars)

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Six Months Ended September 30, 2015	Six Months Ended September 30, 2014
EXPENSES				
Consulting	\$ 1,500	\$ 1,500	\$ 3,000	\$ (1,000)
Investor relations	-	-	-	1,000
Management fees (Note 9)	6,000	21,000	14,500	42,000
Office	3,519	326	4,748	1,601
Professional fees (Note 9)	2,650	12,250	21,872	28,200
Rent	-	3,000	-	6,000
Share-based payments (Notes 8 and 9)	-	2,146	-	8,134
Transfer agent and filing fees	2,240	8,071	5,365	9,845
Travel	-	-	-	72
Loss before other items	(15,909)	(45,293)	(49,485)	(95,852)
OTHER ITEMS				
Interest income	-	-	-	-
Unrealized loss on investment	-	-	(500)	-
Loss and comprehensive loss for the period	\$ (15,909)	\$ (45,293)	\$ (49,985)	\$ (95,852)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding	21,666,562	18,647,215	19,863,776	18,647,215

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

FAR RESOURCES LTD.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian dollars)
FOR THE PERIOD ENDED SEPTEMBER 30,

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (49,985)	\$ (95,852)
Items not involving cash:		
Share-based payments	-	8,134
Unrealized loss on investment	500	-
Changes in non-cash working capital items:		
Decrease in GST receivable	(856)	(1,841)
Decrease in prepaids	-	2,000
Increase in accounts payable and accrued liabilities	<u>35,269</u>	<u>32,872</u>
Net cash used in operating activities	<u>(15,072)</u>	<u>(54,687)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditure	(10,000)	(57,500)
Option payment received	<u>7,500</u>	<u>-</u>
Net cash used in investing activities	<u>(2,500)</u>	<u>(57,500)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans	15,000	-
Private placement	<u>-</u>	<u>115,000</u>
Net cash provided by financing activities	<u>15,000</u>	<u>115,000</u>
Change in cash for the period	(2,572)	2,813
Cash, beginning of period	<u>11,129</u>	<u>19,116</u>
Cash, end of period	<u>\$ 8,557</u>	<u>\$ 21,929</u>
Cash paid during the period for interest	\$ -	\$ -
Cash paid during the period for taxes	\$ -	\$ -

Supplemental disclosures with respect to cash flow (Note 10)

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

FAR RESOURCES LTD.
STATEMENTS OF CHANGES IN EQUITY (DEFICIT)
(Unaudited)
(Expressed in Canadian dollars)

	Capital Stock		Shares to be issued	Reserves	Deficit	Total Equity
	Shares	Amount				
Balance, April 1, 2014	18,806,667	\$ 1,392,134	\$ -	\$ 246,226	\$ 1,640,426	\$ (2,066)
Shares issued for:						
Release of founder shares from escrow	-	29,400	-	(29,400)	-	-
Share-based payments	-	-	-	8,134	-	8,134
Loss for the period	-	-	-	-	(95,852)	(95,852)
Balance, September 30, 2014	18,806,667	\$ 1,421,534	\$ -	\$ 224,960	\$ (1,736,278)	\$ (89,784)
Balance, April 1, 2015	19,606,667	\$ 1,476,934	\$ 125,000	\$ 195,560	\$ (1,790,275)	\$ 7,219
Shares issued for:						
Private placement	3,240,000	162,000	(125,000)	-	-	37,000
Share issuance cost	-	(2,800)	-	-	-	(2,800)
Loss for the period	-	-	-	-	(49,985)	(49,985)
Balance, September 30, 2015	22,846,667	\$ 1,636,134	\$ -	\$ 195,560	\$ (1,840,260)	\$ (8,566)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Far Resources Ltd. (the "Company") is incorporated under the laws of the Province of British Columbia. The Company's head office is located at 2255 William Street, Vancouver, BC, V5L 2S5. The Company's registered and records office is located at Suite 650 – 1188 West Georgia Street, Vancouver, BC, V6E 4A2.

