GEONOVUS MEDIA CORP.
(formerly GeoNovus Minerals Corp.)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014
(EXPRESSED IN CANADIAN DOLLARS)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of GeoNovus Media Corp.

We have audited the accompanying consolidated financial statements of GeoNovus Media Corp. and its subsidiaries, which comprise the consolidated statement of financial position as at August 31, 2015, and the consolidated statement of loss and comprehensive loss, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of GeoNovus Media Corp. and its subsidiaries as at August 31, 2015, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements which indicates that GeoNovus Media Corp.'s continued operations is dependent on the Company's ability to receive financial support, complete a public equity financing, or generate profitable operations in the future. These conditions, along with other matters as set forth in note 1, indicate the existence of a material uncertainty that may cast significant doubt about GeoNovus Media Corp.'s ability to continue as a going concern.

Other Matter

The consolidated financial statements of GeoNovus Media Corp. and its subsidiaries for the year ended August 31, 2014 were audited by another auditor who expressed an unmodified opinion on those statements on December 22, 2014

"Wolrige Mahon LLP"

CHARTERED PROFESSIONAL ACCOUNTANTS

December 22, 2015
Vancouver, B.C.

GEONOVUS MEDIA CORP. (formerly GeoNovus Minerals Corp.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)
AS AT

		August 31, 2015		August 31, 2014
ASSETS				
Current				
Cash	$	2,195	$	774
Receivables (Note 7)		5,450		28,733
Prepaid expenses (Notes 8 and 16)		17,048		7,048
Marketable securities (Note 9)		125,000		-
Total current assets		149,693		36,555
Due from related parties		-		9,800
Intangible assets (Note 11)		100		-
Reclamation bonds (Note 10)		5,040		68,825
Exploration and evaluation assets (Note 13)		-		589,399
Total assets	$	154,833	$	704,579
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities (Notes 14 and 16)	$	500,536	$	500,925
Loan payable (Note 15)		6,000		-
Total liabilities		506,536		500,925
Shareholders' equity				
Capital stock (Note 17)		8,804,320		6,439,792
Shares held in treasury (Note 11)		(510,000)		-
Subscriptions received in advance		-		272,750
Reserves (Note 17)		659,737		502,522
Deficit		(9,305,760)		(7,011,410)
Total shareholders' equity		(351,703)		203,654
Total liabilities and shareholders' equity	$	154,833	$	704,579

Nature and continuance of operations (Note 1)
Commitments and contingencies (Notes 21)
Subsequent events (Note 22)

On behalf of the Board:

"Joe Wowk", Director *"Colin Wiebe"*, Director

See accompanying notes to the consolidated financial statements.

GEONOVUS MEDIA CORP. (formerly GeoNovus Minerals Corp.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE YEARS ENDED AUGUST 31,

	2015	2014
EXPENSES		
Consulting fees (Note 12 and 16)	$ 708,181	$ 303,568
Foreign exchange (gain) loss	7,745	(2,587)
Forgiveness of debt	(135,190)	-
Interest expense	22,868	10,782
Loss on sale of exploration and evaluation assets (Note 13)	217,889	-
Management fees (Note 16)	48,020	48,000
Music publishing rights acquired (Note 11)	449,900	-
Office, rent, and miscellaneous (Note 16)	64,555	172,195
Professional fees (Note 16)	130,953	94,794
Property investigation	3,700	-
Share-based compensation (Notes 16 and 17)	166,236	99,680
Shareholder communications and promotion	86,643	103,594
Transfer agent and filing fees	40,685	25,102
Travel and accommodation	-	7,076
Unrealized gain on marketable securities (Note 8)	(15,000)	-
Write-off of exploration and evaluation assets and reclamation bonds (Note 10 and 13)	365,332	1,824,661
Write-off of asset purchase agreement (Note 11)	117,133	-
Write-off of receivables	14,700	-
Other income	-	(12,205)
Total comprehensive loss	$ (2,294,350)	$ (2,674,660)
Basic and diluted net loss per common share	$ (0.29)	$ (0.75)
Weighted average number of common shares outstanding – basic and diluted	7,832,069	3,562,463

See accompanying notes to the consolidated financial statements.

GEONOVUS MEDIA CORP. (formerly GeoNovus Minerals Corp.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE YEARS ENDED AUGUST 31,

		2015		2014
CASH FLOW FROM OPERATING ACTIVITIES				
Net loss for the year	$	(2,294,350)	$	(2,674,660)
Items not affecting cash:				
Loss on sale of property		217,889		-
Other income		-		(12,205)
Write-down of music publishing rights		449,900		-
Forgiveness of debt		(135,190)		-
Share-based compensation		166,236		99,680
Write-off of exploration and evaluation assets		365,332		1,824,661
Write-off of asset purchase agreement		117,133		-
Write-off of receivables		14,700		-
Unrealized foreign exchange		5,121		(2,000)
Unrealized gain on marketable securities		(15,000)		-
Change in non-cash working capital items:				
Decrease in receivables		18,383.		98,418
Decrease in due from related party		-		4,900
Decrease in prepaid expenses		290,000		-
Increase (decrease) in accounts payable and accrued liabilities		574,132		(44,767)
Net cash flows from operating activities		(225,714)		(705,973)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from private placements		461,000		593,725
Subscriptions received in advance		-		272,750
Share issue costs		(18,126)		(7,537)
Proceeds from option exercises		24,000		25,000
Payment of loan payable		-		(48,300)
Proceeds from loan payable		6,000		47,500
Net cash flows from financing activities		472,874		883,138
CASH FLOWS FROM INVESTING ACTIVITIES				
Exploration and evaluation expenditures		(300,739)		(193,636)
Acquisition of asset (Note 11)		(20,000)		-
Proceeds from sale of exploration and evaluation expenditures		75,000		-
Net cash flows from investing activities		(245,739)		(193,636)
Change in cash		1,421		(16,471)
Cash, beginning of year		774		17,245
Cash, end of year	$	2,195	$	774

Cash paid for taxes during the year	$	-	$	-
Cash paid for interest during the year	$	-	$	-

Supplemental disclosure with respect to cash flows (Note 18)

See accompanying notes to the consolidated financial statements.

