

Altitude Resources Inc.

Condensed Interim Consolidated Financial Statements

For the three and nine months ended April 30, 2015

(Expressed in Canadian Dollars)

(unaudited)

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NOTICE TO SHAREHOLDERS

MANAGEMENT'S RESPONSIBILITY FOR CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of Altitude Resources Inc. ("Altitude") are the responsibility of the Board of Directors. The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These unaudited condensed interim consolidated financial statements do not include all of the disclosures required for annual financial statements and therefore should be read in conjunction with Altitude's audited annual financial statements and notes thereto for the year ended July 31, 2014. These unaudited condensed interim consolidated financial statements follow the same significant accounting policies and methods of application as those included in Altitude's most recent audited annual financial statements. Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to Altitude's circumstances. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34, Interim Financial reporting using accounting policies consistent with IFRS appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of Altitude, as of the date of, and for the period presented by, the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements and for ensuring that management fulfills its financial reporting responsibilities.

Management recognizes its responsibility for conducting Altitude's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Signed"

Eugene Wusaty
President & Chief Executive Officer

"Signed"

Doug Porter
Chief Financial Officer

AUDITOR INVOLVEMENT

The accompanying unaudited condensed interim consolidated financial statements of Altitude have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements as at and for the three and nine months ended April 30, 2015 have not been reviewed by Altitude's auditors.

Altitude Resources Inc.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
As at April 30, 2015
(unaudited)

	April 30 2015	July 31 2014
Assets		
Current		
Cash and cash equivalents	\$ 97,299	\$ 318
Amount receivable	15,829	224,494
Prepaid expenses	70,200	7,005
Due from related party (Note 6)	12,779	12,779
	196,107	244,596
Exploration and evaluation assets (Note 7)	2,553,311	2,677,890
Capital assets	4,015	10,763
	\$ 2,753,433	\$ 2,933,249

Liabilities

Current		
Bank indebtedness	\$ -	\$ 18,836
Flow-through share premium	12,611	-
Accounts payable and accrued liabilities (Note 11)	441,069	488,878
Due to related party (Note 6)	32,071	30,275
	485,751	537,989

Shareholders' Equity

Share capital (Note 9)	3,776,778	3,581,834
Warrants (Note 10)	595,948	590,504
Contributed surplus (Note 10)	47,478	47,478
Deficit	(2,152,522)	(1,824,556)
	2,267,682	2,395,260
	\$ 2,753,433	\$ 2,933,249

Nature of operations (Note 1)
Going concern (Note 2)
Commitments and contingencies (Notes 7 and 13)
Subsequent event (Note 14)

Approved by the Board " Doug Porter "
Director (Signed)

 " Gene Wusaty "
Director (Signed)

Altitude Resources Inc.
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
(unaudited)

	Share Capital		Warrants	Contributed		Deficit	Total Equity
	Common Shares			Surplus			
	Number	\$			\$		
Balance, July 31, 2012	14,672,100	842,401	-	-	(396,202)	446,199	
Common shares issued for cash	24,000	10,800	-	-	-	10,800	
Common shares issued on completion of RTO	1,457,845	714,344	22,193	-	-	736,537	
Common shares for cash (non-flow through)	4,267,666	2,009,492	-	-	-	2,009,492	
Common shares for cash (flow through)	1,373,186	805,866	-	-	-	805,866	
Additional equity paid on completion of RTO	-	55,611	-	-	-	55,611	
Flow through share premium	-	(288,369)	-	-	-	(288,369)	
Issue of warrants	-	(568,311)	568,311	-	-	-	
Stock based compensation	-	-	-	30,761	-	30,761	
Net loss	-	-	-	-	(977,768)	(977,768)	
Balance, July 31, 2013	21,794,797	\$ 3,581,834	\$ 590,504	\$ 30,761	\$ (1,373,970)	2,829,129	
Stock -based compensation	-	-	-	16,717	-	16,717	
Net income/(loss)	-	-	-	-	(450,586)	(450,586)	
Balance, July 31, 2014	21,794,797	\$ 3,581,834	\$ 590,504	\$ 47,478	\$ (1,824,556)	2,395,260	
Common shares for cash (flow through)	1,261,111	212,999	-	-	-	212,999	
Flow through share premium	-	(12,611)	-	-	-	(12,611)	
Issue of warrants	-	(5,444)	5,444	-	-	-	
Net income/(loss)	-	-	-	-	(327,966)	(327,966)	
Balance, April 30, 2015	23,055,908	\$ 3,776,778	\$ 595,948	\$ 47,478	\$ (2,152,522)	2,267,682	

