STONE RIDGE EXPLORATION CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2015

AND AUGUST 31, 2014

(UNAUDITED)

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited financial statements have been prepared by management and approved by the Audit Committee.

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

STONE RIDGE EXPLORATION CORP.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

EXPRESSED IN CANADIAN DOLLARS

	August 31, 2015 (Unaudited)	February 28, 2015 (Audited)
ASSETS		
Current		
Cash	$ 50	$ 580
Amounts receivable	10,159	7,808
Prepaid expenses	10,000	–
	20,209	8,388
Exploration and evaluation assets (Note 6)	133,068	125,618
	$ 153,277	$ 134,006
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 103,191	$ 56,604
Due to related parties (Note 8)	23,500	1,500
	126,691	58,104
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	279,900	279,900
Contributed surplus	183,037	118,500
Deficit	(436,351)	(322,498)
	26,586	75,902
	$ 153,277	$ 134,006

NATURE OF CONTINUANCE OF OPERATIONS (Note 1)
SUBSEQUENT EVENTS (Note 11)

Authorized for issuance on behalf of the Board on October 26 2015:

"Robert Coltura" Director

"Jerry Minni" Director

STONE RIDGE EXPLORATION CORP.

CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

EXPRESSED IN CANADIAN DOLLARS **UNAUDITED**

	Three months ended August 31, 2015	Three months ended August 31, 2014	Six months ended August 31, 2015	Six month ended August 31, 2014
EXPENSES				
Management fees	$ –	$ 9,000	$ 17,250	$ 22,500
Office and miscellaneous	34	26	287	50
Professional fees	11,876	–	22,751	–
Rent	–	2,250	2,250	4,500
Stock based compensation	–	–	64,537	–
Transfer agent and filing fees	6,778	–	6,778	–
Net income (loss) and comprehensive income (loss), end of period	$ 18,688	$ 11,276	$ 113,853	$ 27,050
Loss per share (basic and diluted)	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	9,960,000	4,241,483	9,960,000	4,241,483

STONE RIDGE EXPLORATION CORP.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

EXPRESSED IN CANADIAN DOLLARS **UNAUDITED**

	Share Capital					
	Number of Shares	Amount	Subscriptions Received	Contributed Surplus	Deficit	Total
		$	$	$	$	$
Balances, February 28, 2015	9,960,000	279,900	–	118,500	(322,498)	75,902
Share-based payments	–	–	–	64,537	–	64,537
Comprehensive loss for the period	–	–	–	–	(113,853)	(113,853)
Balances , August 31, 2015	9,960,000	279,900	–	183,037	(436,351)	26,586
Balances, February 28, 2014	4,225,000	50,500	100,000	118,500	(261,515)	7,485
Shares issued for cash	62,500	105,000	(100,000)	–	–	5,000
Comprehensive loss for the period	–	–	–	–	(27,050)	(27,050)
Balances, August 31, 2014	4,287,500	155,500	–	118,500	(288,565)	(14,565)

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

STONE RIDGE EXPLORATION INC.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

EXPRESSED IN CANADIAN DOLLARS **UNAUDITED**

	Three months ended August 31, 2015	Three months ended August 31, 2014	Six months ended August 31, 2015	Six month ended August 31, 2014
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net loss for the period	$ (18,688)	$ (11,276)	$ (113,853)	$ (27,050)
Items not involving cash:				
Stock-based compensation	–	–	64,537	–
	(18,688)	(11,276)	(49,316)	(27,050)
Changes in non-cash working capital balances:				
Amounts receivable	(705)	(817)	(2,351)	(1,605)
Prepaid expenses and advances	(10,000)	–	(10,000)	–
Accounts payable and accrued liabilities	12,017	11,812	46,587	28,350
Due to related parties	22,000	–	22,000	–
Cash used in operating activities	4,624	(281)	6,920	(305)
INVESTING ACTIVITY				
Mineral property acquisition and exploration costs	(4,901)	(5,100)	(7,450)	(5,100)
Cash used in investing activity	(4,901)	(5,100)	(7,450)	(5,100)
FINANCING ACTIVITIES				
Share issued for cash	–	5,000	–	105,000
Subscription receivable	–	–	–	(100,000)
Cash used in financing activities	–	5,000	–	5,000
INCREASE IN CASH DURING THE PERIOD	(277)	(381)	(530)	(405)
CASH, BEGINNING OF PERIOD	327	1,206	580	1,230
CASH, END OF PERIOD	50	825	50	825
SUPPLEMENTAL DISCLOSURES				
Interest paid	$ –	$ –	$ –	$ –
Income taxes paid	$ –	$ –	$ –	$ –
Issued for exploration and evaluation asset	$ –	$ –	$ –	$ –

1. NATURE OF OPERATIONS

Stone Ridge Exploration Corp. ("the Company") was incorporated on January 26, 2012 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 200-551 Howe Street, Vancouver, British Columbia, Canada.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at August 31, 2015, the Company had not yet determined whether the Company's mineral property asset contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the properties or realizing proceeds from their disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company had a deficit of $436,351 as at August 31, 2015, which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These financial statements do not give effect to any adjustments which would be necessary should the company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting ("IAS34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They do not include all financial information required for full annual financial statements and should be read in conjunction with the Audited Financial Statements of the Company for the year ended February 28, 2015.

