

**ALEXANDRA CAPITAL CORP.**  
(An Exploration Stage Company)

**CONDENSED INTERIM FINANCIAL STATEMENTS**

Nine Months Ended August 31, 2015

(Expressed in Canadian Dollars)

(Unaudited- Prepared by Management)

## **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim financial statements of Alexandra Capital Corp. (the "Company") for the nine months ended August 31, 2015 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34"), consistent with International Financial Reporting Standards ("IFRS") appropriate in the circumstances.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of the condensed interim financial statements by an entity's auditor.

Dated: September 28, 2015

*"Blake Olafson"*  
Director

**ALEXANDRA CAPITAL CORP.**

(An Exploration Stage Company)

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**

EXPRESSED IN CANADIAN DOLLARS

<b>As at</b>	<b>August 31, 2015</b>	<b>November 30, 2014</b>
<b>ASSETS</b>		
CURRENT		
Cash	\$ 4,923	\$ 52,859
Sales tax receivable	688	9,214
Other receivables	1,704	250
Prepaid expense	2,600	6,300
Short-term investment (Note 2)	235,000	305,000
	244,915	373,623
Exploration and evaluation assets (Note 3)	165,012	155,012
<b>Total Assets</b>	<b>\$ 409,927</b>	<b>\$ 528,635</b>
<b>LIABILITIES</b>		
CURRENT		
Accounts payable and accrued liabilities	\$ 9,565	\$ 80,185
<b>SHAREHOLDERS' EQUITY</b>		
Share Capital (Note 4)	633,109	633,109
Contributed Surplus	117,016	117,016
Deficit	(349,762)	(301,675)
	400,363	448,450
<b>Total Liabilities and Shareholder's Equity</b>	<b>\$ 409,928</b>	<b>\$ 528,635</b>

These financial statements are authorized for issuance by the Board of Directors on September 28, 2015

Approved on behalf of the Board:

"Blake Olafson"

Director

"Patrick Morris"

Director

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

**ALEXANDRA CAPITAL CORP.**

(An Exploration Stage Company)

**CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**

EXPRESSED IN CANADIAN DOLLARS

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>August 31,</b>	<b>August 31,</b>	<b>August 31,</b>	<b>August 31,</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>OPERATING EXPENSES</b>				
General office expenses	\$ 161	\$ 534	\$ 736	\$ 894
Professional fees	11,315	41,482	32,909	77,654
Rent	300	300	900	900
Transfer agent and filing fees	5,291	4,461	15,321	26,597
	(17,067)	(46,777)	(49,866)	(106,045)
<b>OTHER INCOME</b>				
Interest income	509	1,061	1,779	4,577
<b>NET (LOSS) AND COMPREHENSIVE (LOSS) FOR THE PERIOD</b>				
	\$ (16,558)	\$ (45,716)	\$ (48,087)	\$ (101,468)
<b>(LOSS) PER SHARE, Basic and Diluted</b>				
	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, Basic and Diluted</b>				
	12,934,000	10,718,176	12,934,000	10,302,058

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

**ALEXANDRA CAPITAL CORP.**

(An Exploration Stage Company)

**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**

EXPRESSED IN CANADIAN DOLLARS

	<b>Nine Months Ended August 31, 2015</b>	<b>Nine Months Ended August 31, 2014</b>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Net (loss) for the period	\$ (48,087)	\$ (101,468)
Changes in non-cash working capital items:		
Sales tax receivable	8,526	(4,664)
Prepaid expenses	3,700	(1,300)
Other receivables	(1,454)	1,667
Accounts payable and accrued liabilities	(70,621)	(4,646)
<b>Net cash (used in) operating activities</b>	<b>(107,936)</b>	<b>(110,411)</b>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		
Common shares issued for cash, net of share issuance costs	-	142,000
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>142,000</b>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Deferred exploration costs	(10,000)	(35,000)
Short-term investments	70,000	126,500
<b>Net cash provided by investing activities</b>	<b>60,000</b>	<b>91,500</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(47,936)</b>	<b>123,089</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>52,859</b>	<b>8,562</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 4,923</b>	<b>\$ 131,651</b>