GEONOVUS MEDIA CORP. (formerly GeoNovus Minerals Corp.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN CANADIAN DOLLARS)

	Number of shares	Capital stock	Treasury Shares	Subscriptions received in advance	Reserves: Share-based payment reserve	Reserves: Warrant reserve	Deficit	Total
Balance, August 31, 2013	2,506,481	$ 5,711,447	$ -	$ -	$ 198,801	$ 214,393	$ (4,336,750)	$ 1,787,891
Issued pursuant to private placements	1,292,450	646,225	-	-	-	-	-	646,225
Issued pursuant to acquisition of mineral interests	150,000	60,000	-	-	-	-	-	60,000
Share-based compensation	-	-	-	-	99,680	-	-	99,680
Exercise of options	50,000	25,000	-	-	-	-	-	25,000
Fair value of exercised options	-	10,686	-	-	(10,686)	-	-	-
Share issue costs - cash	-	(13,232)	-	-	-	-	-	(13,232)
Share issue costs – non cash	-	(334)	-	-	-	334	-	-
Shares subscriptions received in advance	-	-	-	272,750	-	-	-	272,750
Net loss and comprehensive loss for the year	-	-	-	-	-	-	(2,674,660)	(2,674,660)
Balance, August 31, 2014	3,998,931	6,439,792	-	272,750	287,795	214,727	(7,011,410)	203,654
Issued pursuant to private placements	2,699,500	886,250	-	(272,750)	-	-	-	613,500
Finders' fees – warrants	-	(626)	-	-	-	626	-	-
Finders' fees - cash	-	(1,740)	-	-	-	-	-	(1,740)
Issued pursuant to asset purchase agreement (Note 11)	1,242,832	547,133	-	-	-	-	-	547,133
Issued pursuant to consulting services (Note 12)	700,000	350,000	-	-	-	-	-	350,000
Issued pursuant to debt settlement	135,000	56,250	-	-	-	-	-	56,250
Issued pursuant to revenue participation agreement (Note 11)	3,400,000	510,000	(510,000)	-	-	-	-	-
Exercise of options	48,000	24,000	-	-	-	-	-	24,000
Fair value of exercised options	-	9,647	-	-	(9,647)	-	-	-
Share-based compensation	-	-	-	-	166,236	-	-	166,236
Share issue costs – cash	-	(16,386)	-	-	-	-	-	(16,386)
Net loss and comprehensive loss for the year	-	-	-	-	-	-	(2,294,350)	(2,294,350)
Balance, August 31, 2015	12,224,263	$ 8,804,320	$ (510,000)	$ -	$ 444,384	$ 215,353	$ (9,305,760)	$ 351,703

See accompanying notes to the consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

On April 15, 2015, the Company changed its name to GeoNovus Media Corp. (formerly GeoNovus Minerals Corp.) (hereafter the "Company" or "GeoNovus"). The Company was incorporated on October 11, 2011 under the laws of the Business Corporation Act (BC, Canada). During the year ended August 31, 2015, the Company changed its principal business from the acquisition and exploration of mineral properties to activities in the media and entertainment industry. The Company began trading under the symbol "GNM" on January 5, 2012. The Company's common shares were delisted from trading on the TSX Venture Exchange ("TSX-V") on September 5, 2014, with trading of its common shares on the Canadian Securities Exchange ("CSE") commencing on September 8, 2014. During the year ended August 31, 2015, the Company consolidated its share capital, options and warrants on a ten to one basis. These statements reflect the share consolidation retroactively.

The Company's head office is located at 789 West Pender Street, Suite 1220, Vancouver, BC, V6C 1H2.

The consolidated financial statements were approved by the Board of Directors on December 22, 2015.

These consolidated financial statements have been prepared with the assumption that the 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. Continued operations of the Company are dependent on the Company's ability to receive financial support, complete a public equity financing, or generate profitable operations in the future. Management believes it will be successful in raising the necessary funding to continue operations; however, there is no assurance that these funds will be available on terms acceptable to the Company or at all. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

3. BASIS OF PRESENTATION

These consolidated financial statements have been prepared on a historical cost basis except for investments classified as available-for-sale or held-for-trading which are stated at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional currency of the Company and its wholly owned subsidiaries is the Canadian dollar.

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to the periods presented in these consolidated financial statements, unless otherwise stated.

Principles of consolidation
These consolidated financial statements include the accounts of the Company, and its wholly-owned subsidiaries, Juturna Geothermal Inc. incorporated under the laws of B.C., Geo Minerals (Arizona) Ltd. and Juturna Geothermal (Arizona) Inc. incorporated under the laws of Arizona, and 2009812 Delaware, Inc. incorporated in the state of Delaware. Significant inter-company balances and inter-company transactions have been eliminated upon consolidation. All references to the Company should be treated as references to GeoNovus Media Corp. (formerly GeoNovus Minerals Corp.) and its subsidiaries. The Company decided to dissolve Juturna Geothermal (Arizona) Inc. and Geo Minerals (Arizona) Ltd. as these subsidiaries were inactive.

Subsidiaries
Subsidiaries are entities over which the Company has control. Controls exists when the Company possesses power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affects its returns. Subsidiaries are fully consolidated from the date control is transferred to the Company, and are de-consolidated from the date control ceases.

Cash
Cash consists of balances with banks and short-term demand deposits which are readily convertible into a known amount of cash. The Company's cash is invested with major financial institutions in business accounts.

Financial instruments
Financial assets and financial liabilities that are purchased and incurred with the intention of generating profits in the near term are classified as held-for-trading. These instruments, together with financial instruments designated as fair value through profit or loss, are measured at fair value with subsequent changes in fair value recognized in profit or loss. The Company's marketable securities were classified as held-for-trading financial assets.

Financial assets that have a fixed maturity date and fixed or determinable payments, where the Company intends and has the ability to hold the financial asset to maturity are classified as held-to-maturity and are measured at amortized cost using the effective interest rate method. Any gains and losses arising from the sale of held-to-maturity financial assets are recognized in profit or loss. Currently, the Company has no held-to-maturity financial assets.