Altitude Resources Inc.
Condensed Interim Consolidated Statements of Comprehensive Income/(Loss)
(Expressed in Canadian Dollars)
For the three and nine months ended April 30, 2015
(unaudited)

	Three months ended 30-Apr-15	Three months ended 30-Apr-14	Nine months ended 30-Apr-15	Nine months ended 30-Apr-14
Expenses				
Salaries	\$ 67,047	\$ 29,321	\$ 163,669	\$ 107,267
General expenses	62,678	44,077	164,297	189,144
	129,725	73,398	327,966	296,411
Loss from operations	(129,725)	(73,398)	(327,966)	(296,411)
Other income (expenses)				
Interest income	-	-	-	4,710
Listing fee	-	-	-	-
Flow-through premium	-	-	-	200,947
Net income/(loss) and comprehensive income/(loss)	\$ (129,725)	\$ (73,398)	\$ (327,966)	\$ (90,754)
Loss per share				
Basic and diluted	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding				
Basic and diluted	23,055,908	21,794,797	22,014,121	21,794,797

Altitude Resources Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
For the three and nine months ended April 30, 2015
(unaudited)

	Three months ended 30-Apr-15	Three months ended 30-Apr-14	Nine months ended 30-Apr-15	Nine months ended 30-Apr-14
Cash provided by (used in)				
Operations				
Income(loss) and comprehensive income/(loss)	\$ (129,725)	\$ (73,398)	\$ (327,966)	\$ (90,754)
Items not affecting cash				
Amortization	2,249	2,250	6,748	6,413
Flow through share premium	-	-	-	(200,947)
	(127,476)	(71,148)	(321,218)	(285,288)
Net changes in non-cash working capital				
Amounts receivable	(5,609)	(3,121)	208,665	(99,613)
Accounts payable and accrued liabilities	(6,581)	18,919	(64,849)	(115,343)
Prepaid expenses	(42,751)	(1,712)	(63,195)	(178,534)
	(182,417)	(57,062)	(240,597)	(678,778)
Investing				
Exploration and evaluation assets	(9,538)	(17,965)	124,579	(1,732,442)
Capital assets	-	-	-	(3,634)
	(9,538)	(17,965)	124,579	(1,736,076)
Financing				
Proceeds from issue of share capital	-	-	212,999	-
Due from related party	-	-	-	-
	-	-	212,999	-
Net change in cash and cash equivalents	(191,955)	(75,027)	96,981	(2,414,854)
Cash and cash equivalents, beginning of period	289,254	103,013	318	2,442,840
Cash and cash equivalents, end of period	\$ 97,299	\$ 27,986	\$ 97,299	\$ 27,986

Altitude Resources Inc.
Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)
For the three and nine months ended April 30, 2015
(unaudited)

1. NATURE OF OPERATIONS

Altitude Resources Inc. was incorporated under the Business Corporations Act (Ontario) as Triumph Ventures III Corporation ("Triumph") on January 19, 2011. Triumph commenced trading on the TSX Venture Exchange as a Capital Pool Company on March 15, 2012. On December 31, 2012, Triumph was acquired by Altitude Resources Ltd., a privately-owned Alberta incorporated company, in a reverse takeover ("RTO") transaction. The RTO was completed by means of a triangular amalgamation in which Altitude Resources Ltd. amalgamated with a wholly-owned subsidiary of Triumph. Triumph was renamed Altitude Resources Inc. ("Altitude" or "the Company") on December 31, 2012. Shares of Altitude began trading on the TSX Venture Exchange under the symbol ALI on February 15, 2013.

