
MORGAN RESOURCES CORP.
(formerly Gideon Capital Corp.)

FINANCIAL STATEMENTS
(Unaudited)

Three and six months ended February 28, 2015

Management's Responsibility for Financial Reporting

The accompanying unaudited financial statements of the Company have been prepared by management in accordance with International Financial Reporting Standards. These financial statements contain estimates based on management's judgment. Management maintains an appropriate system of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded, and proper records maintained.

Signed: "**Raniero Corsini**"

Chief Executive Officer

Signed: "**Chris Carmichael**"

Chief Financial Officer

Toronto, Ontario
April 28, 2015

NOTICE TO READER

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements as at and for the three and six months ended February 28, 2015 have not been reviewed by the Company's auditors.

MORGAN RESOURCES CORP.
(formerly Gideon Capital Corp.)

STATEMENTS OF FINANCIAL POSITION

	February 28 2015	August 31 2014
Assets		
Current assets		
Cash and cash equivalents	\$ 125,979	\$ 503,795
HST recoverable and other receivables	141,240	89,683
	267,219	593,478
Mineral properties and deferred exploration costs (note 5)	1,192,670	632,926
	\$ 1,459,889	\$ 1,226,404
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 309,579	\$ 154,951
Premium paid on flow through shares	-	25,130
	309,579	180,081
Equity		
Share capital (note 6)	2,963,239	2,798,239
Shares to be issued (note 6)	90,000	-
Contributed surplus (note 6)	382,305	382,305
Deficit	(2,285,234)	(2,134,221)
	1,150,310	1,046,323
	\$ 1,459,889	\$ 1,226,404

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

Going Concern (Note 1)

Commitments and Contingencies (Note 9)

Approved by the Board of Directors

Signed: "Raniero Corsini"

 Director

Signed: "Rick Rogers"

 Director

MORGAN RESOURCES CORP.

(formerly Gideon Capital Corp.)

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited)

	Three months ended Feb 28		Six months ended Feb 28	
	2015	2014	2015	2014
Expenses				
Professional fees	\$ 15,000	\$ 30,000	\$ 20,000	\$ 70,475
Consulting fees	70,001	11,900	118,502	22,733
Travel & promotion	-	6,676	2,584	9,209
Rent	9,451	6,847	17,971	8,214
Office and general	8,991	5,534	18,472	6,866
Net loss before other income	103,423	60,957	177,528	117,497
Other income – premium paid on flow through shares	-	(126)	(25,130)	(126)
Interest earned	(1,012)	-	(1,386)	-
Listing costs (net value of CPC shares issued)	-	1,696,826	-	1,696,826
Net loss and comprehensive loss for the period	102,411	1,757,658	151,013	1,814,198
Weighted average number of common shares outstanding – basic and diluted	35,693,603	28,149,702	35,583,842	15,631,110
Basic and fully diluted loss per share	\$ 0.00	\$ 0.06	\$ 0.00	\$ 0.12

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

MORGAN RESOURCES CORP.
(formerly Gideon Capital Corp.)

STATEMENTS OF CHANGES IN EQUITY

	Shares	Share Capital	Shares to Be issued	Contributed Surplus	Deficit	Total
Balance, August 31, 2013	11,900,000	\$ 345,050	\$ -	\$ -	\$ (97,947)	\$ 247,103
Shares issued on private placement (note 6(a)(iii))	3,100,000	155,000	-	-	-	155,000
Shares issued on private placement (note 6(a)(iv))	6,933,604	648,243	-	-	-	648,243
Premium on flow through shares (note 6(a)(iv))	-	(70,005)	-	-	-	(70,005)
Shares issued on Amalgamation (note 6(a)(v))	12,500,000	1,875,000	-	-	-	1,875,000
Broker warrants issued on private placement (note 6(a)(iv))	-	10,000	-	-	-	10,000
Warrants issued on Amalgamation (note 6(a)(v))	-	375,000	-	-	-	375,000
Exercise of warrants (note 6(a)(vi))	226,000	22,600	-	-	-	22,600
Shares issued for mineral property rights (notes 6(a)(vii) and (viii))	533,332	80,000	-	-	-	80,000
Comprehensive loss for the period	-	-	-	-	(1,814,198)	(1,814,198)
Balance, February 28, 2014	35,192,936	\$3,440,887	\$ -	\$ -	\$(1,912,145)	\$1,528,742
Balance, August 31, 2014	35,326,936	\$2,798,239	\$ -	\$ 382,305	\$(2,134,221)	\$1,046,323
Shares issued for mineral property rights (note 6(a)(ix) and X)	1,500,000	165,000	-	-	-	165,000
Shares to be issued (note 6(d))	-	-	90,000	-	-	90,000
Comprehensive loss for the period	-	-	-	-	(151,013)	(151,013)
Balance, February 28, 2015	36,826,936	\$2,963,239	\$ 90,000	\$ 382,305	\$(2,285,234)	\$1,150,310

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

MORGAN RESOURCES CORP.
(formerly Gideon Capital Corp.)