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Items classified as loans and receivables are measured at amortized cost using the effective interest method. Any gains or losses on the realization of loans and receivables are recognized in profit or loss. The Company’s cash balance and receivables are classified as loans and receivables. The estimated fair values of these financial instruments approximate their carrying values because of the limited terms of these instruments.

Available-for-sale assets are those financial assets that are not classified as held-for-trading, held-to-maturity or loans or receivables. Available-for-sale assets are recognized at fair value and are subsequently carried at fair value. Changes in fair value, other than impairment losses, are recognized in other comprehensive income or loss. When an available-for-sale asset is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income or loss to profit or loss. Currently, the Company has no available-for-sale financial assets.

Transaction costs associated with fair value through profit or loss financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset. Regular way purchases and sales of financial assets are accounted for at the trade date.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (continued)
Financial liabilities that are not classified as held-for-trading or as fair value through profit or loss are classified as other financial liabilities, and are carried at amortized cost using the effective interest method. Any gains or losses arising from the realization of other financial liabilities are recognized in the statement of loss and comprehensive loss. The Company's accounts payable and accrued liabilities and loans payable are classified as other financial liabilities.

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). As at August 31, 2015, the Company carried its marketable securities at fair value (Level 1).

Impairment of financial assets
Financial assets, other than available-for-sale assets, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that the estimated future cash flows of the assets have been negatively impacted. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced by the amount of the impairment and the loss is recognized in the statement of loss and comprehensive loss.

If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in the statement of loss and comprehensive loss.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment previously recognized in profit or loss, is recognized in profit or loss. To the extent that this impairment was previously recognized as a decline in fair value in other comprehensive income, the amount recognized is reclassified from other comprehensive income. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

Impairment of non-financial assets
At each statement of financial position date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is an indication that those assets have suffered an impairment loss. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of the fair value less costs to sell and the value in use. If the recoverable amount is less than the carrying amount of the asset, the carrying amount is reduced to the recoverable amount and the impairment loss is recognized in the statement of loss and comprehensive loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency translation

The Canadian dollar is the functional and reporting currency of the Company. All foreign currency monetary assets and liabilities are translated at the rate of exchange at the statement of financial position date and non-monetary assets and liabilities are translated at historical exchange rates, unless such items are carried at market, in which case they are translated at the exchange rates in effect on the statement of financial position date. Income and expenses are translated at the rates approximating those at the transaction dates. Gains and losses arising from translation of foreign currency monetary assets and liabilities are recognized in profit or loss.

Exploration and evaluation expenditures

All of the Company's property interests are in the exploration and evaluation phase. The Company records its interests in properties and areas of geological interest at cost. Expenditures incurred prior to obtaining the legal right to explore are expensed. All direct and indirect costs relating to the acquisition and exploration of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or management has determined there to be impairment. These costs will be amortized on the basis of units produced in relation to the reserves available on the related property following commencement of production. The Company classifies the costs between intangibles and property and equipment based on the nature of the costs incurred.

The cost of property interests includes any cash consideration paid and the fair market value of shares issued, if any, on the acquisition of property interests. Acquisition costs of properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made. The recorded amounts of property claim acquisition costs and their related exploration and evaluation costs represent actual expenditures incurred and are not intended to reflect present or future values.

The Company reviews capitalized costs on its mineral exploration properties on a periodic basis and when events or changes in circumstances indicate that its carrying amount may not be recoverable. The Company recognizes an impairment in value based upon current exploration results and upon management's assessment of the future probability of revenues from the property or from the sale of the property.

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 preparation 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 pre-tax 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 amortization using the unit-of-production method. Changes to the current market based discount rate, amount or timing of the underlying cash flows needed to settle the obligation impact the carrying value of the asset and liability. The related liability is adjusted each period for the unwinding of the discount rate with a corresponding charge profit or loss. As at August 31, 2015 and 2014, the Company had no material restoration, rehabilitation or environmental obligations.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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 as at August 31, 2015 and 2014.

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 most easily measured 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 a private placement was determined to be the more easily measurable component and the shares were valued at their fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded within the warrant reserve.

Share-based payment transactions

In situations where equity instruments are issued to non-employees and the fair value of some or all of the goods or services received by the entity as consideration cannot be reliably estimated, they are measured at 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 granted to employees is recognized as an expense over the vesting period with a corresponding increase in the equity settled share-based payments reserve account. 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 the 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 each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Share Consideration

Agent’s warrants, stock options and other equity instruments issued as purchase consideration in non-cash transactions are recorded at fair value determined by management using the Black-Scholes option pricing model. The fair value of the shares issued as purchase consideration is based upon the trading price of those shares on the CSE on the date of the agreement to issue shares as determined by the Board of Directors.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes
Income tax on the profit or loss for the period presented 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, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the 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.

Deferred tax provides for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 financial position 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. Deferred tax assets are reviewed at each reporting date and to the extent that the Company does not consider it more probable than not that a deferred tax asset will be recovered, it is not recognized.

Loss per share
The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. The "treasury stock method" is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the period. During the years ended August 31, 2015 and 2014, the outstanding stock options and warrants were anti-dilutive.

Estimates and judgments
The preparation of these consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material. The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

i) Carrying values for assets and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of value in use or fair value less costs to sell in the case of non-financial assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

ii) Capitalization of exploration and evaluation costs

Management has determined that exploration and evaluation costs incurred during the period have future economic benefits and are economically recoverable. In making this judgment, management has assessed various sources of information including but not limited to the geologic and metallurgic information, proximity of operating facilities, operating management expertise and existing permits.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates and judgments (continued)

iii) Impairment of exploration and evaluation assets

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

iv) Estimation of decommissioning and restoration costs and the timing of expenditure

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

v) Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

vi) Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future accounting changes
IFRS 9 Financial Instruments: Classification and Measurement ("IFRS 9") introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the period beginning September 1, 2018, and has not yet considered the potential impact of the adoption of IFRS 9.