Altitude is a junior coal exploration company with a current exploration focus in northwest Alberta. The primary office of the Company is located at #800, 808 – 4th Avenue SW, Calgary, Alberta, Canada, T2P 3E8.

These financial statements were authorized for issue by the board of directors on June 29, 2015.

The Company is in the process of exploring, and has not yet fully determined the quality and quantity of coal resources on its properties. Accordingly, as is common with exploration companies, the Company is dependent upon obtaining necessary equity financing from time to time to finance its on-going and planned exploration activities and to cover administrative costs.

2. GOING CONCERN

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future. Accordingly, these Financial Statements do not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts that may differ from those shown in the consolidated financial statements.

The reader is also directed to review note 13(c) - ***Financial instruments – Liquidity risk***.

At April 30, 2015, the Company had working capital deficit of \$289,644, a net cash position of \$97,299 and an accumulated deficit of \$2,152,522. In order to meet its work commitments and planned exploration expenditures for its projects as well as further working capital requirements, it will be required to complete a financing (debt or equity). Management continues to work toward completing additional financing and is in discussions with several strategic investors. See also note 14 – ***Subsequent event***.

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3. BASIS OF PRESENTATION

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting on the basis of International Financial Reporting Standards ("IFRS"). IFRS represents standards and interpretations approved by the International Accounting Standards Board ("IASB"), and are comprised of IFRSs, International Accounting Standards ("IASs"), and interpretations issued by the IFRS Interpretations Committee ("IFRICs") or the former Standing Interpretations Committee ("SICs").

These unaudited condensed interim consolidated financial statements do not include all of the disclosures required for annual financial statements and therefore should be read in conjunction with the Altitude's audited annual financial statements and notes thereto for the year ended July 31, 2014. These unaudited condensed interim consolidated financial statements follow the same significant accounting policies and methods of application as those included in Altitude's most recent audited annual financial statements.

These unaudited condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which have been measured at fair value. In the opinion of management, all adjustments considered necessary for a fair presentation have been included.

The presentation and functional currency of the Company is the Canadian dollar.

4. SIGNIFICANT ACCOUNTING POLICIES

The financial framework and accounting policies applied in the preparation of these unaudited condensed interim financial statements are consistent with those as disclosed in Altitude's most recently completed audited annual financial statements for the year ended July 31, 2014.

New Accounting Policies

As required by the IASB, effective August 1, 2014, the Company adopted the following standards and amendments to IFRS with no impact on its consolidated financial statements:

- a) IAS 32 Financial Instruments: Presentation was amended by the IASB in December 2011. Offsetting Financial Assets and Financial Liabilities amendment addresses inconsistencies identified in applying some of the offsetting criteria. The amendment is effective for annual periods beginning in or after January 1, 2014.
- b) IAS 36 Impairment of Assets was amended by the IASB in June 2013. Recoverable Amount Disclosures for Non-Financial Assets amendment modifies certain disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment is effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted when the entity has already applied IFRS13.

Recent Accounting Pronouncements

The accounting pronouncements detailed below have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

- a) IFRS 7 (Amendment): Financial Instruments: Disclosures is effective for annual periods

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

beginning on or after 1 January 2015 and requires modification of associated disclosures upon application of IFRS 9 Financial Instruments: Classification and Measurement.

- b) IFRS 9 Financial Instruments was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The effective date is for annual periods beginning on or after 1 January 2018.
- c) In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”) which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions involving Advertising Services. IFRS 15 establishes a single five-step model for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted.

5. REVERSE TAKE-OVER

Triumph Ventures III Corporation, now Altitude Resources Inc. completed a reverse take-over (RTO) with Altitude Resources Ltd. on December 31, 2012, and the name change from Triumph Ventures III Corporation to Altitude Resources Inc.