The Company is a mineral exploration company focused on acquiring, exploring and developing resource properties.

Going concern of operations

These condensed interim financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at September 30, 2015 the Company has had significant losses. In addition, the Company has not generated revenues from operations. The Company has financed its operations primarily through the issuance of common shares and short term loans. The Company continues to seek capital through various means including the issuance of equity and/or debt. These circumstances cast significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

In order to continue as a going concern and to meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee (IFRICs). Accordingly, they do not include all of the information required for full annual financial statements by International Financial Reporting Standards ("IFRS") for complete financial statements for year-end reporting purposes. These condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2015, which have been prepared in accordance with IFRS.

The accounting policies applied by the Company in these financial statements are the same as those applied by the Company in its most recent annual consolidated financial statements for the year ended March 31, 2015.

Basis of measurement

These condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss and available-for-sale which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates and judgments

The preparation of these condensed interim financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

Significant accounting judgments

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

- i) Determination of categories of financial assets and financial liabilities;
- ii) Assessment of any indicators of impairment of the carrying value of the Company's exploration and evaluation assets; and
- iii) The ability of the Company to continue as a going concern.

Critical accounting estimates

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

Share based payments

The fair value of share-based payments is determined using a Black-Scholes Option pricing model. Such option pricing models require the input of subjective assumptions including the expected price volatility, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant.

Income taxes

The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements.

Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Cash and cash equivalents

Cash is comprised of cash on hand and cash equivalents. Cash equivalents are short-term, highly liquid holdings that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Mineral properties – exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractor and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction.” Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

The Company enters into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash or other consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess consideration accounted for as a gain on disposal.

The Company accounts for mining tax credits on a cash basis.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of exploration and evaluation assets and equipment. The net present value of future rehabilitation costs 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 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 assets with a corresponding entry to the rehabilitation provision.

Decommissioning obligations:

The Company's activities may give rise to dismantling, decommissioning and site disturbance re-mediation activities. Provision is made for the estimated cost of site restoration and capitalized in the relevant asset category.

Decommissioning obligations are measured at the present value of management's best estimate of expenditure required to settle the present obligation at the reporting date. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases/decreases due to changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

Financial instruments

Financial assets and liabilities are classified into one of the following categories based on the purpose for which the asset or liability was acquired. The Company's accounting policy for the categories is as follows:

Financial assets

Fair value through profit or loss ("FVTPL") – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Loans and receivables ("LAR") - Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

Financial assets (cont'd...)

Held-to-maturity ("HTM") - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized costs using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale ("AFS") - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

Financial liabilities

Fair value through profit or loss ("FVTPL") - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities ("OFL") - This category includes all other liabilities, all of which are recognized at amortized cost.

The Company's financial assets and liabilities are classified as follows:

<u>Financial Instruments</u>	<u>Classification</u>
Cash and cash equivalents	LAR
Investments	FVTPL
Accounts payable and accrued liabilities	OFL
Short-term loan payable	OFL

Impairment

All financial assets except for those at FVTPL, 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 group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Income taxes (cont'd...)

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that do not affect neither accounting nor taxable loss, or differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the current and prior periods this calculation proved to be anti-dilutive.

Loss per share is calculated using the weighted average number of common shares outstanding during the year.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. 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.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in share-base compensation is transferred to accumulated losses (deficit). The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.

Share issue costs

Share issue costs are deferred and charged directly to capital stock on completion of the related financing. If the financing is not completed share issue costs are charged to operations. Costs directly identifiable with the raising of capital will be charged against the related capital stock.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

New and amended standards adopted by the Company

The following new and amended standards have become effective for the Company's March 31, 2016 reporting period. Adoption of these standards did not result in a significant impact on the Company's financial statements.

