FORT ST. JAMES NICKEL CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIOD END JULY 31, 2015

UNAUDITED – PREPARED BY MANAGEMENT

FORT ST. JAMES NICKEL CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JULY 31, 2015

Responsibility for financial statements

The accompanying condensed interim financial statements for Fort St. James Nickel Corp. (the "Company") have been prepared by management in accordance with International Financial Reporting Standards consistently applied. The most significant of these accounting principles have been set out in Note 3 to the attached financial statement. These interim statements have been presented on the accrual basis of accounting. Therefore estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the interim financial statements, management is satisfied that these interim consolidated financial statements have been fairly presented.

Auditor involvement

The Company's auditors have not performed a review of the un-audited condensed interim consolidated financial statements for the three month period ended July 31, 2015.

/s/ Murray L. Swales
Murray L Swales, CA , Acting CEO and CFO
Vancouver, BC Canada
September 29, 2015

FORT ST. JAMES NICKEL CORP.

(An exploration stage company)

CONDENSED INTERIM

STATEMENT OF FINANCIAL POSITION

As at July 31, 2015

(Unaudited)

	July 31, 2015	April 30, 2015
ASSETS		
Current assets		
Cash and equivalents	**$ 23,114**	$ 7,535
Trade and other receivables (Note 5)	**7,307**	7,227
Prepaid expenses	**,**	-
Total current assets	**30,421**	14,762
Non-current assets		
Exploration and evaluation assets (Note 6)	**1**	1
TOTAL ASSETS	**$ 30,422**	$ 14,763
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 11)	**$ 226,699**	$ 223,748
Loans payable (Note 7)	**30,000**	30,000
	256,699	253,748
SHAREHOLDERS' EQUITY		
Common shares (Note 8)	**12,585,174**	12,545,174
Share subscriptions received	**-**	20,000
Contributed surplus	**432,043**	432,043
Warrants reserve (Note 8)	**199,790**	314,497
Share-based payment reserve (Note 9)	**20,000**	28,000
Accumulated Deficit	**(13,463,284)**	(13,578,699)
Total shareholders' equity	**(226,277)**	(238,985)
TOTAL EQUITY AND LIABILITIES	**$ 30,422**	$ 14,763

Approved by the Board of Directors:

"*Carlos Arias*"
Carlos Arias, Director

"*Scott Kent*"
Scott Kent Director

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

FORT ST. JAMES NICKEL CORP.

(An exploration stage company)

CONDENSED INTERIM

STATEMENT OF COMPREHENSIVE LOSS

For the three months ended July 31

(Unaudited)

		2015		2014
Expenses				
Depreciation		**-**		60
Employee costs		**-**		22,391
Management fees (Note 11)		**7,500**		30,000
Other expenses (Note 10)		**(2,389)**		30,265
Total expenses		**5,111**		82,716
Loss before other expenses		**(5,111)**		(82,716)
Other expenses				
Interest (Notes 7 and 11)		**(2,181)**		(406)
Termination of investment in subsidiaries		**-**		13,346
Loss for the period		**(7,292)**		(69,776)
Total comprehensive loss for the period	**$**	**(7,292)**	$	(69,776)
Loss per share				
Basic and Diluted		**(0.00)**		(0.00)

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

FORT ST. JAMES NICKEL CORP.

(An exploration stage company)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the Three Months Ended July 31

(Unaudited)

	Share Capital			Share-based				
	Number	Amount	Shares to be Issued	Payment Reserve	Warrant Reserve	Contributed Surplus	Accumulated Deficit	TOTAL
Balance, April 30, 2014	**23,164,481**	**$ 12,498,306**	**$ 80,485**	**$ 28,000**	**$ 374,557**	**$ 432,043**	**$ (14,004,718)**	**$ (591,327)**
Issuance of shares for cash	2,169,700	48,935	(80,485)	-	46,700	-	-	13,083
Net loss and comprehensive loss for the period	-	-	-	-	-	-	(69,776)	(69,776)
Balance, July 31, 2014	**25,334,181**	**$ 12,545,174**	**$ -**	**$ 28,000**	**$ 421,257**	**$ 432,043**	**$ (14,074,494)**	**$ (648,020)**
Share subscriptions received	-	-	20,000	-	-	-	-	20,000
Expiry of warrants	-	-	-	-	(106,760)	-	106,760	-
Net loss and comprehensive loss for the period	-	-	-	-	-	-	389,035	389,035
Balance, April 30, 2015	**25,334,181**	**$ 12,545,174**	**$ 20,000**	**$ 28,000**	**$ 314,497**	**$ 432,043**	**$ (13,578,699)**	**$ (238,985)**
Issuance of shares for cash	4,000,000	40,000	(20,000)	-	,	-	-	20,000
Stock Options expired	-	-	-	(8,000)	-	-	8,000	-
Expiry of warrants	-	-	-	-	(114,707)	-	114,707	-
Net loss and comprehensive loss for the period	-	-	-	-	-	-	(7,292)	(7,292)
Balance, July 31, 2015	**29,334,181**	**$ 12,585,174**	**$ -**	**$ 20,000**	**$ 199,790**	**$ 432,043**	**$ (13,463,284)**	**$ (226,277)**