Upon completion of the RTO, the former shareholders of Altitude Resources Ltd. became the controlling shareholders of the Company. For accounting purposes, Altitude Resources Ltd. is the deemed acquirer and Triumph the deemed acquired company, and accordingly, Altitude Resources Ltd.’s balances are accounted for at cost and the balances of Triumph are accounted for at fair value. Since the operations of Triumph do not constitute a business, this transaction has been accounted for as a reverse takeover that is not a business combination. Therefore, the share capital and deficit of Triumph as at December 31, 2012, were eliminated, the fair value of the shares of Triumph on December 31, 2012, was allocated to share capital and the transaction costs were expensed.

The RTO involved the amalgamation of Altitude Resources Ltd. with a wholly-owned subsidiary of the Company. Pursuant to the RTO, the Company acquired all of the issued and outstanding common shares of Altitude Resources Ltd. in exchange for the issuance of an aggregate of 20,336,952 common shares of the Company. The RTO was approved by the shareholders of Triumph on November 29, 2012 and the shareholders of Altitude Resources Ltd. on December 24, 2012. The former shareholders of Triumph hold 1,457,845 common shares, which represents the common shares outstanding in Triumph immediately prior to the RTO, taking into effect a 2 for 1 share consolidation.

Details of the RTO were as follows:

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5. REVERSE TAKE-OVER (continued)

The total purchase price of \$714,344 has been allocated as follows:

Cash and cash equivalents	\$ 186,782
Accounts payable and accrued liabilities	<u>(43,519)</u>
Net assets acquired	\$ 143,263
Warrants	\$ (22,193)
Listing expense	<u>593,274</u>
Purchase price:	<u>\$ 714,344</u>

Consideration comprised of:

Fair value of common shares	<u>\$ 714,344</u>
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The fair value of the Triumph warrants outstanding at RTO was estimated at the RTO date using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 110%; (III) a risk free interest rate of 1.14%; (IV) an expected life of 1.2 years and (V) a share price of \$0.49. Expected volatility was based on comparable companies.

The transaction costs relating to the RTO were expensed.

6. DUE TO AND FROM A RELATED PARTY

Due from a related party is a non-interest bearing loan, unsecured and repayable on demand. There are no fixed terms of repayment.

Due to a related party is a loan payable in the amount of \$30,000 to a company with a related director. The principal was due March 15, 2015, bears an annual interest rate of 8% accrued monthly and added to the principal. The loan is convertible into the Company's next equity financing at the option of the holder. Interest of \$2,071 is accrued as at April 30, 2015. Management is in continued discussions with the lender to extend the repayment terms.

7. EXPLORATION AND EVALUATION ASSETS

	April 30, 2015	July 31, 2014
Balance beginning of period - Palisades Property	\$ 2,420,976	\$ 682,852
Acquisitions and leases	16,706	16,269
Exploration	8,715	1,721,855
Balance end of period - Palisades Property	2,446,397	2,420,976
Acquisition costs – Elan Coal Property	50,000	200,000
Exploration - Elan Coal Property	56,914	56,914
	\$ 2,553,311	\$ 2,677,890

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7. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration and Option agreement with Elan Coal Ltd.

On August 8, 2013 the Company entered into an Exploration and Option Agreement with Elan Coal Ltd, a company with a related director who is a private non-arm's length party. Under the terms of the agreement the Company will acquire an option to earn up to 51% interest in Elan Coal Ltd's coal properties upon making an initial cash payment of \$200,000 (paid) to Elan Coal Ltd. to fund field work and Elan Coal Ltd. will provide Altitude with a 120 day exclusivity period to complete due diligence and complete a financing of a minimum of \$2,000,000.