STATEMENTS OF CASH FLOWS

For the six months ended February 28	2015	2014
Cash flow from operating activities		
Net loss for the period	\$ (151,013)	(1,814,198)
Listing costs expensed	-	1,682,701
Premium paid on flow through shares	(25,130)	(126)
Changes in non-cash working capital:		
HST recoverable and other receivables	(51,558)	(52,404)
Accounts payable and accrued liabilities	154,627	(71,992)
	(73,073)	(256,019)
Cash flow from investing activities		
Mineral property expenditures	(394,744)	(194,164)
	(394,744)	(194,164)
Cash flow from financing activities		
Proceeds from issue of common shares	-	1,200,843
Proceeds from shares to be issued	90,000	-
	90,000	1,200,843
Decrease in cash	(377,817)	750,660
Cash, beginning of period	503,795	73,085
Cash, end of period	\$ 125,979	\$ 823,745

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

1. NATURE OF BUSINESS, GOING CONCERN AND QUALIFYING TRANSACTION

Nature of Business

Morgan Resources Corp. (the "Company" or "Morgan Resources") (formerly Gideon Capital Corp. ("Gideon")) carries on business in one segment, being the acquisition, exploration and development of properties for mining of precious and base metals. The Company has not earned any revenue to date from its operations and is therefore considered to be in the development stage. The amounts shown as mineral properties and deferred exploration costs do not necessarily represent present or future values.

Morgan Resources is a publicly traded company incorporated and domiciled in Canada. The Company's registered office is as follows: 201-55 York Street, Toronto, Ontario M5J 1R7. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol MOR.

The financial statements were approved by the Board of Directors on April 28, 2015.

Going Concern

These financial statements have been prepared on a going concern basis, which presumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations in the foreseeable future.

In order to meet future expenditures and cover administrative costs, the Company will need to raise additional financing. Although the Company has been successful in raising funds in the past, there can be no assurance that adequate funding will be available in the future, or available under terms favorable to the Company. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The recoverability of the amounts shown for mineral properties and deferred exploration costs is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in mineral properties, the ability of the Company to obtain the necessary financing to continue the development of its mineral properties, and upon future profitable production. As such, there is significant doubt regarding the Company's ability to continue as a going concern and ultimately the appropriateness of the use of accounting principles applicable to a going concern.

Management believes that it can raise sufficient funds to pay its ongoing administrative expenses and to meet its liabilities for the ensuing twelve months as they fall due. The Company's ability to continue operations and funds its mining interest expenditures is dependent on management's ability to secure additional financing.

Accordingly, these financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to obtain adequate financing. Changes in future conditions could require material write-downs to the carrying value of the mineral properties and deferred exploration costs.

MORGAN RESOURCES CORP.
(formerly Gideon Capital Corp.)
NOTES TO FINANCIAL STATEMENTS
February 28, 2015

1. NATURE OF BUSINESS, GOING CONCERN AND QUALIFYING TRANSACTION (CONTINUED)

Qualifying Transaction

Gideon was incorporated pursuant to the provisions of the Business Corporations Act (Ontario) on June 15, 2011 and was classified as a capital pool company as defined in Policy 2.4 of TSX Venture Exchange Inc. ("TSX-V").

On December 31, 2013 (the "Amalgamation Date"), Gideon, 2396933 Ontario Inc., a wholly-owned subsidiary of Gideon ("2396933 OntCo") and Bathurst Resources Corp. ("Bathurst") completed a three-cornered amalgamation whereby Bathurst amalgamated with 2396933 OntCo and Gideon issued one common share for each common share of Bathurst outstanding (the "Amalgamation"). The Amalgamation constituted Gideon's Qualifying Transaction for the purposes of Policy 2.4 of the TSX Venture Exchange Corporate Finance Manual. Upon completion of the Amalgamation, Gideon changed its name to Morgan Resources Corp. (the "Company").