IFRS 15 Revenue from Contracts with Customers: The new standard provides a comprehensive five-step revenue recognition model for all contracts with customers and requires management to exercise significant judgment and make estimates that affect revenue recognition. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the period beginning September 1, 2017, and has not yet considered the potential impact of the adoption of IFRS 15.

5. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its media business. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management considers the Company’s capital structure to primarily consist of the components of shareholders’ equity.

The Company is dependent on external financing to fund its activities. In order to carry out future transactions 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 additions to its media business if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year presented. The Company and its subsidiaries are not subject to externally imposed capital requirements.

6. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes to the Company’s approach to mitigating risk exposures during the year ended August 31, 2015.

<u>Credit risk</u>
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to cash and receivables. The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada. The receivables relate to amounts due from related parties. Amounts due from related parties were written off during the current year therefore the Company’s maximum exposure to credit risk is the balance of cash held as at August 31, 2015. The Company has no significant concentration of credit risk arising from operations.

(EXPRESSED IN CANADIAN DOLLARS)

6. FINANCIAL RISK FACTORS (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instrument or future media related transactions. The Company's approach to managing liquidity risk is to ensure it has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company ensures that sufficient funds are raised from private placements to meet its operating requirements, after taking into account existing cash and expected exercise of share purchase warrants and options. The Company requires additional equity financing to fund its planned media programs and operating expenditures. Management believes that it will be successful in raising the necessary funds however, given the current market conditions, management believes that the raising of the required funds will take longer than is normal and will be at prices that may be less than desirable. There are no assurances that additional funds will be available on terms acceptable to the Company or at all. As at August 31, 2015 the Company had $500,536 (2014 - $500,925) of accounts payable and accrued liabilities which are due on standard trade payable terms not exceeding 90 days and a loan payable of $6,000 which is due on December 15, 2015 (Note 15).

Interest risk

Interest risk consists of two components: to the extent that payments made or received on the Company’s monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and to the extent that changes in prevailing market rates differ from the interest rates in the Company’s monetary assets and liabilities. The Company has cash balances and no material interest-bearing debt, therefore, interest rate risk is minimal.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company’s functional and presentation currency is the Canadian dollar. Certain expenditures are transacted in foreign currencies. As a result, the Company is exposed to fluctuations in these foreign currencies relative to the Canadian dollar. Management does not hedge its foreign exchange risk. A 10% change in foreign exchange rates between the Canadian and US dollar at August 31, 2015 would not have a material impact on the Company’s consolidated financial statements.

Sensitivity analysis

Based on management’s knowledge and experience of the financial markets, the Company does not expect any material movements in the underlying market risk variables over the next three months that will result in a material impact to its consolidated financial statements.

7. RECEIVABLES

The receivables balance is comprised of the following items:

	August 31, 2015	*August 31, 2014*
Sales tax due from Federal Government	$ 5,450	$ 23,833
Other	-	4,900
Total	$ 5,450	$ 28,733

(EXPRESSED IN CANADIAN DOLLARS)

8. PREPAID EXPENSES

The prepaid expense balance is comprised of the following items:

		August 31, 2015		*August 31, 2014*
Consulting	$	10,000	$	-
Rent (Note 17)		7,048		7,048
Total	$	17,048	$	7,048

9. MARKETABLE SECURITIES

During the year ended August 31, 2015, the Company received 1,000,000 common shares of Glenmark Capital Corp. ("Glenmark") related to the Scotia Property valued at $110,000 (Note 13). As at August 31, 2015, the shares had a quoted market value of $125,000, which resulted in an unrealized gain of $15,000.

10. RECLAMATION BONDS

The reclamation bond balance relates to the following mineral exploration properties:

		August 31, 2015		*August 31, 2014*
Scotia	$	5,040	$	5,040
Red Hills		-		38,386
Middle Mountain		-		25,399
Total	$	5,040	$	68,825

During the year ended August 31, 2015, the Company wrote off $36,048 for the Red Hills bond. The difference from the prior year amount of $38,386 is due to foreign exchange.

11. INTANGIBLE ASSETS

Asset purchase agreements
During the year ended August 31, 2015, the Company signed a definitive agreement to acquire assets from a related company, Greenstock Publishing Ltd. ("Greenstock"), a Canadian music publisher for 1,000,000 shares (valued at $450,000 based on market prices on the date the agreement was approved by the TSX-V). Greenstock owns 50% of the music publishing rights for the band, Franklins Dealers. The Greenstock business model is based on creating and acquiring music catalogs to place into major motion pictures. Greenstock is related as the CEO of Greenstock is also a director of the Company. The assets purchased during the year ended August 31, 2015 consist of intangible music publishing rights, of which $449,900 has been expensed due to uncertainty regarding the future value. As at August 31, 2015, $100 remains capitalized on the consolidated statement of financial position.

During the year ended August 31, 2015, the Company signed an agreement with a private Uruguay Company to pursue the development and commercialization of cannabinoids. The Company paid $20,000 and issued 242,832 shares with a value of $97,133. During the year ended August 31, 2015, the Company decided to terminate the agreement and wrote-off the cost of $117,133.

(EXPRESSED IN CANADIAN DOLLARS)

11. INTANGIBLE ASSETS (continued)

Revenue participation agreement
During the year ended August 31, 2015, the Company signed revenue participation agreements with directors to acquire the rights to share potential revenue from upcoming films. The Company issued 3,400,000 shares valued at $510,000 (based on the market price on the date shares were issued) as consideration for the acquisitions. Subsequent to the year ended August 31, 2015, 3,400,000 shares valued at $510,000 were returned to the Company pursuant to the cancellation of the agreements, these shares are represented as treasury shares within equity.

12. CONSULTING AND LICENSE AGREEMENT

In October 2014, the Company entered into a Consulting and License agreement with Affinor Growers Inc. ("Affinor") whereby the Company would license certain technology from Affinor and retain Affinor for consulting services. As consideration for the consulting services to be rendered by Affinor, the Company issued 600,000 common shares for two years' of consulting services (issued at a value of $300,000). The Company decided to forego further share issuances for consulting services. There are no penalties associated with forgoing the share payment.

The Company issued 100,000 common shares (valued at $50,000) as a finder's fee in connection with the agreement.

