

**BATTALION CAPITAL CORP.**

**FINANCIAL STATEMENTS**

**PERIOD FROM INCORPORATION ON AUGUST 14, 2014 TO MARCH 31,  
2015**

**(Expressed in Canadian Dollars)**

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charlton & company  
CHARTERED ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To: the Directors of  
Battalion Capital Corp.

We have audited the accompanying financial statements of Battalion Capital Corp., which comprise the statement of financial position as at March 31, 2015 and the statements of loss and comprehensive loss, changes in equity and cash flows for the period from incorporation on August 14, 2014 to March 31, 2015 and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 company'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 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, these financial statements present fairly, in all material respects, the financial position of Battalion Capital Corp. as at March 31, 2015 and its financial performance and cash flows for the period from incorporation on August 14, 2014 to March 31, 2015 in accordance with International Financial Reporting Standards.

### Emphasis of Matters

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Vancouver, Canada  
May 26, 2015

*"Charlton & Company"*  
**CHARTERED ACCOUNTANTS**



**BATTALION CAPITAL CORP.**  
STATEMENT OF LOSS AND COMPREHENSIVE LOSS  
(Expressed in Canadian Dollars)

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		From incorporation on August 14, 2014 to March 31, 2015
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<b>EXPENSES</b>		
Office and administration (Note 5)	\$	52,500
Professional fees		36,349
Bank charges		79
		<hr/>
<b>Loss and comprehensive loss for the period</b>	<b>\$</b>	<b>(88,928)</b>
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<b>Basic and diluted loss per common share</b>	<b>\$</b>	<b>(0.02)</b>
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<b>Weighted average number of common shares outstanding</b>		<b>5,745,060</b>

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

**BATTALION CAPITAL CORP.**

## STATEMENT OF CASH FLOWS

(Expressed in Canadian Dollars)

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For the period from incorporation on August 14, 2014 to March 31, 2015

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Loss for the period \$ (88,928)

Changes in non-cash working capital items:

Accounts payable and accrued liabilities 2,000(86,928)**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from private placements 160,760

Subscriptions received in advance 91,250252,010**Change in cash during the period** 165,082**Cash, beginning of period** -**Cash, end of period** \$ 165,082

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There were no significant non-cash transactions for period from incorporation on August 14, 2014 to March 31, 2015.

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

**BATTALION CAPITAL CORP.**  
STATEMENT OF CHANGES IN EQUITY  
(Expressed in Canadian Dollars)

	Share capital		Subscriptions received in advance	Deficit	Total
	Number	Amount			
<b>Balance, August 14, 2014 (incorporation)</b>	10	\$ 1	\$ -	\$ -	\$ 1
Private placements	9,913,000	160,760	91,250	-	252,010
Return of capital	(10)	(1)	-	-	(1)
Loss for the period	-	-	-	(88,928)	(88,928)
<b>Balance, March 31, 2015</b>	<b>9,913,000</b>	<b>\$ 160,760</b>	<b>\$ 91,250</b>	<b>\$ (88,928)</b>	<b>\$ 163,082</b>

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

**1. NATURE OF OPERATIONS AND GOING CONCERN**

Battalion Capital Corp. (the "Company") was incorporated on August 14, 2014 in British Columbia under the Business Corporations Act. The Company is in the business of exploring for and evaluating economically viable mineral resource deposits.

The Company's registered address and the records are held at Suite 3403 – 1011 West Cordova Street, Vancouver, BC, V6C 0B2.

The Company's financial statements are presented in Canadian dollars.

The Company has not generated revenues from operations. These financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2015, the Company had working capital of \$163,082, representing funds available to cover on-going operating costs. The Company has incurred negative cash flows from operations, recorded a loss of \$88,928 for the period ended March 31, 2015, and has a deficit of \$88,928 as at March 31, 2015. The Company's ability to continue on a going concern basis depends on its ability to successfully raise additional financing. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. This material uncertainty may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

**2. BASIS OF PREPARATION**

**Statement of Compliance**

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively "IFRS") as issued by the International Accounting Standards Board ("IASB") and by the International Financial Reporting Interpretations Committee ("IFRIC").

**Basis of Presentation**

The financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified, which is the functional currency of the Company.

**Use of Estimates and Judgments**

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

*Critical Accounting Estimates*

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

**2. BASIS OF PREPARATION** (cont'd...)

**Use of Estimates and Judgments** (cont'd...)

*Critical Accounting Judgments*

The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project.

From time to time, certain claims, suits, and complaints may arise in the ordinary course of operations against the Company which require management to make certain estimates, judgments, and assumptions about the suit. In the opinion of management, any provisions related to such claims, if any, will be accrued when the claims meet the recognition criteria for contingent liabilities. Management is not aware of any material contingent liabilities which require recording in the financial statements.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**Loss per share**

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants, and similar instruments is computed using the treasury stock method. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

**Financial instruments**

Financial assets

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

*Fair value through profit or loss* - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations and comprehensive loss.

*Available for sale* - These assets are non-derivative financial assets designated on initial recognition. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of equity. Cumulative gains or losses recognized in equity are recognized in the statement of operations and comprehensive loss when the asset is derecognized.

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

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

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.