On November 10, 2014 the Company announced that it completed the signing of a Limited Partnership Agreement with Kuro Coal Limited to develop the Elan Coking Coal Project. Elan Coal Project comprises of 27 leases totalling approximately 25,612 hectares. Kuro has the opportunity to acquire up to a 70% interest in the Elan Project upon successful completion of, amongst other exploration requirements, a feasibility study. Assuming Kuro fulfills all requirements to earn its 70% interest under the Agreement, Altitude will retain an ownership equal to 12.5% and Elan will retain an ownership equal to 17.5%. To earn an initial interest of 20%, Kuro paid Altitude \$150,000 that was received on November 23, 2014. This payment was netted against "Acquisition and Lease Costs, Elan". As at the date of the Limited Partnership Agreement, Elan Coal Ltd. had 67.5%, Kuro Coal Limited had 20% and the Company had 12.5% of initial interest in the Limited Partnership.

Palisades Property

The Company's 100% owned Palisades Property is comprised of six contiguous Alberta Crown Coal leases acquired directly from the Alberta Department of Energy between September 2010 and February 2011. Five of the leases are included within Alberta Department of Energy's Category 4 classification; the sixth lease is a combination of Category 4 and Category 2 lands. There are no work commitments associated with the Palisades Property. The only ongoing obligation is the payment of the annual lease (currently \$3.50 per hectare) for a 15 year period from the commencement of the leases.

The Palisades Property totals 4,648 hectares. It is located approximately 28 kilometres northwest of the town of Hinton, Alberta.

Palisades Extension Application

The Palisades Extension Application was acquired by the Company in October 2011. It is comprised of one Alberta Crown Coal lease application totaling 7,034 hectares. This property falls entirely in Coal Category 2 of A Coal Development Policy for Alberta. For Category 2 properties, a formal Alberta Crown Coal lease will not be issued until such time as the Alberta Department of Energy reaches a decision on its Coal Policy. Application holders are, however, free to perform some limited exploration work on the properties.

The Palisades Extension Application is contiguous to the northeast of the Company's Palisades Property.

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(unaudited)

7. EXPLORATION AND EVALUATION ASSETS (continued)

Moberley Creek Application

The Moberley Creek Application was acquired by the Company in January 2012. It is comprised of four Alberta Crown Coal lease applications totaling 5,376 hectares. This property falls entirely in Coal Category 2 of A Coal Development Policy for Alberta.

The Moberley Creek Application is located approximately 12.5 kilometres from the northern tip of the Company's Palisades Extension Application.

Altitude North Application

The Altitude North Application was acquired by the Company in two stages: October 2012 the Company acquired 5,244 hectares in three Alberta Crown Coal lease applications; in March 2015 the Company acquired an additional 2,368 hectares in two Alberta Crown Lease applications, bringing the Company's total holdings at Altitude North to approximately 7,600 hectares. This property falls entirely in Coal Category 2 of A Coal Development Policy for Alberta.

The Altitude North Application is located approximately 30 kilometres northwest from the northern tip of the Company's Moberley Creek Application.

8. SHARE CAPITAL

Authorized, unlimited Voting Common Shares

- a) In 2013, the Company completed a private placement of 4,267,666 Altitude Units (the "Financing") at a price \$0.60 per unit for gross proceeds of \$2,560,600. Each Unit consisted of one share and one half of one Warrant. Each full Warrant entitles the holder to purchase one share at an exercise price of \$0.80 per share within two years of the Completion of the Qualifying Transaction (Note 4).

The fair value of the warrants issued were estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 110%; (III) a risk free interest rate of 1%; (IV) an expected life of 2 years and (V) a share price of \$0.49. Expected volatility was based on comparable companies.

The Company paid to the Agent, commissions in the amount of 7% of gross proceeds, and issued 298,737 Broker Warrants (7% of the brokered units sold in the financing). The fair value of the warrants issued were estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 110%; (III) a risk free interest rate of 1%; (IV) an expected life of 2 years and (V) a share price of \$0.49. Expected volatility was based on comparable companies.

- b) In 2013, the Company completed a private placement of 1,373,186 flow through subscription receipts at a price of \$0.70 per subscription receipt for gross proceeds of \$961,230. Each flow through subscription receipt will automatically convert, upon Closing, into one common share of Triumph.