The Amalgamation is considered to be a reverse takeover of Gideon by Bathurst. A reverse takeover transaction involving a non-public operating entity and a non-operating public company is in substance a share-based payment transaction, rather than a business combination. The transaction is equivalent to the issuance of shares by the non-public operating entity, Bathurst, for the net assets and the listing status of the non-operating public company, Gideon. The fair value of the shares issued was determined based on the fair value of the common shares issued by Gideon.

Although the Transaction resulted in Bathurst becoming a wholly-owned subsidiary Gideon, the Amalgamation constitutes a reverse acquisition of Gideon and has been accounted for as a reverse acquisition transaction in accordance with guidance provided in IFRS 2 "Share-based Payment". As Gideon did not qualify as a business according to the definition in IFRS 3 "Business Combinations", this reverse acquisition transaction does not constitute a business combination; rather, it is treated as an issuance of common shares by Bathurst for the net assets of Gideon. As a result, the Amalgamation is accounted for as a capital transaction, with Bathurst being identified as the accounting acquirer and the equity consideration provided by Bathurst being measured at fair value. The resulting consolidated statement of financial position was presented as a continuance of Bathurst's operations and the comparative figures presented before the Transaction are those of Bathurst. The results of operations, the cash flows, and the assets and liabilities of Gideon have been included in these consolidated financial statements since December 31, 2013, the Amalgamation Date.

The 12,500,000 common shares, 350,000 stock options, and 250,000 share purchase warrants (the "Deemed Equity Instruments") owned by the shareholders of the Company as at the Amalgamation Date were considered a deemed issue of common shares by Bathurst to acquire Gideon's net assets. In accordance with IFRS 2, the excess of the fair value of the Deemed Equity Instruments issued by Bathurst over the value of the net assets of Gideon was recognized in the consolidated statement of loss and comprehensive loss, as listing costs. The options and warrants granted prior to the Amalgamation Date remain exercisable after the completion of the Amalgamation.

The fair values of the Deemed Equity Instruments granted as consideration for the net assets of Gideon are as follows:

Consideration:	
12,500,000 common shares (note 6(a)(v))	\$ 1,441,300
350,000 stock options (note 6(b))	34,700
250,000 share purchase warrants (note 6(c))	5,400
	1,481,400
Net assets acquired:	
HST recoverable	25,076
Investment	376,047
Accounts payable	(165,797)
Due to Bathurst	(34,653)
	200,673
Listing costs	\$ 1,280,727

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretation Committee ("IFRSIC").

Basis of presentation

These financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category of financial asset is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the statement of loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments - continued

Held-to-maturity investments - 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 cost using the effective interest method. If there is objective evidence that the investment 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 the statement of loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at the end of each reporting period. Financial assets are impaired when there is any objective evidence that the future cash flows associated with a financial asset or a group of financial assets have been negatively impacted. Different criteria to determine impairment are applied for each category of financial assets described above.

Financial liabilities

The Company's accounting policy for each category of financial liability is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the statement of loss.

Other financial liabilities - This category includes accounts payables and accrued liabilities which are recognized at amortized cost.

Morgan Resources' financial instruments include cash and cash equivalents, other receivables, and accounts payable and accrued liabilities. Cash is classified as fair value through profit or loss, other receivables is classified as loans and receivables, and accounts payable and accrued liabilities are classified as other financial liabilities. The carrying value of these instruments approximates their fair values due to their short-term nature.

Mineral properties and deferred exploration costs

Mineral property acquisition costs and related direct exploration and development expenditures, net of recoveries, are deferred until the properties are placed into production. These net costs will be amortized against income using the unit-of-production method based on estimated recoverable reserves if the properties are brought into commercial production, or written off if the properties are abandoned or sold. The cost of mineral properties includes any cash consideration paid and the fair market value of shares issued, if any, on the acquisition of property interests. The recorded amounts of property acquisition costs and their related deferred exploration costs represent actual expenditures incurred and are not intended to reflect present or future values.

The recoverability of amounts shown for mineral properties and deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future profitable production or proceeds from the disposition thereof.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments - continued

Impairment of mineral properties and deferred exploration costs

At the end of each reporting period the carrying amounts of Morgan Resources' mineral properties are reviewed to determine whether there is an indication that those assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted at a rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss.

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

Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences relating to the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, and the Company intends to settle tax liabilities and assets on a net basis or to realize the tax assets and liabilities simultaneously.

Deferred tax assets are recognized to the extent it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Flow-through shares

The Company finances a portion of its exploration activities through the issuance of flow-through shares. On the date of issuance of the flow-through shares, the premium (the proceeds received for the flow-through shares in excess of the closing market price of the Company's common shares) is allocated to liabilities.