13. EXPLORATION AND EVALUATION ASSETS

During the year ended August 31, 2015, expenditures incurred on mineral exploration properties were as follows:

	Scotia Property, BC	Shakespeare, Ontario	Year ended August 31, 2015
Acquisition Costs:			
Balance, beginning of the year	$ 297,721	$ 61,475	$ 359,196
Additions during the year	-	-	-
	297,721	61,475	359,196
Assets written off during the year	-	(61,475)	(61,475)
Sale of property	(297,721)	-	(297,721)
Balance, end of year	-	-	-
Deferred Exploration Costs:			
Balance, beginning of year	77,279	152,924	230,203
Reports and surveys	-	29,935	29,935
Assays and lab tests	-	-	-
Geological consulting	19,662	-	19,662
Field expenses	945	6,500	7,445
Licences, permits and maintenance fees	-	-	-
Drilling and transportation	-	70,050	70,050
Travel and accommodation	7,272	-	7,272
Other	10	8,400	8,410
	105,168	267,809	372,977
Assets written off during the year	-	(267,809)	(267,809)
Sale of property	(105,168)	-	(105,168)
Balance, end of year	-	-	-
Total	$ -	$ -	$ -

(EXPRESSED IN CANADIAN DOLLARS)

13. EXPLORATION AND EVALUATION ASSETS (Continued)

During the year ended August 31, 2014, expenditures incurred on mineral exploration properties were as follows:

	Scotia Property, BC	Red Hills, Arizona	Silver Bell West, Ontario	Mink Lake, Ontario	Shakespeare, Ontario	Year ended August 31, 2014
Acquisition Costs:						
Balance, beginning of the year	$ 297,721	$ 118,815	$ 203,249	$ 30,725	$ -	$ 650,510
Additions during the year	-	-	-	-	61,475	61,475
	297,721	118,815	203,249	30,725	61,475	711,985
Write-offs during the year	-	(118,815)	(203,249)	(30,725)	-	(352,789)
Balance, end of year	297,721	-	-	-	61,475	359,196
Deferred Exploration Costs:						
Balance, beginning of year	637,698	274,567	522,351	9,860	-	1,444,476
Reports and surveys	-	-	-	29,000	-	29,000
Assays and lab tests	-	-	-	-	4,158	4,158
Geological consulting	-	11,050	1,371	18,000	22,214	52,635
Field expenses	-	-	-	-	4,598	4,598
Licences, permits and maintenance fees	-	-	31,382	-	-	31,382
Drilling and transportation	-	-	-	-	117,902	117,902
Travel and accommodation	-	-	-	13,738	-	13,738
Other	-	-	134	-	4,052	4,186
	637,698	285,617	555,238	70,598	152,924	1,702,075
Write-offs during the year	(560,419)	(285,617)	(555,238)	(70,598)	-	(1,471,872)
Balance, end of year	77,279	-	-	-	152,924	230,203
Total	$ 375,000	$ -	$ -	$ -	$ 214,399	$ 589,399

13. EXPLORATION AND EVALUATION ASSETS (Continued)

Shakespeare, Ontario

In October 2013, the Company entered into an option agreement to acquire mining claims, located near Webbwood, Ontario. As consideration for the acquisition, the Company was to issue 1,500,000 shares and incur $300,000 in exploration expenditures over a period of two years. The vendor retains a 2% Net Smelter Royalty ("NSR") of which 1% can be purchased for $2,000,000. In January 2014, the Company issued 1,500,000 shares (valued at $60,000). Subsequent to August 31, 2015, the Company terminated the agreement, and therefore all costs have been written off.

Scotia Property, British Columbia

In 2005, the Company entered into an option agreement to earn a 50% interest in a mineral property located in the Scotia River area of the Skeena Mining district of British Columbia. In 2006, the Company issued 100,000 common shares (valued at $9,500) pursuant to this property option agreement.

During the year ended August 31, 2007, the option agreement was replaced by a purchase agreement subsequently amended, whereby the Company paid $310,000 cash and issued 300,000 common shares (valued at $29,500) to acquire the property. The property is subject to a 2% NSR of which 1% may be purchased by the Company for $1,000,000.

During the year ended August 31, 2010, the Company entered into an option agreement with Hawkeye Gold & Diamond Inc. ("Hawkeye") whereby Hawkeye could earn up to a 60% interest in the Scotia Property. During the year ended August 31, 2011, the Company received $25,000 cash and 200,000 common shares of Hawkeye valued at $37,000 prior to termination of the agreement due to default.

During the year ended August 31, 2014, the Company wrote the exploration and evaluation assets down to $375,000, representing the earn-in amount pursuant to an agreement with Glenmark Capital Corp. ("Glenmark") whereby Glenmark can earn a 100% interest in the Scotia property in British Columbia.

During the year ended August 31, 2015, the Company amended the agreement allowing Glenmark to earn a 100% interest in and to the Scotia Property by making the following payments:

a) $75,000 cash (paid); and
b) 1,000,000 common shares of Glenmark (received and valued at $110,000) (Note 9)

The agreement is subject to a 2% underlying NSR payable to a third party and a 1/2% NSR payable to the Company of which 1% of the underlying NSR can be purchased by Glenmark for $1,000,000.

Red Hills, Arizona

During the year ended August 31, 2008, the Company entered into an agreement, subsequently amended, to acquire an interest in the Red Hills property, located near Florence in Pinal County, Arizona. As at August 31, 2013, the Company had paid a total of US$180,000 and issued 350,000 common shares (valued at $36,500). During the year ended August 31, 2014, the Company abandoned the property and all capitalized costs were written off accordingly.

Silver Bell, Arizona

During the year ended August 31, 2009, the Company entered into a letter of intent, subsequently amended, to enter into a lease-option agreement to earn a 100% interest in the Silver Bell West property located in Arizona. As at August 31, 2013, the Company had paid a total of US$180,000 and issued 150,000 common shares (valued at $15,750). During the year ended August 31, 2014, the Company abandoned the property and all capitalized costs were written off accordingly.