The flow through share premium associated with the issuance of the Triumph subscription receipts was equal to \$0.21 per subscription receipt, based on a share price of \$0.49. This resulted in a flow through share premium liability of \$288,369.

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8. SHARE CAPITAL (continued)

The Company paid to the Agent, commissions in the amount of 7% of gross proceeds, and issued 96,123 Broker Warrants (7% of the brokered flow through subscription receipts sold in the financing). The fair value of the warrants issued were estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 110%; (III) a risk free interest rate of 1%; (IV) an expected life of 2 years and (V) a share price of \$0.49. Expected volatility was based on comparable companies.

- c) In 2013, in connection with the closing of the transaction, the TSXV required an additional equity investment of \$55,611 by certain members of Altitude's founding shareholder group. This amount has been added to Altitude's share capital.
- d) In December 2014, the Company completed a private placement of 1,261,111 flow through common shares at a price of \$0.18 per share for gross proceeds of \$227,000. The flow through share premium associated with the issuance of the Triumph subscription receipts was equal to \$0.01 per common share, based on a trading share price of \$0.17 prior to the announcement of this financing. This resulted in a flow through share premium liability of \$12,611.

The Company paid to the Agent, commissions in the amount of 7% of gross proceeds on certain funds raised, and issued 77,778 Broker Warrants (7% of certain of the brokered flow through shares sold in the financing). The fair value of the warrants issued were estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 110%; (III) a risk free interest rate of 1%; (IV) an expected life of 1.5 years and (V) a share price of \$0.17. Expected volatility was based on comparable companies.

9. STOCK OPTIONS AND WARRANTS

- a) Stock options

The Company has a stock option plan to provide officers, directors, employees and consultants of the Company with options to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the minimum exercise price of the options is the market price of the Company's stock on the date of grant. The maximum term of the options is five years and the options generally vest over a three year period, or as determined by the Company's board of directors.

On March 2, 2012, the Company granted an aggregate of 137,262 stock options (274,526 prior to share consolidation) to purchase common shares to its directors and officers, exercisable at a price of \$0.40 per common share (\$0.20 prior to share consolidation) for a period of five years from the date of grant and vesting over a three year period.

- b) Warrants

On initial public offering of Triumph, the agent received 88,285 agent warrants (176,569 prior to share consolidation) at an exercise price of \$0.40 per common share (\$0.20 prior to share consolidation), expiring 24 months from the date of listing of the common shares on the TSX Venture Exchange.

As described in Note 8 a), 2,133,833 warrants and 298,737 broker warrants were issued as part of the financing in conjunction with the Qualifying Transaction.

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9. STOCK OPTIONS AND WARRANTS (continued)

As described in Note 8 b), 96,123 broker warrants were issued as part of the financing in conjunction with the Qualifying Transaction.

As described in Note 8 d), 77,778 broker warrants were issued as part of the December 2014 flow through financing.

10. RELATED PARTY TRANSACTIONS

During the three month period ended April 30, 2015, \$30,000 (2014 - nil) in salary was accrued for payment to the President and Chief Executive Officer. All amounts remained in accounts payable at April 30, 2015. During the three month period ended April 30, 2015, the Chief Financial Officer was paid \$18,000 (2014 - \$18,000). Of this amount, \$9,000 remained in accounts payable at period end.

11. COMMITMENTS AND CONTINGENCIES

Exploration and evaluation assets

Company's activities are subject to environmental regulation (including regular environmental impact assessments and permitting) in each of the jurisdictions in which its mineral properties are located. Such regulations cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour relations and worker safety. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. It is likely that environmental legislation and permitting will evolve in a manner which will require stricter standards and enforcement. This may include increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a higher degree of responsibility for companies, their directors and employees.

The Company has not determined and is not aware that any provision for such costs is required and is unable to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future due to the uncertainty surrounding the form that these laws and regulations may take.