Under the terms of the flow-through common shares, the tax attributes of the related expenditures are renounced to investors. The premium liability is reduced pro-rata based on the percentage of flow-through expenditures renounced and spent in comparison to renunciations required under the terms of the flow-through share agreement. The reduction to the premium liability in the period of renunciation is recognized through profit or loss as other income.

Upon renunciation of the related expenditures, the Company would normally recognize a deferred tax liability and expense with respect to the tax value of the costs renounced. Where the Company has unrecognized tax benefits from loss carry forwards and tax pools available for deduction, the Company will recognize these assets to offset the deferred tax liabilities resulting in an offsetting recovery of deferred income taxes being recognized through profit or loss in the reporting period.

Provisions

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

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The Company had no material provisions at February 28, 2015.

Share based payment transactions

The fair value of share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site restoration work, discounted to their net present value, are provided for and capitalized to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through depreciation using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loss per share

Basic loss per share is calculated using the weighted-average number of common shares outstanding during the year. Diluted loss per share is computed using the treasury stock method. Stock options and warrants outstanding are not included in the computation of diluted loss per share if their inclusion would be anti-dilutive.

Significant accounting judgments and estimates

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an ongoing basis. The following are the key estimate and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year:

- (i) Mineral properties under exploration

As at February 28, 2015 management has determined that there is no impairment on the mineral properties.

Segmented Reporting

The Company operates in a single reportable operating segment, the acquisition, exploration, and development of mineral projects in Canada.

Future Accounting Pronouncements

Standards issued but not yet effective up to the date of issuance of the Company's financial statements, but which may affect the financial statements are listed below. The Company intends to adopt those standards when they become effective.

IFRS 9, Financial Instruments ("IFRS 9") was issued by the IASB in its final version in July 2014, and will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. 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. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company anticipates that this standard will be adopted in the Company's financial statements for the period beginning September 1, 2018, and has not yet considered the potential impact of the adoption of IFRS 9.

3. CAPITAL DISCLOSURES

The Company's capital is composed of shareholders' equity. The Company manages its capital structure and makes adjustments to it based on the funds available in order to support the acquisition, exploration, and development of mineral properties. The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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

4. FINANCIAL RISK FACTORS

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

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment/contractual obligations. The Company has deposited the cash with reputable Canadian financial institutions, from which management believes the risk of loss is minimized.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it has sufficient liquidity to meet liabilities when due. As at February 28, 2015, The Company has current assets of \$267,215 to settle current financial liabilities of \$309,579 (see note 1).

Market Risk

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

Interest Rate Risk

The Company's current policy is to invest excess cash in investment-grade short term deposit certificates issued by its banking institutions. The Company monitors the investments it makes and is satisfied with the credit ratings of its banks. The risk the Company will realize a loss as a result of a decline in the fair value of short-term deposits is limited due to the short-term nature of these investments.

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 precious metals.

MORGAN RESOURCES CORP.
(formerly Gideon Capital Corp.)
NOTES TO FINANCIAL STATEMENTS
February 28, 2015

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

	Six months ended February 28, 2015	Six months ended February 28, 2014	Cumulative since Inception on April 5, 2013
Balance, beginning of period	\$ 632,926	\$ 204,284	\$ -
Acquisition costs	265,000	120,000	476,490
Claims payments	7,140	26,040	39,430
Consulting	83,033	57,107	189,484
Drilling	120,567	-	120,567
Laboratory analysis	1,427	5,186	42,149
Geophysical survey	52,840	58,862	135,949
Reports	38,292	-	61,021
Transportation and accommodation	2,348	-	12,402
Airborne survey	-	-	108,252
Storage	4,097	6,969	21,926
Government grant	(15,000)	-	(15,000)
Total expenditures during the period	559,744	274,164	1,192,670
Total mineral properties and deferred exploration costs	\$ 1,192,670	\$ 478,448	\$ 1,192,670