The financial statements are prepared in accordance with accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretation of the International Financial Reporting Interpretation Committee ("IFRIC").

The financial statements were authorized for issue by the Board of Directors on October 26, 2015.

b) Basis of presentation

The financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

On March 12, 2015, the Company completed a two-for-one common share split and all share amounts presented have been retroactively restated.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Basis of presentation (continued)

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

c) Cash and cash equivalents

Cash in the statements of financial position is comprised of cash in banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

d) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

e) Share-based compensation

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Share-based compensation (continued)

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

f) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

g) Foreign currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates (“the functional currency”), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the statement of comprehensive loss.

h) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development 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 at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

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 either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Decommissioning, restoration and similar liabilities (continued)

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

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

i) Loss per share

The Company presents basic and diluted loss per share data 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 does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

j) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

k) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. At August 31, 2015, the Company has not classified any financial assets as loans and receivables.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Financial assets (continued)

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At August 31, 2015, the Company has not classified any financial assets as available for sale.

Transactions costs associated with FVTPL 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.

l) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and due to related parties are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. At August 31, 2015, the Company has not classified any financial liabilities as FVTPL.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

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

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Significant accounting estimates

i. the assessment of indications of impairment of the mineral property and related determination of the net realizable value and write-down of the mineral property where applicable;

ii. the estimated value of the acquisition costs which are recorded in the statement of financial position;

iii. the measurement of deferred income tax assets and liabilities; and

iv. the inputs used in accounting for share-based payments in profit or loss.

Significant accounting judgments

i. the determination of categories of financial assets and financial liabilities; and

ii. the evaluation of the Company's ability to continue as a going concern.

4. ADOPTION OF NEW OR AMENDED ACCOUNTING STANDARDS

The mandatory adoption of the following new and revised accounting standards and interpretations on March 1, 2015 had no significant impact on the Company's financial statements for the years presented:

IAS 1 – *Presentation of Financial Statements*

In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements.

IAS 16 – *Property, Plant and Equipment* and IAS 36 – *Intangible Assets*

In May 2014, the IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

5. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

New accounting standards effective for annual periods on or after March 1, 2018:

IFRS 9 - *Financial Instruments*

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVOTCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

6. EXPLORATION AND EVALUATION ASSET

	Acquisition Costs	**Exploration Costs**	**Total**
	$	$	$
Balance, February 28, 2015	12,648	112,970	125,618
Other exploration costs	-	7,450	7,450
Balance, May 31, 2015	12,648	120,420	133,068

Hanson Mineral Property

Pursuant to an option agreement (the "Original Agreement") dated January 26, 2012, with KGE Management Ltd. ("KGE") and John Chapman, collectively, the "Optionors ", the Company was granted an option to acquire a 100% undivided interest in the Hanson Mineral Property (the "Property") in the Omineca Mining Division of British Columbia. The terms of the Original Agreement were amended on February 25, 2012, August 1, 2013, September 19, 2014, February 23, 2015 and July 23, 2015 (collectively, the "Option Agreement").

6. EXPLORATION AND EVALUATION ASSET (continued)

In accordance with the Option Agreement, the Company has the option to acquire a 100% undivided interest in the Property by issuing a total of 1,260,000 common shares of the Company to the Optionors, making cash payments totaling $161,220, and incurring a total of $2,600,000 in exploration expenditures as follows:

	Common Shares	**Cash**	**Exploration Expenditures**
	#	$	$
Upon execution of the Original Agreement (paid)	-	10,000	-
Upon listing of the Company's common shares on a Canadian Stock Exchange (the "Listing") [1]	250,000	26,220	100,000
On or before the first anniversary of the Listing	-	15,000	35,000
On or before the second anniversary of the Listing	180,000	15,000	-
On or before the third anniversary of the Listing	200,000	40,000	1,165,000
On or before the fourth anniversary of the Listing	630,000	55,000	1,300,000
Total	1,260,000	161,220	2,600,000

[1] The Listing date shall be no later than November 15, 2015 (Note 11)

The Property is comprised of two mineral claims and a 2.5 kilometre area of influence measured from the outside perimeter of the claims but not including claims already held by third parties.

The Company will also be required to issue an additional 600,000 common shares to the Optionors upon completion of a positive feasibility study on the Property, and an additional 1,000,000 common shares upon the commencement of commercial production.

The Optionors will retain a 3% Net Smelter Returns royalty on the Property. The Company has the right to purchase 1.5% of the royalty for $3 million at any time prior to the commencement of commercial production. Beginning on December 31, 2019 and annually thereafter, the Company will make an annual advance minimum royalty payment of $25,000.

7. SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Escrow Shares:

The Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% on every six month from date of listing. At August 31, 2015, 2,500,000 shares remain in escrow.

7. SHARE CAPITAL (continued)

c) Issued and Outstanding as at August 31, 2015: 9,960,000 common shares.