- Amendments to IAS 32, *Financial Instruments: Presentation*, provide clarification on the application of offsetting rules. This standard is effective for years beginning on or after January 1, 2014.
- Amendments to IAS 36, *Impairment of Assets*, clarify the recoverable amount disclosures for non-financial assets, including additional disclosures about the measurement of the recoverable amount of impaired assets when the recoverable amount was based on fair value less costs of disposal. The amendments apply retrospectively for annual periods beginning on or after January 1, 2014. Earlier application is permitted except an entity shall not apply those amendments in periods (including comparative periods) in which it does not also apply IFRS 13.
- Amendments to IFRS 10, *Consolidated Financial Statements*, IFRS 12, *Disclosures of Interests in Other Entities* and IAS 27, *Separate Financial Statements*. The amendments provide for the definition of an investment entity and sets out an exception to consolidating particular subsidiaries of an investment entity. The amendments also deal with the disclosures required and preparation of separate financial statements of an investment entity. These amended standards are effective for annual periods beginning or after January 1, 2014.

New accounting standards and recent pronouncements

The Company has not applied the following new or revised standards and amendments that have been issued but are not yet effective for the Company's March 31, 2016 reporting period:

- New standard IFRS 9, *Financial Instruments*, Classification and Measurement is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, "Financial Instruments: Recognition and Measurement." IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit and loss. The standard is effective for annual periods beginning on or after January 1, 2018.

The Company is currently evaluating the impact the new accounting standard is expected to have on its financial statements.

FAR RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian dollars)
SEPTEMBER 30, 2015

4. LONG-TERM INVESTMENT

	September 30, 2015			March 31, 2015		
	Number of shares	Cost	Fair value	Number of shares	Cost	Fair value
Alchemist Mining Inc.	100,000	\$ 5,500	\$ 5,000	1,000,000	\$ 5,500	\$ 5,500

On August 20, 2014, the Company received 100,000 common shares of Alchemist Mining Inc. (“Alchemist”), a corporation of which the CEO is a family member of the Company’s CEO, at a fair value of \$5,500 related to the Tchentlo Lake property (note 5). Alchemist shares were initially valued at the trading price of \$0.055 per share. The Company classified the Alchemist shares as investment at fair value through profit or loss.

During the period ended September 30, 2015, the Company recorded a loss on investment of \$500 (2014 - \$Nil) based on the market price of Alchemist shares at September 30, 2015 of \$0.05 (2014 - \$Nil) per share.

5. EXPLORATION AND EVALUATION ASSETS

During the six month period ended September 30, 2015, the following exploration expenses were incurred on the exploration and evaluation assets:

	Winston Property	Tchentlo Lake	Total
Acquisition costs			
Balance, March 31, 2015	\$ 161,000	\$ 28,260	\$ 189,260
Addition - cash	10,000	-	10,000
Balance, September 30, 2015	171,000	28,260	199,260
Exploration costs			
Balance, March 31, 2015 and September 30, 2015	-	71,131	71,131
Option payment received in cash	-	(7,500)	(7,500)
Total balance, September 30, 2015	\$ 171,000	\$ 91,891	\$ 262,891

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

During the year ended March 31, 2015, the following exploration expenses were incurred on the exploration and evaluation assets:

	Winston Property	Tchentlo Lake	Total
Acquisition costs			
Balance, March 31, 2014	\$ 50,000	\$ 28,260	\$ 78,260
Additions – cash	85,000	-	85,000
Additions – shares	<u>26,000</u>	<u>-</u>	<u>26,000</u>
Balance, March 31, 2015	<u>161,000</u>	<u>28,260</u>	<u>189,260</u>
Exploration costs			
Balance, March 31, 2014	-	77,878	77,878
Geological and consulting	-	2,500	2,500
Maintenance	<u>-</u>	<u>2,500</u>	<u>2,500</u>
Balance, March 31, 2015	-	82,878	82,878
Recovery of mineral exploration tax credit	-	(747)	(747)
Option payments received in cash	-	(5,500)	(5,500)
Option payments received in shares	<u>-</u>	<u>(5,500)</u>	<u>(5,500)</u>
Total balance, March 31, 2015	\$ 161,000	\$ 99,391	\$ 260,391

Winston Property

During the year ended March 31, 2015, the Company entered into an option agreement with Redline Minerals Inc. (“Redline”), Redline Mining Corporation (“RMC”), and Southwest Land & Exploration Inc. (“SWLE”) (collectively, the “Optionors”) to acquire up to an 80% interest in 105 unpatented and 2 patented mineral claims located in Sierra County, New Mexico, U.S.A.