(a) Chamberlain Property

- a. On April 7, 2013, the Company purchased an option to earn a one hundred percent (100%) interest in certain mining claims in Bathurst, New Brunswick (the "Chamberlain Property"). Under the terms of the option agreement, the Company has made or must make the following payments and issuances to the optionors:
 - i. \$5,000 paid on April 18, 2013;
 - ii. \$20,000 paid on July 7, 2013;
 - iii. Incurred a minimum of \$75,000 in exploration expenditures (in aggregate with the L'Or Bai – 1 Property (note 5 (b)) prior to the listing of the Company's shares on the TSX Venture Exchange (the "IPO Date" which occurred on December 31, 2013);
 - iv. \$20,000 paid on the IPO Date and \$40,000 worth of common shares issued at the common share opening price at the IPO Date (\$0.15 per share) (issued);
 - v. \$60,000 paid on the first anniversary date of the IPO Date worth of common shares issued at \$0.10 per share;
 - vi. \$20,000 to be paid on the second anniversary date of the IPO Date and \$40,000 worth of common shares to be issued at VWAP for the previous thirty (30) days;
 - vii. \$20,000 to be paid on the third anniversary date of the IPO Date and \$40,000 worth of common shares to be issued at the VWAP for the previous thirty (30) days;
 - viii. a minimum of \$2,000,000 in exploration expenditures (in aggregate with the L'Or Bai – 1 Property (note 5 (b))), including \$800,000 in diamond drilling, to be incurred prior to the third anniversary of the IPO Date;
 - ix. \$20,000 to be paid on the fourth anniversary date of the IPO Date and \$40,000 worth of common shares to be issued at the VWAP for the previous thirty (30) days;
 - x. \$20,000 to be paid on the fifth anniversary date of the IPO Date and \$40,000 worth of common shares to be issued at the VWAP for the previous thirty (30) days;
 - xi. a minimum of an additional \$1,000,000 in exploration expenditures (\$3,000,000 in aggregate with note 5(a)(viii)) to be incurred prior to the fifth anniversary of the IPO Date.

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

(a) Chamberlain Property (continued)

- b. Once the Company has acquired the 100% interest in the Chamberlain property (the "Acquisition Date"), the Company must make the following payments:
 - i. \$15,000 per annum on each anniversary of the Acquisition Date until the delivery of a positive feasibility study (the "Feasibility Date");
 - ii. \$30,000 per annum on each anniversary of the Feasibility Date until the first anniversary following commercial production;
 - iii. 2% net smelter royalty ("NSR") paid to the optionors; 1% of the NSR can be repurchased by the Company for \$1,000,000.

- c. Bonus Payments will be payable for the following:
 - i. \$25,000 and \$50,000 worth of common shares issued at the VWAP for the previous thirty (30) days upon the discovery of volcanic-hosted massive sulphides in-situ greater than 5% lead-zinc-copper over 2 metres;
 - ii. \$125,000 and \$150,000 worth of common shares issued at the VWAP for the previous thirty (30) days upon the delineation of a mineral deposit in excess of one million (1,000,000) tonnes greater than 5% zinc equivalent of zinc-lead-copper-silver.

(b) L'Or Bai – 1 Property

- a. On April 7, 2013, the Company purchased an option to earn a one hundred percent (100%) interest in certain mining claims in Bathurst, New Brunswick (the "L'Or Bai – 1 Property"). Under the terms of the option agreement, the Company has made or must make the following payments and issuances to the optionors:
 - i. \$5,000 paid on April 18, 2013;
 - ii. \$20,000 paid on July 7, 2013;
 - iii. incurred a minimum of \$75,000 in exploration expenditures (in aggregate with the Chamberlain Property (note 5 (a)) prior to the IPO Date;
 - iv. \$20,000 paid on the IPO Date and \$40,000 worth of common shares issued at the common share opening price at the IPO Date (\$0.15 per share) (issued);
 - v. \$60,000 paid on the first anniversary date of the IPO Date worth of common shares issued at \$0.10 per share;
 - vi. \$20,000 to be paid on the second anniversary date of the IPO Date and \$40,000 worth of common shares to be issued at the VWAP for the previous thirty (30) days;
 - vii. \$20,000 to be paid on the third anniversary date of the IPO Date and \$40,000 worth of common shares to be issued at the VWAP for the previous thirty (30) days;
 - viii. a minimum of \$2,000,000 in exploration expenditures (in aggregate with the Chamberlain Property (note 5 (a))), including \$800,000 in diamond drilling to be incurred prior to the third anniversary of the IPO Date;
 - ix. \$20,000 to be paid on the fourth anniversary date of the IPO Date and \$40,000 worth of common shares to be issued at the VWAP for the previous thirty (30) days;
 - x. \$20,000 to be paid on the fifth anniversary date of the IPO Date and \$40,000 worth of common shares to be issued at the VWAP for the previous thirty (30) days;
 - xi. a minimum of an additional \$1,000,000 in exploration expenditures (\$3,000,000 in aggregate with the note 5(b)(viii)) to be incurred prior to the fifth anniversary of the IPO Date.