(EXPRESSED IN CANADIAN DOLLARS)

13. EXPLORATION AND EVALUATION ASSETS (Continued)

Mink Lake, Ontario

During the year ended August 31, 2013, the Company acquired the Mink Lake property in Chabanel Township, Sault Ste. Marie, Ontario. As consideration for the acquisition, the Company issued 100,000 common shares valued at $5,000 and granted the vendors a 2% NSR of which 1% can be purchased for $1,000,000.

During the year ended August 31, 2013, the Company announced that it entered into an option agreement to acquire 7 unpatented mining claims contiguous to the Mink Lake claims. As consideration for a 100% earn-in, the Company was to issue an aggregate of 2,100,000 shares, pay $50,000 and incur $700,000 in expenditures over a three year period. On June 26, 2013, pursuant to the terms of the agreement, the Company issued 600,000 shares valued at $24,000.

During the year ended August 31, 2014, the Company abandoned the property and all capitalized costs were written off accordingly.

Malartic West, Quebec

During the year ended August 31, 2014, the Company entered into an agreement to purchase a 100% interest in the Malartic West project. The Company was to pay $20,000 and issue 2,000,000 common shares over a one year period. The property is subject to a 2% NSR is in place with the Company having the right to buy back 1% of the Royalty for $1,000,000.

On May 14, 2014, the Company announced it had determined not to proceed with the acquisition.

14. ACCOUNTS PAYABLE

The payables balance is comprised of the following items:

	August 31, 2015	*August 31, 2014*
Trade payables	$ 464,846	$ 475,235
Accrued liabilities	35,690	25,690
Total	$ 500,536	$ 500,925

15. LOAN PAYABLE

During the year ended August 31, 2015, the Company received a loan of $6,000 from a non related company. The loan bears interest at 10% and is repayable on December 15, 2015. If the loan is not repaid by the repayment date, the loan may be converted to shares at a price of $0.10 per share. The loan has not been converted to shares.

16. RELATED PARTY TRANSACTIONS

Trading transactions
The Company entered into the following transactions with related parties:

i) paid or accrued office, rent and miscellaneous costs of $51,197 (2014 - $160,500) to a corporation controlled by the former CEO of the Company.

ii) paid or accrued management fees of $48,020 (2014 - $48,000) to a company controlled by the former CEO of the Company. Management fees consist of fees attributable to former CEO and current CFO services.

16. RELATED PARTY TRANSACTIONS (Continued)

Trading transactions (continued)

iii) paid or accrued professional fees of $Nil (2014- $24,500) to the former CFO of the Company.

iv) included in accounts payable and accrued liabilities is $129,700 (2014 - $70,022) owing to directors, officers and companies owned by directors of the Company.

v) included in prepaid expenses is $7,048 (2014 - $7,048) rent and security deposit paid to a company owned by a director of the Company.

Compensation of management personnel
Key management personnel include members of the Board of Directors, Executive Officers and any companies owned or controlled by them.

i) paid or accrued management and consulting fees of $151,488 (2014 - $90,500) to directors or companies owned by directors of the Company.

ii) issued 835,000 (2014 – 450,000) stock options to officers and directors of the Company with a fair value of $90,792 (2014 - $20,745).

17. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS

Capital stock

The Company has authorized an unlimited number of common shares without par value.

During the year ended August 31, 2015, the Company:

i) completed a non-brokered private placement of 1,154,500 units at a price of $0.50 per unit for gross proceeds of $577,250 of which $60,000 was exchanged for accounts payable, $272,750 related to subscriptions received in advance and $92,500 related to consulting services. Each unit is comprised of one common share and one share purchase warrant of the Company. Each warrant entitles the holder to purchase one share at a price of $1.00 per share until September 3, 2016, subject to an acceleration clause. In connection with the Offering, the Company issued a total of 3,480 finder's warrants (issued and valued at $626) to purchase up to 3,480 shares at a price of $1.00 per share for a period of 12 months, subject to the acceleration clause. In addition, the Company paid cash commissions to the finders totaling $1,740. The Company incurred $14,695 in share issuance costs.

ii) issued 48,000 common shares pursuant to the exercise of options for gross proceeds of $24,000. Accordingly, the Company transferred $9,647 to capital stock from share-based payments reserve.

iii) issued 242,832 shares (valued at $97,133) pursuant to the terms of the asset purchase agreement (Note 11).

iv) issued 700,000 shares (valued at $350,000) pursuant to the terms of a consulting and license agreement and a finder's fee agreement (Note 12).

v) completed a non-brokered private placement of 1,545,000 units at a price of $0.20 per unit for gross proceeds of $309,000. Each unit consists of one common share and one half purchase warrant. Each full warrant entitles the holder to purchase one share at a price of $0.50 until April 8, 2016. The Company incurred $1,691 in share issuance costs.

vi) issued 1,000,000 shares (valued at $450,000) pursuant to the terms of acquisition of the assets from a related company, Greenstock Publishing Ltd (Note 11).

17. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS (Continued)

Capital stock (Continued)

vii) agreed to settle debt in the amount of $102,801 owing to related parties and trade creditors through the issuance of 90,000 common shares. The shares were valued at $36,000 and a gain on settlement was recorded in the statement of loss and comprehensive loss.

viii) agreed to settle debt in the amount of $13,300 owing to trade creditors through the issuance of 45,000 common shares. The shares were valued at $20,250 and a loss on settlement was recorded in the statement of loss and comprehensive loss.

ix) issued 3,400,000 shares (valued at $510,000) pursuant to the terms of revenue participation agreements with directors to acquire the rights to share potential revenue from upcoming films (Note 13). Subsequent to the year ended August 31, 2015, the shares were returned to the Company (Note 22).