During the period ended September 30, 2015, the Company has amended the option agreement with Redline and has the option to acquire an initial 50% interest upon completion of the following:

- a) Cash payments to Redline of \$66,250 (paid);
- b) Cash payment of \$13,750 on or before November 15, 2014 (paid);
- c) Share issuance of 300,000 common shares of the Company on January 15, 2015 (issued);
- d) Payment of \$120,000 over 3 years (on or before December 15, 2015, June 1, 2016 and June 1, 2017) for \$40,000 per year (\$10,000 paid);

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Winston Property (cont'd...)

- e) Issuance of 2,500,000 common shares of the Company over 4 years for 500,000 shares per tranche (500,000 shares were issued during the fiscal year ended March 31, 2015), with the first tranche due on closing and the remaining shares due on the annual anniversary dates (October 17, 2015 to 2018) of the Option Agreement; and
- f) Incurring exploration expenditures totaling \$300,000 due on or before October 17, 2017.

Upon acquiring the initial 50% interest, the Company will have a further option to acquire up to an additional 30% interest, in increments of 10% per annum, by completing the following:

- a) Payment of \$240,000 over 3 years for \$80,000 per year (on or before June 1, 2018, 2019 and 2020 respectively);
- b) Issuance of 1,500,000 common shares of the Company over 3 years for 500,000 shares per year for 500,000 shares per tranche on or before the annual anniversary dates of election notice date; and
- c) Incurring exploration expenditures totaling \$1,500,000 over a period of 3 years for \$500,000 per year.

Upon exercise of the Initial Option, the Company and the Optionors will enter into a joint venture agreement for further exploration and development of the Property with the Company as the initial operator.

Tchentlo Lake

The Company staked various claims in the Tchentlo Lake Property located in British Columbia. The Company holds a 100% interest in the Tchentlo Lake Property comprised of six mineral tenures in two separate claim blocks.

In June 2014, the Company entered into an option agreement with Alchemist Mining Inc. ("Alchemist"), a corporation in which the CEO is a family member of the Company's CEO, whereby Alchemist may acquire up to 80% undivided interest in the Company's Tchentlo Lake Property (the "Property").

Under the terms of the agreement, Alchemist can earn 51% interest in the Property by:

- a) paying \$60,500 to the Company over a period of three years (\$13,000 paid);
- b) issuing 500,000 common shares of Alchemist to the Company over a period of two years (100,000 shares issued on August 20, 2014 valued at \$5,500); and
- c) incurring \$280,000 of expenditures in exploration activities on the Property over a period of three years.

Upon acquisition of the undivided 51% interest in the Property, Alchemist can choose to exercise the following options:

- i) form a joint venture with the Company, wherein Alchemist holding a 51% Participating Interest and the Company holding a 49% Participating Interest; and

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5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Tchentlo Lake

- ii) acquire an additional 29% interest in the Property, increasing its interest to 80% (the “Bump-Up Right”) by:
- a) paying \$75,000 to the Company over a period of five years;
 - b) issuing 500,000 common shares of Alchemist to the Company over a period of five years; and
 - c) incurring an additional \$575,000 in expenditures on the Property over another two year period.

In the event Alchemist exercises the Bump-Up Right, a joint venture will be formed with Alchemist holding 80% Participating Interest and the Company holding 20% Participating Interest in the Property.

All share issuances pursuant to the agreement will be subject to a four-month and one day statutory hold period.