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

- b. Once the Company has acquired the 100% interest in the L'Or Bai – 1 property (the “LB1 Acquisition Date”), the Company must make the following payments:
 - i. \$15,000 per annum on each anniversary of the LB1 Acquisition Date until the delivery of a positive feasibility study (the “LB1 Feasibility Date”);
 - ii. \$30,000 per annum on each anniversary of the LB1 Feasibility Date until the first anniversary following commercial production;
 - iii. 2% net smelter royalty (“NSR”) paid to the optionors; 1% of the NSR can be repurchased by the Company for \$1,000,000.

 - c. Bonus Payments will be payable for the following:
 - i. \$25,000 and \$50,000 worth of common shares issued at the VWAP for the previous thirty (30) days upon the discovery of volcanic-hosted massive sulphides in-situ greater than 5% lead-zinc-copper over 2 meters;
 - ii. \$125,000 and \$150,000 worth of common shares issued at the VWAP for the previous thirty (30) days upon the delineation of a mineral deposit in excess of one million (1,000,000) tonnes greater than 5% zinc equivalent of zinc-lead-copper-silver.
- (c) L'Or Bai – 2 Property
- a. On April 29, 2013, the Company purchased an option to earn a one hundred percent (100%) interest in certain mining claims in Bathurst, New Brunswick (the “L'Or Bai - 2 Property”). Under the terms of the option agreement, the Company has made or must make the following payments and issuances to the optionor:
 - i. \$10,000 paid on May 27, 2013;
 - ii. incur a minimum of \$10,000 in exploration expenditures prior to April 29, 2014;
 - iii. \$15,000 paid on April 29, 2014;
 - iv. incur a further \$10,000 in exploration expenditures prior to April 29, 2015;
 - v. \$25,000 payable on April 29, 2015;
 - vi. Incur a further \$30,000 in exploration expenditures prior to April 29, 2016.

 - b. Once the Company has acquired the 100% interest in the L'Or Bai – 2 property (the “LB2 Acquisition Date”), the Company:
 - i. will be subject to a 3% NSR paid to the optionor; 2% of the NSR can be repurchased by the Company for \$1,000,000.
- (d) South Chamberlain Property
- a. On April 14, 2014, the Company acquired the South Chamberlain base metal and precious metal property located in the Bathurst, New Brunswick (the “South Chamberlain Property”). The South Chamberlain Property consists of 2 mining claim blocks, 5761 and 4362, composed of 157 claim units for a total of 3418 hectares, and adjoins the west side of the Company's Chamberlain Properties. Under the terms of the option agreement, the Company has made or must make the following payments and issuances to the optionor:
 - i. \$15,000 paid on April 14, 2014;
 - ii. Issued 134,000 common shares on April 14, 2014 with a value of \$20,000;
 - iii. incur a minimum of \$75,000 in exploration expenditures prior to April 10, 2015;
 - iv. \$15,000 payable by April 10, 2015 and \$25,000 worth of common shares to be issued at the VWAP for the previous thirty (30) days or \$25,000 in cash at the option of the optionor;
 - v. incur a further \$75,000 in exploration expenditures prior to April 10, 2016;
 - vi. \$15,000 payable by April 10, 2016 and \$40,000 worth of common shares to be issued at the VWAP for the previous thirty (30) days or \$40,000 in cash at the option of the optionor;
 - vii. incur a further \$75,000 in exploration expenditures prior to April 10, 2017;

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

- viii. \$30,000 payable by April 10, 2017 and \$50,000 worth of common shares to be issued at the VWAP for the previous thirty (30) days or \$25,000 in cash at the option of the optionor;
 - ix. incur a further \$75,000 in exploration expenditures prior to April 10, 2018;
 - x. \$40,000 payable by April 10, 2018 and \$80,000 worth of common shares to be issued at the VWAP for the previous thirty (30) days or \$80,000 in cash at the option of the optionor;
 - xi. incur a further \$75,000 in exploration expenditures prior to April 10, 2019;
 - xii. \$50,000 payable by April 10, 2019 and \$120,000 worth of common shares to be issued at the VWAP for the previous thirty (30) days or \$120,000 in cash at the option of the optionor.
- b. Once the Company has acquired the 100% interest in the South Chamberlain property (the "South Chamberlain Acquisition Date"), the Company:
- i. will be subject to a 2% NSR paid to the optionor; 1% of the NSR can be repurchased by the Company for \$1,000,000.
- c. Bonus Payments will be payable for the following:
- i. \$10,000 and \$10,000 worth of common shares issued at the VWAP for the previous thirty (30) days upon the discovery of volcanic-hosted massive sulphides in-situ greater than 5% lead-zinc-copper over 2 meters;
 - ii. \$50,000 and \$200,000 worth of common shares issued at the VWAP for the previous thirty (30) days upon the delineation of a mineral deposit in excess of one million (1,000,000) tonnes greater than 8% zinc equivalent of zinc-lead-copper-silver.