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

**ALEXANDRA CAPITAL CORP.**

(An Exploration Stage Company)

**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**

EXPRESSED IN CANADIAN DOLLARS

	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Deficit</b>	<b>Total</b>
Balance at November 30, 2012	10,094,000	\$ 503,109	\$ 78,930	\$ (96,449)	\$ 485,590
Net (loss) and comprehensive (loss) for the period	-	-	-	(34,478)	(34,478)
Stock options granted during the period	-	-	10,907	-	10,907
Balance at August 31, 2013	10,094,000	503,109	89,837	(130,927)	462,019
Net (loss) and comprehensive (loss) for the period	-	-	-	(13,717)	(13,717)
Balance at November 30, 2013	10,094,000	503,109	89,837	(144,644)	448,302
Flow-through shares issued at a price of \$0.05 per unit, net of share issuance costs	2,400,000	108,000	-	-	108,000
Shares issued for Finder Fee	240,000	12,000	-	-	12,000
Shares issued per Option on SB Property valued at \$0.05 per share	200,000	10,000	-	-	10,000
Net (loss) and comprehensive (loss) for the period	-	-	-	(101,468)	(101,468)
Balance at August 31, 2014	12,934,000	633,109	89,837	(246,112)	476,834
Stock Options granted during the period	-	-	27,179	-	27,179
Net (loss) and comprehensive (loss) for the period	-	-	-	(55,563)	(55,563)
Balance, November 30, 2014	12,934,000	633,109	117,016	(301,675)	448,450
Net (loss) and comprehensive (loss) for the period	-	-	-	(48,087)	(48,087)
Balance, August 31, 2015	12,934,000	\$ 633,109	\$ 117,016	\$ (349,762)	\$ 400,363

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

## **1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN**

Alexandra Capital Corp. (the "Company") was incorporated under the Business Corporations Act of British Columbia on October 17, 2011. The head office, principal address and registered and records office of the Company are located at 2075 West 37<sup>th</sup> Avenue, Vancouver, B.C., V6M 1N7. The Company does not have any subsidiaries. The Company was a capital pool company as defined by the rules of the TSX Venture Exchange ("TSX-V" or the "Exchange") in Policy 2.4 of the Exchange.

On August 11, 2014 the Company completed its qualifying transaction with arm's length vendor (the "Vendor") Eastland Management Limited ("Eastland") and on August 13, 2014 commenced trading on the Exchange as a Tier 2 Mining Issuer. Effective August 11, 2014, the Company's principal business activity is the exploration of mineral resources on the Southern Belle or "SB" Property.

The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and exploration costs is dependent upon the existence of economically recoverable ore reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposal of properties.

The Company emphasizes that attention should be drawn to matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements have been prepared in accordance with International Financial Reporting Standards applicable to a going concern, with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The recoverability of capitalized costs on the Southern Belle property is uncertain and dependent upon projects achieving commercial production or sale. The ability of the Company to carry out its business objectives are dependent on the Company's ability to receive continued financial support from related parties, to obtain public equity financing, or to generate profitable operations in the future.

	<u>August 31, 2015</u>	<u>November 30, 2014</u>
Working capital	\$ 235,351	\$ 293,438
Deficit	\$ (349,762)	\$ (301,675)

These financial statements are authorized for issue by the Board of Directors on September 28, 2015.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### **Basis of presentation**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”). The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

These financial statements have been prepared on the historical cost basis except for certain financial instruments classified as fair value through profit or loss (“FVTPL”) and available-for-sale which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except cash flow information. These financial statements are presented in Canadian dollars, which is the Company’s functional currency.

### **Significant accounting judgments, estimates and assumptions**

The preparation of these financial statements in conformity of IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates. Significant areas requiring the use of management estimates includes:

- the inputs used in accounting for share-based payments such as stock options;
- the inputs used in assessing the recoverability of exploration expenditures incurred.

Significant judgments used in the preparation of these financial statements include, but are not limited to:

- those relating to the assessment of the Company’s ability to continue as a going concern.

### **Cash**

Cash consists of amounts held in banks and cashable highly liquid investments with limited interest and credit risk.



## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Short-term investments**

Short-term investments are investments which are transitional or current in nature with an original maturity greater than three months and less than twelve months. As at August 31, 2015, short-term investments consist of \$ 5,000 in Guaranteed Investment Certificates (“GICs”) with a variable rate of Prime minus 2.0% and maturing on April 28, 2016 and \$ 230,000 GICs with a variable rate of Prime minus 1.95% maturing on November 10, 2015.

### **Share-based payment**

The Company recognizes share-based payment expense for the estimated fair value of equity-based instruments granted to both employees and non-employees. Compensation expense is recognized when the options are granted with the same amount being recorded as contributed surplus. The expense is determined using an option pricing model that takes into account the exercise price, the term of the option, the current share price, the expected volatility of the underlying shares, the expected dividend yield, and the risk free interest rate for the term of the option. If the options are exercised, contributed surplus will be reduced by the applicable amount. Share-based payment calculations have no effect in the Company’s cash position.

### **Exploration and evaluation expenditures**

The Company is in the exploration stage with respect to its investment in mineral interests. Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures (“E&E”) are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable resources. The aggregate costs related to abandoned exploration and evaluation assets are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition. The Company recognizes as income, any costs recovered on exploration and evaluation assets when amounts received or receivable are in excess of the carrying amount.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### **Decommissioning, restoration and similar liabilities (“Asset retirement obligation”)**

The Company recognizes liabilities for statutory, contractual or legal obligations associated with the reclamation of exploration and evaluation assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. Upon initial recognition of the liability, the corresponding asset retirement cost is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the amount or timing of the underlying cash flows needed to settle the obligation.

As at August 31, 2015, the Company has no asset retirement obligations and accordingly, has not recorded an asset retirement obligation in the financial statements.

### **Flow-through shares**

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for tax purposes by the investors who purchased the shares. While IFRS contains no specific guidance on accounting for flow-through shares, the Company has chosen to adopt the following accounting policy.

At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds received (i.e. the “flow-through commitment”) as follows:

- Share capital – the fair market price at the date of the issue;
- Flow-through share premium – recorded as a liability and equal to the estimated premium, if any, investors pay for the flow-through feature, i.e. the portion in excess of the market value of the shares without the flow-through features at the time of issue; and
- Fair value of warrants – if warrants are being issued, based on the valuation derived using the residual method.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Flow-through shares (continued)

In the case that the Company doesn't issue non flow-through units together with the flow-through units, the flow-through share premium is determined by using the residual method, whereby the fair value of warrants will be valued based on the Black-Scholes option-pricing model, and the flow-through share premium equal to any residual balance after the fair market price of the common shares and fair value of warrants.

Thereafter, as qualifying resource expenditures are incurred, these costs are capitalized to exploration and evaluation assets.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. For this adjustment, The Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time (before or after the end of the reporting period). Additionally, the Company reverses the liability for the flow-through share premium to income, on a proportionate basis, as an offset to deferred tax expense.

### Deferred financing costs

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are not issued.

### Share purchase warrants

The Company bifurcates units consisting of common shares and share purchase warrants using the residual value approach whereby it first measures the common share component of the unit at fair value using market prices as input values and then allocates any residual amount to the warrant component of the unit. The residual value of the warrant component is credited to reserves. When warrants are exercised, the corresponding residual value is transferred from reserves to share capital.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Earnings / loss per share

Basic earnings (loss) per share are calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share are calculated using the treasury stock method. This method assumes that common shares are issued for the exercise of options, warrants and convertible securities and that the assumed proceeds from the exercise of options, warrants and convertible securities are used to purchase common shares at the average market price during the period. The difference between the number of shares assumed issued and the number of shares assumed purchased is then added to the basic weighted average number of shares outstanding to determine the fully diluted number of common shares outstanding. No exercise or conversion is assumed during the periods in which a net loss is incurred as the effect is anti-dilutive.

### Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and its related risks and rewards are transferred. Financial liabilities are derecognized when they expire, are discharged or cancelled. Financial instruments are classified into five categories:

- Loans and receivables
- Held-to-maturity investments
- Available-for-sale
- Financial assets at fair value through profit and loss ("FVTPL")
- Financial liabilities at amortized cost

All financial instruments except the FVTPL and derivatives are measured initially at fair value plus transaction costs. Financial assets at FVTPL and derivatives are recognized initially at fair value while the transaction costs are expensed in the consolidated statement of income. The classification determines how the asset is subsequently measured and whether the resulting gains or losses are recognized in profit or loss or in other comprehensive income.

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Financial Instruments (continued)**

After initial recognition, loans and receivables and held-to-maturity investments are measured at amortized cost using the effective interest method. Any changes to the carrying amounts of the held-to-maturity investments including impairment charges are recognized in profit and loss. Available-for-sale financial assets are measured at fair value with gains and losses recognized in other comprehensive income. Financial assets at FVTPL include financial assets that are classified either as held-for-trading or those are designated at FVTPL upon initial recognition. Gains or losses in these financial assets are recorded in profit and loss.

The Company classified its cash and short-term investment as FVTPL which is measured at fair value. Other receivables is classified as loans and receivables and measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities which is measured at amortized cost.

Financial liabilities are measured subsequently at amortized cost except for those held-for-trading which are carried subsequently at fair value with gains or losses recorded in profit and loss.

### **Income taxes**

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 is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect both accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Income taxes (continued)

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 and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

### Adoption of new accounting standards and amendments

The Company has adopted the following new standards and their consequential amendments effective December 1, 2013: IFRS 10, 'Consolidated Financial Statements', IFRS 11, 'Joint Arrangements', IFRS 12, 'Disclosure of Interest in Other Entities', IFRS 13, 'Fair Value Measurement'; and those effective January 1, 2014: IAS 36, 'Impairment of Assets', and IFRIC 21, 'Levies'. The adopted standards and amendments have not had any impact on the Company's financial statements.

### New and Revised IFRS Issued but Not Effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below except those which the Company does not expect any impacts on the financial statements.

### IFRS 9 Financial Instruments

IFRS 9, Financial Instruments, was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39, Financial Instruments – Recognition and Measurement, for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments.

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**IFRS 9 Financial Instruments (continued)**

Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. The effective date of this new standard has recently been deferred by the IASB. The Company has not yet assessed the impact of this standard or determined whether it will adopt earlier.

**3. EXPLORATION AND EVALUATION ASSETS**

***Southern Belle ("SB") Property, British Columbia***

On February 17, 2014, the Company entered into an Option Agreement with Qualitas Holdings Corp. whereby the Corporation acquired an option to earn an undivided 100% interest in and to the eight (8) mineral claims comprising the Southern Bell ("SB") Property, located approximately 25 kilometres west of Merritt, British Columbia totaling 3,517 hectares. The Option Agreement was amended on May 2, 2014 to substitute Eastland Management Ltd. for Qualitas Holdings Corp. as optionor of the claims.

On August 26, 2015, the Company and Eastland Management amended the Option Agreement so that on the first anniversary of Exchange approval (August 11, 2015) the Company must arrange for payment of \$10,000 to Eastland Management in lieu of the original obligation to issue 200,000 common shares. All other aspects of the Option Agreement remain unchanged.

In order to maintain the Option in good standing and earn a 100% interest in the SB Property, the Company is required to incur exploration expenditures totaling \$100,000 on or before August 11, 2015 (completed) and make the following payments and share issuances:

	<b>Cash</b>	<b>Shares</b>
Upon receipt of Technical Report from Eastland (paid)	\$ 10,000	-
Upon exchange acceptance of the Agreement (paid and issued)	15,000	200,000
On or before August 11, 2015 (paid)	10,000	
On or before August 11, 2016	-	300,000
	<b>\$ 35,000</b>	<b>500,000</b>

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**EXPRESSED IN CANADIAN DOLLARS**  
**AUGUST 31, 2015**  
**(Unaudited)**

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**3. EXPLORATION AND EVALUATION ASSETS (continued)**

*Expenditures*

Expenditures for the nine month periods ended August 31, 2015 and 2014 and cumulative expenditures are as follows:

<b>Southern Belle Property– British Columbia</b>	<b>August 31, 2015</b>	<b>August 31, 2014</b>	<b>Cumulative</b>
Acquisition costs	10,000	35,000	45,000
<b>Balance, end of period</b>	<b>\$10,000</b>	<b>\$35,000</b>	<b>\$45,000</b>
Analysis – assay costs	-	-	23,614
Field Supplies and expenses	-	-	10,022
Contractors – field crew, supervision and reports	-	-	73,625
Travel, accommodation & meals	-	-	12,751
<b>Balance, end of period</b>			<b>\$120,012</b>
<b>Total</b>	<b>\$10,000</b>	<b>\$35,000</b>	<b>\$165,012</b>

**4. SHARE CAPITAL**

(a) Authorized: Unlimited number of common shares without par value

On August 11, 2014, concurrent with the completion of the qualifying transaction, the Company completed a non-brokered private placement (the “Offering”) of an aggregate of 2,400,000 flow-through units (the “Units”) at a price of \$0.05 per Unit for gross proceeds of \$120,000. Each Unit consists of one flow-through common share and one share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at a price of \$0.10 for five years from closing of the Offering. A finder’s fee of 240,000 non flow-through units was paid in connection with the private placement. The common shares granted as the finder’s fee were assigned a value of \$0.05 a share (\$12,000) being the deemed fair market value of the stock on the date that the shares were issued. The fair value of the common share component of the Units at the date of issuance was \$0.05 being equal to market price therefore the Company allocated the entire \$132,000 to common shares and nil to warrants.



#### **4. SHARE CAPITAL (continued)**

(a) Authorized: Unlimited number of common shares without par value (continued)

Pursuant to the Option Agreement, on August 11, 2014 the Company issued 200,000 common shares to Eastland Management Ltd. The shares were recorded at the fair market value of \$0.05 per share for a total of \$10,000 (Note 3).

(b) Escrowed Shares

In accordance with the TSX Venture Exchange CPC policy guidelines, all seed shares issued at a price lower than the price of the Initial Public Offering (IPO) shares, all securities acquired by non-arm's length parties to the Company, and all securities acquired by a Control Person are held in escrow and will be released over a period of three years from the acceptance of the Company's qualifying transaction.

As at August 31, 2015, the Company has 4,800,000 (2014: 8,000,000) common shares held in escrow. These common shares held in escrow are released as follows: 10% (800,000 common shares) released on the date of the acceptance of the Company's qualifying transaction and 15% (1,200,000 common shares) released every six months thereafter.

(c) Stock Options

On July 30, 2013, the Company granted 125,000 stock options to a new director, exercisable at a price of \$0.15 per share for a period of ten years from date of grant. These options vested immediately upon granting.

On November 12, 2014 the Company adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees, and consultants to the Company, nontransferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares in the capital of the Company at the time of granting of options.

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**AUGUST 31, 2015**  
**(Unaudited)**

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**4. SHARE CAPITAL (continued)**

(c) Stock Options (continued)

Pursuant to the Option Plan, on November 12, 2014, the Company granted 250,000 stock options to a new director and a new officer, exercisable at a price of \$0.30 per share for a period of five years from date of grant. These options vested immediately upon granting.

Stock option transactions and the number of stock options outstanding as at August 31, 2015 are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, November 30, 2013	1,000,000	\$ 0.12
Granted	250,000	0.30
Balance, November 30, 2014	1,250,000	0.15
Granted	-	-
<b>Balance, August 31, 2015</b>	<b>1,250,000</b>	<b>\$ 0.15</b>

Expiry Date	Exercise Price	Number of Options outstanding and exercisable	Weighted average remaining contractual life (year)	Weighted average exercise price
	\$			\$
November 11, 2019	0.30	250,000	4.20	0.30
May 1, 2022	0.10	875,000	6.67	0.10
July 30, 2023	0.15	125,000	7.92	0.15

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**EXPRESSED IN CANADIAN DOLLARS**  
**AUGUST 31, 2015**  
**(Unaudited)**

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**4. SHARE CAPITAL (continued)**

(c) Stock Options (continued)

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide reliable measure of the fair value of the Company's stock options.