During the year ended March 31, 2015, the Company received a refund of \$747 as part of BC mineral exploration tax credit related to the Tchentlo Lake Property.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Payables and accrued liabilities for the Company are broken down as follows:

	September 30, 2015	March 31, 2015
Trade payables	\$ 73,577	\$ 70,490
Accrued liabilities	18,500	7,000
Due to related parties (Note 9)	<u>166,709</u>	<u>143,227</u>
Total	\$ 258,786	\$ 220,717

7. SHORT-TERM LOAN PAYABLE

	September 30, 2015	March 31, 2015
Loan payable on demand, with no interest and no fixed term (Note 8)	\$ - ⁱ⁾	\$ 37,000
Loan payable on demand, with no interest and no fixed term	<u>28,500</u>	<u>13,500</u>
	\$ 28,500	\$ 50,500

i) During the six month period ended September 30, 2015, \$37,000 in loan payable was transferred to shares issued as part of private placement.

8. CAPITAL STOCK AND RESERVES

a) Authorized capital stock:

As at September 30, 2015, the authorized capital stock of the Company was:

- i) Unlimited number of common shares without par value.
- ii) All issued shares are fully paid.

b) Issued capital stock:

During the period ended September 30, 2015 the Company completed a private placement financing of 3,240,000 units at a market price of \$0.05 for gross proceed of \$162,000. At March 31, 2015, \$125,000 of the proceeds were recognized as shares to be issued and \$37,000 recognized as a short-term loan payable. Accordingly, these amounts were reclassified to share capital. Each unit in the private placement consists of one common share and one-half of one common share purchase warrant. In connection with the private placement, the Company recorded share issuance costs of \$2,800 where 56,000 shares are to be issued at a deemed price of \$0.05 per share.

During the period ended September 30, 2014, 975,000 (2013- 975,000) common shares were released from escrow. Accordingly, the Company has reclassified \$29,400 (2013- \$29,400) from reserves to share capital.

c) Stock options:

The Company follows the policies of the CSE under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the policies, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the day before the date of grant. The options can be granted for a maximum term of ten years.

The options shall be subject to such vesting requirements, if any, as may be determined by the Board from time to time provided that options granted to consultants performing "investor relation activities" must vest in stages over 12 months with no more than 1/4 of the option vesting in any three month period.

Stock option transactions for the period ended September 30, 2015 are summarized as follows:

Expiry Date	Exercise Price	March 31, 2015	Granted	Expired / Cancelled	September 30, 2015	Exercisable
November 30, 2016	0.15	1,100,000	-	-	1,100,000	1,100,000
April 8, 2018	0.15	200,000	-	-	200,000	200,000
October 1, 2018	0.15	250,000	-	-	250,000	250,000
May 22, 2019	0.05	188,000	-	-	188,000	188,000
Total		1,738,000		-	1,738,000	1,738,000
Weighted average exercise price	\$	0.14	\$	-	\$	0.14
Weighted average remaining contractual life					1.36	years

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8. CAPITAL STOCK AND RESERVES (cont'd...)

Stock option transactions for the year ended March 31, 2015 are summarized as follows:

Expiry Date	Exercise Price	March 31, 2014	Granted	Expired / Cancelled	March 31, 2015	Exercisable
November 30, 2016	0.15	1,100,000	-	-	1,100,000	1,100,000
April 8, 2018	0.15	200,000	-	-	200,000	200,000
October 1, 2018	0.15	250,000	-	-	250,000	250,000
May 22, 2019	0.05	-	188,000	-	188,000	188,000
Total		1,550,000	188,000	-	1,738,000	1,738,000
Weighted average exercise price		\$ 0.15	\$ 0.05	\$ -	\$ 0.14	\$ 0.14

d) Share-based payments:

During the period ended September, 2015, the Company granted Nil (2014 - 188,000) stock options with a total fair value calculated using the Black-Scholes option pricing model of \$Nil (2014 - \$5,988).