(e) Lucky Irish Property

- a. On October 7, 2014, the Company acquired the Lucky Irish base and precious metals property located 35 kilometers southwest of Kirkland Lake, Ontario (the "Lucky Irish Property"). The Lucky Irish Property consists of 41 claims composed of 420 claim units. Under the terms of the option agreement, the Company has made or must make the following payments and issuances to the optionor:
- i. \$100,000 paid on October 16, 2014;
 - ii. Issued 300,000 common shares on October 16, 2014 with a value of \$45,000;
 - iii. incur a minimum of \$150,000 in exploration expenditures prior to April 16, 2015;
 - iv. \$50,000 payable and issue 300,000 common shares by April 16, 2015;
 - v. incur a further \$250,000 in exploration expenditures prior to October 16, 2015;
 - vi. \$150,000 payable and issue 200,000 common shares by October 16, 2015;
 - vii. incur a further \$550,000 in exploration expenditures prior to October 16, 2016;
 - viii. \$150,000 payable and issue 200,000 common shares by October, 2016;
 - xiii. incur a further \$600,000 in exploration expenditures prior to October 16, 2017;
 - xiv. \$150,000 payable and issue 200,000 common shares by October, 2017;
 - xv. incur a further \$950,000 in exploration expenditures prior to October 16, 2018;
 - xvi. \$150,000 payable and issue 200,000 common shares by October, 2018.
- b. Once the Company has acquired the 51% interest in the Lucky Irish Property, the Company can give notice to acquire an additional 10% interest by incurring an additional \$2,500,000 in exploration expenditures within 18 months of providing such notice.
- c. Once the Company has acquired the 61% interest in the Lucky Irish Property, the Company can give notice to acquire an additional 5% interest by incurring an additional \$2,500,000 in exploration expenditures within 18 months of providing such notice.
- d. The Lucky Irish Property is subject to a 3% NSR.

6. SHARE CAPITAL

(a) Capital

Authorized: unlimited common shares

Issued:

- (i) On April 5, 2013, the Company issued 5,000,000 common shares at a price of \$0.00001 (for gross proceeds of \$50).
- (ii) On June 4, 2013, the Company issued 6,900,000 common shares a price of \$0.05 per common share for gross proceeds of \$345,000. 5,000,000 of the common shares were issued on a flow through basis.
- (iii) In September 2013, the Company issued 3,100,000 common shares at a price of \$0.05 per common share for gross proceeds of \$155,000. 400,000 of the common shares were issued on a flow through basis.
- (iv) On December 31, 2013, the Company issued 3,433,332 units at \$0.15 per unit (each unit consisting of one common share and one warrant) for gross proceeds of \$515,000 and 3,500,272 flow through units at \$0.17 per share (each flow through unit consisting of one common share and one warrant) for gross proceeds of \$595,047. Each warrant is exercisable for two years at a price of \$0.30 per warrant. A value of \$240,300 was attributed to the warrants (note 6(c)). Share issue costs totaled \$48,225. A premium of \$70,005 was paid for the flow through units. The Company also issued 115,316 broker warrants exercisable at \$0.17 per warrant until December 31, 2015. A value of \$3,600 was attributed to the broker warrants (note 6(c)).
- (v) On December 31, 2013, the Company issued 12,500,000 common shares, 250,000 warrants, and 350,000 stock options to the respective shareholders, warrant holders, and options holders of Gideon Capital Corp. under the Amalgamation (note 1). The fair value of \$1,441,300 was assigned to the common shares based on the fair value attributed to the common shares issued in the concurrent private placement described in note 6(a)(iv). A fair value of \$5,400 was attributed to the warrants (note 6(c)) which were exercisable at \$0.10 until February 3, 2014. A fair value of \$34,700 was attributed to the options (note 6(b)) which are exercisable at \$0.10 until January 27, 2022.
- (vi) On February 3, 2014, 226,000 warrants were exercised for proceeds of \$22,600; \$4,882, representing the proportionate fair value of the warrant series, was reclassified to share capital.
- (vii) On December 31, 2013, the Company issued 533,332 common shares to the optionors of the Chamberlain property (as per Note 5(a)(iv)) and of L'or Bai – 1 property (as per Note 5(b)(iv)).
- (viii) On April 14, 2014, the Company issued 134,000 common shares to the optionors of the South Chamberlain property (as per Note 5(d)(ii)).
- (ix) On October 16, 2014, the Company issued 300,000 common shares to the optionors of the Lucky Irish property (as per Note 5(e)(ii)).
- (x) On February 23, 2015, the Company issued 1,200,000 common shares at \$0.10 per share to the optionors of the Chamberlain property (as per Note 5(a)(v)) and of L'or Bai – 1 property (as per Note 5(b)(v))