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

#### Financial instruments (cont'd...)

##### Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

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

*Other financial liabilities*: This category includes promissory notes, amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified its cash as fair value through profit and loss. The Company's receivables and advances to related parties are classified as loans and receivables. The Company's marketable securities are classified as available-for-sale. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

#### Income taxes

Income tax on the profit or loss for the periods 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 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 are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor 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 statement of financial position 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.

#### New standard not yet adopted

- IFRS 5 (Amendment) Amendments to IFRS 5 Non-Current Assets Held for Sale and Discounted Operations (i)
- IFRS 7 (Amendment) Amendments to IFRS 7 Financial Instruments: Disclosures (i)
- IFRS 9 Financial Instruments (iii)
- IFRS 10 and IAS 28 Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (i)
- IFRS 11 (Amendment) Amendments to IFRS 11 Joint Arrangements (i)
- IFRS 15 Revenue from Contracts with Customers (ii)
- IAS 1 (Amendment) Amendments to IAS 1 Presentation of Financial Statements (i)
- IAS 16 and IAS 38 Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (i)
- IAS 34 (Amendments) Amendments to IAS 34 Interim Financial Reporting (i)

- i) Effective for annual periods beginning on or after January 1, 2016;
- ii) Effective for annual periods beginning on or after January 1, 2017; and
- iii) Effective for annual periods beginning on or after January 1, 2018.

The Company is in the process of assessing the impact of the adoption of these standards and interpretations.

**4. SHARE CAPITAL AND RESERVES**

a) Authorized share capital

Unlimited number of common and preferred shares without par value.

b) Issued share capital

During the period from incorporation on August 14, 2014 to March 31, 2015, the Company:

- Completed a non-brokered private placement by issuing 2,000,000 common shares at a price of \$0.005 per common share for total proceeds of \$10,000;
- Completed a non-brokered private placement by issuing 500,000 common shares at a price of \$0.005 per common share for total proceeds of \$2,500;
- Completed a non-brokered private placement by issuing 2,050,000 common shares at a price of \$0.02 per common share for total proceeds of \$41,000; and
- Completed a non-brokered private placement by issuing 5,363,000 common shares at a price of \$0.02 per common share for total proceeds of \$107,260.

b) Stock options and warrants

There are no issued or outstanding stock options or warrants as of March 31, 2015.

**5. RELATED PARTY TRANSACTIONS**

Key management personnel comprise of the Chief Executive Officer, Directors of the Company, Voltaire Service Corp., a company with a common CEO and Director; and Brandenburg Financial Corp., a company with a common CEO.

During the year ended March 31, 2015, the Company incurred consulting fees of \$52,500 to Brandenburg Financial Corp. As at March 31, 2015, accounts payable and accrued liabilities included \$Nil to Brandenburg Financial Corp.

**6. SEGMENTED INFORMATION**

The Company operates in one industry segment, the mining industry, and one geographical segments, Canada.

**7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**Financial Instruments**

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

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

**7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** *(cont'd...)*

**Financial risk factors**

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

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2015, the Company had a cash balance of \$165,082 to settle current liabilities of \$2,000.

There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipated it will need additional capital in the future to finance on-going exploration of its properties, such capital to be derived from the exercise of outstanding warrants and the completion of other equity financings.

The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the previously mentioned financing activities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

*Credit risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash and restricted cash. The Company's current policy will be to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at March 31, 2015, the Company did not have any investments in investment-grade short-term deposit certificates.

b) Price risk

The resource industry is heavily dependent upon the market price of the resources being extracted. There is no assurance that, even if commercial quantities of resources are discovered, a profitable market will exist for their sale. There can be no assurance that mineral prices will be such that the Company's properties can be extracted at a profit. Factors beyond control of the Company may affect the marketability of any resources discovered. The price of oil has experienced volatile and significant price movements over short periods of time, and is affected by numerous factors beyond the Company's control. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

**8. CAPITAL MANAGEMENT**

The Company considers capital to be the elements of shareholders' equity. The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the exploration and development of its mineral property interests. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

**11. INCOME TAX**

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

	<b>2015</b>
Loss before income taxes	\$ (88,928)
Statutory tax rate	26.00%
Expected income tax recovery	\$ (23,121)
Unrecognized deferred tax assets	23,121
Future income tax recovery	\$ -

The Company has non-capital tax loss carry forwards of approximately \$88,928 that are available to reduce taxable income in future periods. These tax loss carry forwards expire in 2035. Due to the uncertainty of realization of these loss carry-forwards, the benefit is not reflected in the financial statements as at March 31, 2015.

**12. COMMITMENTS**

On December 1, 2014 the Company entered into consulting service agreement with Brandenburg Financial Corp. and it has committed to make monthly payments of \$2,500. This agreement was supersede with an agreement dated December 31, 2014. The monthly consulting fees were increased from \$2,500 to \$10,000 plus GST.

**13. SUBSEQUENT EVENTS**

**Plan of Arrangement**

On April 15, 2015, Brigadier Exploration Corp. ("Brigadier") entered in to an arrangement agreement with the Company and Hussar Exploration Corp. ("Hussar") whereby Brigadier intends to acquire all of the issued and outstanding shares of Hussar and the Company (the "Acquisition") by issuing one for one, shares of Brigadier in exchange for shares of Hussar and the Company.

**Private Placement**

Subsequent to March 31, 2015, the Company issued 466,250 common shares at a price of \$0.20 per common share for total proceeds of \$93,250. As at March 31, 2015 the Company had received \$91,250 in connection with this private placement.