11. COMMITMENTS AND CONTINGENCIES (continued)

Lease commitments

Effective April 30, 2013 the Company entered into a sub-lease for office space. Pursuant to this sub-lease agreement, the Company is committed to pay base lease costs plus additional rent, which includes its proportionate share of costs incurred in the operation, maintenance, management and supervision of the property as defined by the sub landlord's current lease for the premises. Total annual rent (base rent and additional rent) is estimated to be \$56,524. The sub-lease expires on August 31, 2015. Annual commitments under the sub-lease are:

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11. COMMITMENTS AND CONTINGENCIES (continued)

<u>Period ending</u>	<u>Base Rent</u>	<u>Additional Rent</u>	<u>Total</u>
July 31, 2015	\$ 6,178	\$ 7,954	\$ 14,131
July 31, 2016	\$ 2,059	\$ 2,651	\$ 4,710
Total	<u>\$ 8,237</u>	<u>\$ 10,605</u>	<u>\$ 18,841</u>

12. CAPITAL RISK MANAGEMENT

The Company considers its capital structure to consist of share capital and deficit.

The Company's objective when managing capital is to maintain adequate levels of funding to support its exploration activities and to maintain corporate and administrative functions necessary to support operational activities.

The Company manages its capital structure in a manner that provides sufficient funding for operational activities. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurances that the Company will be able to continue raising equity capital in this manner.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments, such as cash and other short-term guaranteed deposits, and all are held in a major Canadian financial Institution.

There has been no change in management's capital policy during the period.

The Company is not subject to any externally imposed capital requirements.

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13. FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company is exposed to credit risk, market risk (consisting of interest rate risk, and other price risk), and liquidity risk.

(a) Credit Risk

The financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents. The Company mitigates its exposure to credit loss by placing its cash with major financial institutions.

(b) Liquidity Risk

As at April 30, 2015, the Company had accounts payable and accrued liabilities of \$441,069 (July 31, 2014 - \$488,878) and cash and cash equivalents of \$97,299 (July 31, 2014 - \$318) to meet its current obligations.

(c) Fair Value

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect estimates.

The carrying values of cash and cash equivalents, accounts payable and accrued liabilities, and due from related parties approximate fair values due to the relatively short term maturities of these instruments.

(d) Commodity Price Risk

The ability of the Company to develop its mineral properties and the future profitability of the Company is directly related to the market price of coal and base metals.

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14. SUBSEQUENT EVENT

Effective April 8, 2015, the Company entered into a Joint Exploration Agreement with Japan Oil, Gas and Metals National Corporation (“**JOGMEC**”) to jointly explore the Company’s Palisades and Palisades Extension project (collectively referred to as “**the Palisades Project**”). Under the terms of the Joint Exploration Agreement, JOGMEC has the opportunity to earn up to a 51% interest in the Palisades Project over a three-year period by investing as follows:

- 1) During the First Farm-in Period (2015), JOGMEC shall contribute One Million Five Hundred Thousand (**C\$1,500,000**) CAN\$ towards exploration on the Palisades Project.
- 2) During the Second Farm-In Period (2016), JOGMEC shall contribute One Million Five Hundred Thousand (**C\$1,500,000**) CAN\$ towards exploration on the Palisades Project. This will earn JOGMEC an unencumbered right, title and benefit to thirty-one point eight seven five percent (31.875%) of the Joint Venture Property.
- 3) During the Third Farm-In Period (2017) JOGMEC shall contribute One Million Eight Hundred Thousand (**C\$1,800,000**) CAN\$ towards exploration on the Palisades Project.

As of completion of the Earn-In Period, the Parties’ respective actual or deemed equitable interests in the Palisades Project shall be:

- (i) if JOGMEC has contributed a total amount of Canadian Dollars Three Million (C\$3,000,000) (end of second Farm-In Period):

Altitude	68.125%
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JOGMEC	31.875%
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- (ii) if JOGMEC has contributed a total amount of Canadian Dollars Four Million Eight Hundred Thousand (C\$4,800,000) (end of third Farm-In Period):

Altitude	49%,
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JOGMEC	51%
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