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6. SHARE CAPITAL (CONTINUED)

(b) Stock option plan

The Company has a stock option plan (the "Plan") under which the directors of the Company may grant options to qualified directors, officers and consultants of the Company. The exercise price of the options cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years. The maximum aggregate number of common shares under option at any time under the Plan cannot exceed 10% of the issued and outstanding shares.

A summary of the Company's stock option activity for the year ended February 28, 2015 is as follows:

	Number Of Options	Weighted- Average Exercise Price
Outstanding, September 1, 2014	3,500,000	\$ 0.145
Outstanding, February 28, 2015	3,500,000	\$ 0.145

(i) On December 31, 2014, the Company issued 350,000 options to Gideon option holders exercisable at \$0.10 until January 27, 2022 (notes 1 and 6(a)(v)).

(ii) On August 1, 2014, the Company issued 3,150,000 options at \$0.15 per share exercisable until August 1, 2019. 1,575,000 options vested on August 1, 2014 and the remaining 1,575,000 options will vest on August 1, 2015.

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at February 28, 2015 are as follows:

Exercise Price	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted-Average Exercise Price	Average Remaining Contractual Life (years)	Number Exercisable	Weighted-Average Exercise Price
\$0.10	350,000	\$0.10	7.16	350,000	\$0.10
\$0.15	3,150,000	\$0.15	4.67	1,575,000	\$0.15
Total	3,500,000	\$0.145	4.88	1,925,000	\$0.141

The fair value of the options issued in 2014 was determined using the Black-Scholes model based on the following assumptions:

	2014
Risk free interest rate	1.09%
Dividend yield	Nil
Expected stock volatility	100%
Weighted-average expected life (years)	5.0

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6. SHARE CAPITAL (CONTINUED)

(c) Warrants

Details of warrants outstanding are as follows:

	Number of Warrants	Fair Value	Exercise Price/ Warrant	Expiry Date
Balance, September 1, 2013	-	\$ -	-	
Issued on Amalgamation (notes 1 and 6(a)(v))	250,000	5,400	0.10	February 3, 2014
Issued (note 6(a)(iv))	6,933,604	240,300	0.30	December 31, 2015
Issued (note 6(a)(iv))	115,316	3,600	0.17	December 31, 2015
Exercised (note 6(a)(vi))	(224,000)	(4,882)	0.10	
Expired (i)	(26,000)	(518)	0.10	
Balance, Aug 31, 2014 and Feb 28, 2015	7,048,920	\$ 243,900	0.30	

(i) On February 3, 2014, 26,000 common share purchase warrants with an exercise price of \$0.10 expired.

The fair value of the warrants issued in 2014 was determined using the Black-Scholes model based on the following assumptions:

	2014
Risk free interest rate	1.09%
Dividend yield	Nil
Expected stock volatility	100%
Weighted-average expected life (years)	1.9

(d) Shares to be issued

On November 20, 2014 the Company received \$90,000 towards a private placement at \$0.15 per Unit with each Unit consisting of one common share and one common share purchase warrant exercisable at \$0.25 for a period of two years.

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7. LOSS PER SHARE

The calculation of basic and diluted loss per share for the three and six months ended February 28, 2015 was based on the loss attributable to common shareholders for three months of \$103,423 (2014 - \$1,757,658) and for six months of \$177,528 (2014 - \$1,814,198) and the weighted average number of common shares outstanding for three months of 35,693,603 (2014 - 28,149,702) and for six months of 35,583,842 (2014 - 15,631,110). Diluted loss per share did not include the effect of 3,500,000 stock options (2014 - nil) and 6,933,604 warrants (2014 - nil) as they are anti-dilutive.

8. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration expense of directors and other members of key management personnel, or companies under their control, during the period was as follows:

Six months ended February 28	2015	2014
Salaries, consulting and benefits	\$ 95,000	\$ 32,500
	<u>\$ 95,000</u>	<u>\$ 32,500</u>

9. COMMITMENTS AND CONTINGENCIES

The Company's mineral and exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.