The fair value of the options granted during the 2014 fiscal year determined using the Black-Scholes option-pricing model was \$0.11 per option (2013: \$0.09) with the following assumptions:

	<b>November 30, 2014</b>	<b>November 30, 2013</b>
Risk-free interest rate	1.11%	1.15%
Expected life of stock options	3 years	3 years
Annualized volatility	116%	92%

(d) Flow-through shares

Proceeds from common shares issued pursuant to flow-through financings are credited to capital stock. Once incurred, these expenditures are included in exploration and evaluation assets, but are not available as a tax deduction to the Company as the tax expenditures have been renounced to the investors.

During the year ended November 30, 2014, a cash total of \$120,000 of the private placement funds derived during the year ended November 30, 2014 was by way of flow-through common shares issuances. There was no premium paid for flow through shares that is in excess of the market value of the shares without the flow through features at the time of issuance.

As of November 30, 2014, the Company had incurred \$120,000 in qualifying exploration expenditures (as defined in the Canadian Income Tax Act). All commitments required pursuant to the terms of issuance of the flow-through shares had been met.

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**4. SHARE CAPITAL (continued)**

(e) Share purchase warrants

On August 11, 2014, the Company completed of a non-brokered private placement (the "Offering") of an aggregate of 2,400,000 flow-through units (the "Units") at a price of \$0.05 per Unit for gross proceeds of \$120,000. Each Unit consists of one flow-through common share and one share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at a price of \$0.10 for five years from closing of the Offering. A finder's fee of 240,000 non flow-through units was paid in connection with the private placement. The fair value of the common share component of the Units at the date of issuance was \$0.05 being equal to market price therefore the Company allocated the entire \$132,000 to common shares and nil to warrants.

Share purchase warrant transactions and the number of share purchase warrants outstanding as at August 31, 2015 are summarized as follows:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>	<b>Expiry Date</b>
<b>Balance, November 30, 2014</b>	<b>2,640,000</b>	<b>\$0.10</b>	August 11, 2019
Expired During the period	-	-	-
Granted During the period	-	-	-
<b>Balance, August 31, 2015</b>	<b>2,640,000</b>	<b>\$0.10</b>	

As at August 31, 2015, the above noted share purchase warrants have a weighted average remaining contractual life of 3.95 years.

## 5. FINANCIAL RISK MANAGEMENT

The Company's financial assets consist of cash, short-term investments and other receivables. The estimated fair values of cash, short-term investments and other receivables approximate their respective carrying values due to the short period to maturity.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- a. Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;
- b. Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- c. Level 3 – inputs that are not based on observable market data.

For the periods ended August 31, 2015 and 2014, the Company's cash and short term investments are classified as Level 1.

The Company is exposed to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

### *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company believes that these sources will be sufficient to cover the likely short-term cash requirements. The Company's cash is currently invested in business accounts which is available on demand by the Company for its operations.

### *Interest Rate Risk*

The Company invests part of the cash balance in variable rate GICs at rate of Prime minus 2.0% and Prime minus 1.95% (2014 - 1.80% and 1.95%). Any changes to market rates result in interest rate risk. The exposure to interest rate risk, however, is limited due to the short term nature of variable rate GIC.

## **5. FINANCIAL RISK MANAGEMENT (continued)**

### *Credit Risk*

Credit risk is the risk of a loss in a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is limited to its cash and short-term investments. The Company limits its exposure to credit risk by holding its cash and short-term investments in deposits with high credit quality Canadian financial institutions.

## **6. 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 the acquisition and exploration of mineral properties. 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. The Company defines capital that it manages as share capital and cash equivalents.

The property in which the Company currently has an interest is in the exploration stage; as such the Company has historically relied on equity financing to fund its activities. 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 periods ended August 31, 2015 and 2014.

## **7. COMMITMENT**

See Note 3.

## **8. RELATED PARTY TRANSACTIONS**

Balances and transactions with related parties not disclosed elsewhere in these interim financial statements are as follows:

- (a) For the period ended August 31, 2015, the Company paid \$4,500 to an officer for consulting services rendered (2014 - \$nil).
- (b) See Note 4 (c).