During the year ended August 31, 2014, the Company:

i) completed a private placement with the issuance of 515,000 units at a price of $0.50 per unit for gross proceeds of $257,500. Each unit consisted of one common share and one warrant of the Company. Each warrant entitles the holder to purchase one share at an exercise price of $0.75 per share for the first year after closing and $1.00 for the second year following closing. Share issue costs totalled $4,538.

ii) issued 10,000 common shares pursuant to the exercise of options for gross proceeds of $5,000. Accordingly, the Company transferred $4,414 to capital stock from share-based payments reserve.

iii) completed a non-brokered private placement of 420,000 flow-through units at a price of $0.50 per unit for aggregate gross proceeds of $210,000. Each unit consisted of one common share and one share purchase warrant of the Company. Each Warrant entitles the holder to purchase one share for a period of 24 months from the closing date at an exercise price of $0. 75 per share. Finder's fees of $1,000 were paid and 2,000 finder’s warrants (valued at $334) were issued. The finder’s warrants are exercisable at $1.00 for a period of two years. Cash share issue costs of $5,140 were incurred.

iv) issued 150,000 shares (valued at $60,000) pursuant to the terms of the Shakespeare option agreement.

v) completed a non-brokered private placement of 200,000 units at a price of $0.50 per unit for aggregate gross proceeds of $100,000, of which $52,500 was exchanged for accounts payable. Each unit consisted of one common share and one share purchase warrant of the Company. Each warrant entitles the holder to purchase one share for a period of 24 months from the closing date at an exercise price of $0.75 per share. Cash share issue costs of $2,336 were incurred.

vi) completed a non-brokered private placement of 157,450 units at a price of $0.50 per unit for gross proceeds of $78,725. Each unit consisted of one common share and one share purchase warrant of the Company. Each warrant entitles the holder to purchase one share at a price of $0.75 per warrant until April 8, 2016. Cash share issue costs of $1,219 were incurred.

vii) issued 40,000 common shares pursuant to the exercise of options for gross proceeds of $20,000. Accordingly, the Company transferred $6,272 to capital stock from share-based payments reserve.

(EXPRESSED IN CANADIAN DOLLARS)

17. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS (Continued)

Share purchase warrants

At August 31, 2015, warrants were outstanding enabling holders to acquire shares as follows:

Expiry Date	Exercise Price ($)	Number of warrants	Remaining contractual life (years)	Currently exercisable	Remaining contractual life (years)
September 3, 2015*	1.00	3,480	0.01	3,480	0.01
September 23, 2014	0.75				
	then	515,000	0.06	515,000	0.06
September 23, 2015*	1.00				
December 20, 2015*	0.75	320,000	0.30	320,000	0.30
December 20, 2015*	1.00	2,000	0.30	2,000	0.30
December 30, 2015*	0.75	100,000	0.33	100,000	0.33
February 6, 2016	0.75	200,000	0.44	200,000	0.44
April 8, 2016	0.75	157,450	0.61	157,450	0.61
April 8, 2016	0.50	772,500	0.61	772,500	0.61
September 3, 2016	1.00	1,154,500	1.01	1,154,500	1.01
		3,224,930	0.61	3,224,930	0.61

*expired subsequently

The following is a summary of the warrant transactions during the year ended August 31, 2015 and 2014:

	Year ended August 31, 2015		Year ended August 31, 2014	
	Number Of Warrants	Weighted Average Exercise Price	Number Of Warrants	Weighted Average Exercise Price
Balance, beginning of the year	1,414,450	$ 0.80	1,121,750	$ 1.20
Warrants issued - pursuant to private placements	1,927,000	0.80	1,294,450	0.80
Warrants issued - pursuant to broker`s warrants	3,480	1.00	-	-
Warrants expired	(120,000)	1.00	(1,001,750)	1.30
Balance, end of year	3,224,930	$ 0.82	1,414,450	$ 0.80

(EXPRESSED IN CANADIAN DOLLARS)

17. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS (Continued)

Share purchase warrants (continued)

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of broker warrants issued in the year ended August 31, 2015 and 2014:

	Year ended August 31, 2015	Year ended August 31, 2014
Risk-free interest rate	1.12%	1.07%
Expected life of warrants	1.00 years	2.00 years
Expected annualized volatility	142%	136%
Expected dividend rate	0%	0%

Stock options

The Company may grant stock options pursuant to a stock option plan which was initially established in accordance with the policies of the TSX-V. During the year ended August 31, 2015, the Company moved it's listing from the TSX-V to the CSE, and did not change the stock option plan. The Board of Directors administers the Plan, pursuant to which the Board of Directors may grant from time to time incentive stock options up to an aggregate maximum of 10% of the issued and outstanding shares of the Company to directors, officers, employees, consultants and advisors. The options can be granted for a maximum of five years.

As at August 31, 2015, the following incentive stock options were outstanding:

		Options Outstanding and Exercisable	
Expiry Date	Exercise price ($)	Number of Options Outstanding	Weighted average remaining contractual life (years)
January 30, 2017	0.50	60,000	1.42
April 16, 2017	0.50	100,000	1.63
August 11, 2017	0.06	675,000	1.95
		835,000	1.87

The following is a summary of the option transactions during the year ended August 31, 2015 and 2014:

	Year ended August 31, 2015		Year ended August 31, 2014	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of the year	352,500	$ 0.70	230,000	$ 1.00
Options granted	1,235,000	0.26	290,000	0.60
Options exercised	(48,000)	0.50	(50,000)	0.50
Options expired/cancelled	(704,500)	0.57	(117,500)	1.00
Balance, end of the year	835,000	$ 0.14	352,500	$ 0.70

(EXPRESSED IN CANADIAN DOLLARS)

17. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS (Continued)

Options (continued)

During the year ended August 31, 2015, 48,000 options were exercised at $0.50. The weighted average fair value of the options at the date of exercise was $0.20. The stock price on the date of exercise was $0.45 per share.

During the year ended August 31, 2014, 50,000 options were exercised at $0.50. The weighted average fair value of the options at the date of exercise was $1.88.