(i) During the year ended February 28, 2015, the Company issued 5,735,000 common shares of the Company at a price of $0.04 per share for gross proceeds of $229,400, of which $100,000 had been collected in the previous year.

(ii) During the period the Company forward split it issued and outstanding common shares on a two-for-two one basis.

d) Stock Options

The Company grants incentive stock options as permitted pursuant to the Company's Stock Option Plan (the "Plan") approved by the shareholders which complies with the rules and policies of the Canadian Securities Exchange. Under the Plan, the aggregate number of common shares which may be subject to option at any time may not exceed 10% of the issued common shares of the Company as of that date including options granted prior to the adoption of the Plan. Options granted may not exceed a term of 10 years, and the term will be reduced to one year following the date of death of the Optionee. If the Optionee ceases to be qualified to receive options from the Company those options shall immediately expire. All options vest when granted unless otherwise specified by the Board of Directors. Options granted to persons providing investor relations activities to the Company must vest in stages over at lease one-year period and no more than one-quarter of such options may be vested in any three month period.

During the period ended August 31, 2015, the Company granted 800,000 options to directors and officers of the Company. The options vested immediately upon grant and share-based compensation expense of $64,537 was charged to statement of comprehensive loss. The Company uses the Black-Scholes option pricing model to value stock options which requires management to make estimates that are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

The weighted average assumptions used in calculating the fair value of the options were as follows:

	August 31, 2015	May 31, 2014
Risk-free rate	1.07%	–
Exercise price	$0.5	–
Expected life of options in years	5	–
Expected volatility	143%	–
Expected dividend yield	0%	–
Expected forfeiture rate	0%	–

The weighted average grant date fair value for the options in 2015 was $0.10.

The expected volatility used in the Black-Scholes option pricing model is based on the historical volatility of a set of representative companies with similar risk profile.

7. SHARE CAPITAL (continued)

d) Stock Options (continued)

The following table summarizes stock option transactions during the year:

	Number of Options	Weighted Avg. Exercise Price
Outstanding, February 28, 2015 and 2014	–	$ –
Granted	800,000	0.10
Outstanding, August 31, 2015	800,000	$ 0.10

The following table summarizes the stock options outstanding:

Exercise Price	Number of Options Outstanding	Exercisable	Expiry Date
$ 0.10	800,000	800,000	May 5, 2020

The weighted average remaining useful life of outstanding options is 4.70 years as at August 31, 2015.

8. RELATED PARTY BALANCES AND 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. 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.

The following amounts are due to related parties and have been included in accounts payable and accrued liabilities:

	August 31, 2015	**February 28, 2014**
	$	$
Accounts payable and accrued liabilities	81,191	82,688

The amounts are due to companies controlled by directors of the Company. The amounts are non-interest bearing, unsecured and are due upon demand.

The Company had the following related party transactions:

	Period ended August 31, 2015	**Period ended August 31, 2014**
	$	$
Professional fees	10,275	–
Rent	2,250	4,500
Total	12,525	4,500

8. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Professional fees, and rent are paid to companies controlled by directors of the Company.

Key management personnel receive compensation in the form of short-term employee benefits. Key management personnel include the directors of the Company. The remuneration of key management is as follows:

	Period ended August 31, 2015	**Period ended August 31, 2014**
	$	$
Management fees	17,250	22,500

Management services were provided by companies owned by two directors of the Company.

9. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - 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); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at August 31, 2015 are as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	$	$	$	$
Cash	50	–	–	50

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at August 31, 2015 because of the demand nature or short-term maturity of these instruments.

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Financial risk management objectives and policies (continued)

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

11. SUBSEQUENT EVENTS

The Company entered into an agency agreement with whereby the Agent has agreed to raise on commercially reasonable efforts up to $450,000 in the initial public offering ("IPO") by the issuance of up to 4,500,000 common shares of the Company at a price of $0.10 per common share.

Pursuant to the terms of the agency agreement, the Company has agreed to pay to the Agent a commission of 10% of the gross proceeds of the IPO, payable in cash, and a corporate finance fee of $45,000 payable in cash and 250,000 common shares plus the Agent's legal fees incurred pursuant to the IPO, and any other reasonable expenses of the Agent. The Company has also agreed to grant to the Agent such number of agent's warrants (the "Agent's Warrants") which will entitle the Agent to purchase up to 10% of the common shares sold under the IPO, being up to 450,000 common shares of the Company (the "Agent's Warrant Shares"), at a purchase price of $0.10 per Agent's Warrant Share until twenty four (24) months from the Listing Date.

The Company has also granted the Agent an over-allotment option for up to 15% of the common shares being offered under the IPO on the same terms as the IPO. The Company has agreed to pay to the Agent a commission of 10% of the gross proceeds realized from the sale and issuance of additional common shares pursuant to the exercise of the over-allotment option, payable in cash. The Company has also agreed to grant to the Agent such number of agent's warrants (the "Agent's Over-Allotment Option Warrant's") which will entitle the Agent to purchase up to 10% of the number of additional common shares sold and issued under the over-allotment option. The agent's Over-Allotment Option Warrants will have the same terms and conditions as the Agent's Warrants.