Option pricing models require the use of estimates and assumptions including the expected volatility. Changes in underlying assumptions can materially affect the fair value estimates. The following weighted average assumptions were used for the Black-Scholes valuation of options granted during the quarter:

	September 30, 2015	September 30, 2014
Risk-free interest rate	-	1.53%
Expected life of options	-	5 years
Annualized volatility	-	187.95%
Dividends	-	0.00%
Forfeiture rate	-	0.00%

Annualized volatility is estimated using the historical stock price of the Company.

e) Agent's warrants:

The Company did not have any agent warrant transactions during the period ended September 30, 2015 and 2014.

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8. CAPITAL STOCK AND RESERVES (cont'd...)

f) Warrants:

During the period ended September, 2015, the Company granted 1,620,000 (2014 - Nil) warrants in connection with the private placement financing. Based on the residual method, no value was allocated to the unit warrants issued. A continuity of the warrants granted is as follows:

Expiry Date	Exercise Price	March 31, 2015	Granted	Expired / Cancelled	September 30, 2015	Exercisable
August 14, 2017	0.10	-	1,620,000	-	1,620,000	1,620,000
Total		-	1,620,000	-	1,620,000	1,620,000
Weighted average exercise price		\$ -	\$ 0.10	\$ -	\$ 0.10	\$ 0.10

9. RELATED PARTY TRANSACTIONS

Related party transactions are as follows:

Paid or accrued to:	Nature of transaction	Six Month Period Ended September 30, 2015	Six Month Period Ended September 30, 2014
<u>Key management personnel:</u>			
Directors	Management fees	\$ 12,000	\$ 12,000
CEO	Management fees	2,500	30,000
		\$ 14,500	\$ 42,000
<u>Related party:</u>			
A firm of which the CFO is a partner	Professional fees	\$ 10,650	\$ 17,500

The amounts due to related parties included in accounts payable and accrued liabilities are as follows:

	As at September 30, 2015	As at March 31, 2015
Due to a firm of which the CFO of the Company is a partner	\$ 116,559	\$ 105,077
Due to directors of the Company	50,150	38,150
	\$ 166,709	\$ 143,227

On August 20, 2014, the Company received 100,000 common shares of Alchemist Mining Inc. ("Alchemist"), a corporation of which the CEO is a family member of the Company's CEO, at a fair value of \$5,500 related to the Tchentlo Lake property (see Note 4 and 5).

10. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOW

During the period ended September 30, 2015, significant non-cash investing and financing transactions included:

- a) Recognized an unrealized loss on investment of \$500; and
- b) Share issuance costs of \$2,800 recorded in accounts payable.

During the period ended September 30, 2014, significant non-cash investing and financing transactions included:

- a) Reclassified fair value of \$29,400 from reserves to capital stock as 975,000 founder shares were released from escrow; and
- b) Issued 188,000 stock options with a total fair value of \$5,988 as part of share-based payment for consulting work.

11. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition and exploration of exploration and evaluation assets. Geographic information is as follows:

	September 30, 2015	March 31, 2015
Exploration and evaluation assets		
Canada	\$ 99,391	\$ 99,391
United States	<u>171,000</u>	<u>161,000</u>
	<u>\$ 270,391</u>	<u>\$ 260,391</u>

12. FINANCIAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. capital stock, reserves and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. The Company's overall strategy remains unchanged from fiscal year 2015.

12. FINANCIAL RISK MANAGEMENT (cont'd...)

Fair value

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

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 and liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liabilities either directly or indirectly;
and

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

The fair value of the Company's investments constitutes a Level 1 fair value measurement.

The carrying value of cash and cash equivalents, and accounts payable and accrued liabilities and short-term loan payable approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

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

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major Canadian financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2015, the Company had a cash balance of \$8,557 (March 31, 2015 – \$11,129) to settle current liabilities of \$287,286 (March 31, 2015 - \$271,217). All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company plans to raise money from the equity market to settle the liabilities.

12. FINANCIAL RISK MANAGEMENT (cont'd...)

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Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company has cash and cash equivalents balances and no interest-bearing debt. The Company's cash and cash equivalents do not have significant exposure to interest.

(b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in a foreign currency. As at September 30, 2015 and 2014, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

(c) 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 gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.