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of options granted for the period ended August 31, 2015 and 2014:

	Year ended August 31, 2015	Year ended August 31, 2014
Risk-free interest rate	0.60%	1.49%
Expected life of options	1.84 years	3.34 years
Expected annualized volatility	158%	140%
Exercise price	$ 0.26	$ 0.60
Share price	$ 0.21	$0.45
Expected dividend rate	0%	0%

Share-based compensation

During the year ended August 31, 2015, the Company

i) granted 120,000 options exercisable at $0.50 for a period of one year to consultants in accordance with the Company's stock option plan. The options vested immediately.

ii) granted 80,000 options exercisable at $0.50 for a period of one year to officers, directors and consultants in accordance with the Company's stock option plan. The options vested immediately.

iii) granted 60,000 options exercisable at $0.50 for a period of two years to consultants in accordance with the Company's stock option plan. The options vested immediately.

iv) granted 120,000 options exercisable at $0.50 for a period of two years to officers, directors and consultants in accordance with the Company's stock option plan. The options vested immediately.

v) granted 30,000 options exercisable at $0.50 for a period of two years to a consultant in accordance with the Company's stock option plan. The options vested immediately.

vi) granted 150,000 options exercisable at $0.50 for a period of two years to officers, directors and consultants in accordance with the Company's stock option plan. The options vested immediately.

vii) granted 675,000 options exercisable at $0.06 for a period of two years to officers, directors and consultants in accordance with the Company's stock option plan. The options vested immediately.

Accordingly, share-based compensation expense for the year ended August 31, 2015 was $166,236 with a weighted average fair value of $0.13 per option granted.

18. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash investing and financing transactions for the year ended August 31, 2015 consisted of:

a) Issued 3,480 units of broker's warrant valued at $626 as share issue costs pursuant to a private placement.

b) Issued 1,000,000 shares valued at $450,000 pursuant to acquisition of the assets from a related company.

c) Issued 305,000 shares from private placements valued at $152,500 as payment for outstanding debt.

d) Issued 135,000 shares valued at $56,250 pursuant to debt settlement agreements.

e) Issued 700,000 shares valued at $350,000 as consideration for consulting services and finders fees (Note 12).

f) Received 1,000,000 shares valued at $110,000 pursuant to sale of exploration and evaluation assets.

g) Transferred $9,647 from share-based payment reserve to share capital upon exercised options.

h) Issued 242,832 shares valued at $97,133 for acquisition of assets from a private Company.

i) Reclamation bonds valued at $23,360 were written off pursuant to debt settlement.

Significant non-cash investing and financing transactions for the year ended August 31, 2014 consisted of:

a) Share issue costs of $14,320 included in accounts payable.

b) Issued 1,500,000 shares valued at $60,000 pursuant to the Shakespeare property agreement.

c) At August 31, 2014, the Company had $157,221 of accounts payable that related to exploration and evaluation expenditures.

d) Transferred $10,686 from share-based payment reserve to share capital upon exercised options.

e) Issued 1,050,000 shares valued at $52,500 for accounts payable.

(EXPRESSED IN CANADIAN DOLLARS)

19. INCOME TAX

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		2015		2014
Loss for the year	$	(2,294,350)	$	(2,674,660)
Expected income tax (recovery) – 26% (2014 – 26%)	$	(597,000)	$	(695,000)
Change in statutory, foreign tax, foreign exchange rates and other		20,000		(223,000)
Permanent difference		100,000		26,000
Impact of flow through shares		-		58,000
Share issue cost		(5,000)		(3,000)
Adjustment to prior years' provision versus statutory tax returns and expiry of non-capital losses		-		146,000
Change in unrecognized deductible temporary differences		482,000		691,000
Total income tax expense (recovery)	**$**	**-**	**$**	**-**

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

		2015		2014
Deferred Tax Assets (liabilities)				
Exploration and evaluation assets	$	833,000	$	795,000
Share issue costs		12,000		12,000
Marketable securities		(2,000)		-
Intangible assets		147,000		-
Allowable capital losses		1,000		1,000
Non-capital losses available for future periods		810,000		511,000
		1,801,000		1,319,000
Unrecognized deferred tax assets		(1,801,000)		(1,319,000)
Net deferred tax assets	**$**	**-**	**$**	**-**

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

		2015	Expiry Date Range		2014	Expiry Date Range
Temporary Differences						
Exploration and evaluation assets	$	3,200,000	No expiry date	$	2,182,000	No expiry date
Investment tax credit		2,000	2032		2,000	2032
Share issue costs		45,000	2016 to 2019		48,000	2015 to 2018
Marketable securities		(15,000)	No expiry date		-	No expiry date
Intangible assets		567,000	No expiry date		-	No expiry date
Allowable capital losses		2,000	No expiry date		2,000	No expiry date
Non-capital losses available for future periods		3,116,000	2032 to 2035		1,964,000	2032 to 2034

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

(EXPRESSED IN CANADIAN DOLLARS)

20. SEGMENTED INFORMATION

The Company primarily operates in two reportable segments, being the acquisition and exploration of resource properties in Canada and the United States and the media business in Canada. Segmented information on a geographic basis is as follows:

		August 31, 2015		August 31, 2014
Canadian exploration and evaluation assets and reclamation bonds	$	5,040	$	594,439
US exploration and evaluation assets and reclamation bonds		-		63,785
	$	5,040	$	658,224

Substantially all of the other assets and operating expenditures are in Canada.

21. COMMITMENTS AND CONTINGENCIES

The Company's exploration and evaluation activities were subject to various federal, provincial and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. 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 not made, and does not expect to make in the future, expenditures to comply with such laws and regulations.

The Company was obligated to spend $68,829 by December 31, 2013 as part of the flow through funding agreement for shares issued in December 2012 and was obligated to spend $205,800 by December 31, 2014 as part of the flow through funding agreement for shares issued in December 2013 ($164,553 incurred to August 31, 2014). The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to flow through participants. The Company indemnified the subscribers for any related tax amounts that become payable by the subscribers as a result of the Company not meeting its expenditure commitments. The Company incurred an expenditure shortfall of $1,104 on its December 31, 2013 obligation and has accrued $442 related to the indemnification of the subscribers.

22. SUBSEQUENT EVENTS

Subsequent to the period ended August 31, 2015, the Company:

i) issued 50,000 common shares pursuant to exercise of options.

ii) received 3,400,000 common shares to treasury as part of the amended revenue participation agreements (Note 11). The Company cancelled 1,200,000 of these treasury shares and re-issued 500,000 shares to a director of the Company under a new revenue participation agreement signed subsequent to year end.