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

FORT ST. JAMES NICKEL CORP.

(An exploration stage company)

CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the three months ended July 31

(Unaudited)

		2015		2014
Cash Flows From (Used By) Operating Activities				
Loss for the period	**$**	**(7,292)**	$	(69,766)
Change in non-cash operating working capital items:				
Decrease (increase) in trade and other receivables		**(80)**		(3,844)
Decrease in prepaid expenses		**-**		631
Increase in trade and other payables		**2,951**		23,948
Net cash inflows (outflows) from operating activities		**(4,421)**		(49,981)
Cash Flows From (Used By) Financing Activities				
Share subscriptions received		**20,000**		17,150
Decrease In cash and equivalents		**15,579**		31,831)
Cash and equivalents, beginning of period		**7,535**		44,362
Cash and equivalents, end of period	**$**	**23,114**	$	12,382
Supplemental Cash Flow Information				
Interest Paid	**$**	**-**	$	-
Income Taxes Paid	**$**	**-**	$	-

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

1. CORPORATE INFORMATION

Fort St. James Nickel Corp. (the "Company") was incorporated under the Canada Business Corporation Act on March 22, 1988.

During the period ended July 31, 2014 the inactive foreign subsidiary companies were determined to be not in good standing with their respective company's registrars and therefore have legally ceased to exist. The financial statements as at July 31, 2014 reflect the effective disposal of these interests.

The Company is listed on the TSX-Venture Exchange, having the symbol FTJ.V and its primary business is the acquisition of exploration and evaluation of mineral properties in Canada.

The address of the Company's registered office is Suite 1810, 1111 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4M3. The address of the Company's principal place of business is 888 – 888 Dunsmuir Street, Vancouver, BC, V6C 3K4.

2. BASIS OF PREPARATION

a) Statement of Compliance

These condensed interim financial statements of the Company for the three months ending July 31, 2015 have been prepared in accordance with International Financial Reporting Standard 34, *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended April 30, 2015.

These condensed interim financial statements of the Company as at July 31, 2015 were approved and authorised for issue by the Board of Directors on September 28, 2015.

b) Basis of measurement

These condensed interim financial statements have been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets.

The condensed interim financial statements are presented in Canadian dollars, which is also the Company's functional currency, and all values are rounded to the nearest dollar, unless otherwise indicated.

Preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statement are disclosed in Note 4.

c) Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. The Company has not generated revenues from operations. The Company is considered to be in the exploration stage as it has not placed any of its mineral properties into production. The underlying value of the Company's mineral properties is dependent upon the existence and economic recovery of such reserves in the future and the ability of the Company to raise financing to complete the future exploration.

While these condensed interim financial statements have been prepared on the assumption that the Company is a going concern and will be able to realize its assets and meet its obligations in the normal course of operations, there are conditions and events that cast doubt on the validity of that assumption. As at July 31, 2015, the Company has net working capital deficit of $226,278, has an accumulated deficit of $13,577,991, incurred a loss of $7,292 for the three month period ended July 31, 2015, net cash flows used in operations of $4,421 for the three month period ended July 31, 2015 and a history of losses from operations. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances, asset sales or a combination thereof. There is no assurance that such financing will be sufficient to sustain operations in the foreseeable future. These condensed interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern. Such adjustments could be material.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Significant Accounting Policies Used

The condensed interim financial statements have been prepared using accounting policies specified by those IFRSs that are in effect at the end of the reporting period (July 31, 2014).The standards that will be effective in the financial statements for the year ending April 30, 2015 are subject to change and may be affected by additional interpretations.

These condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended April 30, 2015.

b) Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements were issued by the IASB of the IFRS Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2015 or later years.

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements. The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Company's future financial statements:

IFRS 9 *Financial Instruments: Classification and Measurement* is part of the IASB's wider project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized costs and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. The Company is in the process of evaluating the impact of the new standard.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustments to the carry amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Title to Mineral Property Interests – Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Exploration and Evaluation Expenditure – The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether is likely that future economic benefits will flow to the Company.

If, after exploration and evaluation expenditure is capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount the Company carries out an impairment test at the cash generating unit or group of cash generating units level in the year the new information becomes available. The Company has determined that indicators of impairment were present and have recorded an impairment provision to reduce the carrying value of its exploration and evaluation assets to a nominal recoverable value.

Income Taxes – The Company has not recognized a deferred tax asset as management believe it is not probable that taxable profit will be available against which a deductible temporary differences can be utilized.

Share-based Payment and Warrant Valuation Transactions – The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The Company measures the fair value of warrants determined to be financial instruments at the date they are issued. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option or warrant, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Notes 9 and10.

5. TRADE AND OTHER RECEIVABLES

	July 31, 2015	April 30, 2015
HST recoverable	**$ 3,598**	$ 3,518
Receivable from directors	**3,709**	3,709
	$ 7,307	$ 7,227

6. EXPLORATION AND EVALUATION ASSETS

KILOMETER 26

The Company has a 100% interest in the Kilometre 26 property consisting of 12,479 hectares in the Omineca Mining Division, British Columbia. The property was acquired from Eastfield Resouces Ltd. ("Eastfield"). Eastfield is a public company listed on the TSX Venture Exchange and has a director in common with the Company.

During the year ended April 30, 2014, after consideration of the continued depressed market for junior resource company securities generally and the Company's very low stock price, and their impact upon the Company's ability to raise funding for further exploration costs, management determined that uncertainty on future recoverability of its mineral property asset indicated that the exploration and evaluation assets was impaired. Therefore, an impairment charge of $1,879,403 was recognized in respect of the Company's mineral property asset. Future expenditures will be regularly assessed for impairment based on conditions then existing.

7. LOAN PAYABLE

During the year ended April 30, 2015 the Company borrowed $30,000 with no fixed terms of repayment, interest at 10% per annum, unsecured and due in full on January 20, 2015. The Company is in default of the loan repayment terms. For the period ended July 31, 2015 $882 (2014 - $Nil) was accrued as interest expense.

During the year ended April 30, 2014 the Company repaid all loans outstanding at that time. Accrued interest of $10,726 remained outstanding and was included in accounts payable. For the period ended July 31, 2015 $1,106 (2014 - $406) was accrued as interest expense. As of July 31, 2015 the accrued interest remains payable, is due on demand and bears interest at 15% per annum.

8. SHARE CAPITAL AND RESERVES

a) Authorized

The Company's authorized capital consists of:

- an unlimited number of common shares without par value; and
- an unlimited number of preferred shares without par value, issuable in series and having special rights and restrictions

b) Issued

Period ended July 31, 2015

On May 20, 2014 the Company closed a non-brokered private placement whereby 4,000,000 Units were issued at $0.01 per Unit for total proceeds of $40,000 (which included $20,000 share subscriptions received prior to April 30, 2015). Each Unit consists of one common share in the capital of the Company and one non-transferable share purchase warrant entitling the holder to purchase one additional common share at a price of $0.05 until July 20, 2020. The fair value of the share purchase warrants, estimated to be $Nil. The fair value was determined using the Black-Scholes option pricing model using the following assumptions: Share price volatility – 300%; Expected term – 5 years; Risk-free rate of return – 0.73% and Expected dividend yield – 0%.

8. SHARE CAPITAL AND RESERVES - Continued

b) Issued - continued

Period ended July 31, 2014

On May 20, 2014 the Company closed the second tranche of a non-brokered private placement whereby 2,169,700 Units were issued at $0.05 per Unit for total proceeds of $108,485 (which included $80,485 share subscriptions received prior to April 30, 2014). Each Unit consists of one common share in the capital of the Company and one non-transferable share purchase warrant entitling the holder to purchase one additional common share at a price of $0.05 until May 20, 2019. The fair value of the share purchase warrants, estimated to be $48,700, was credited to Warrant Reserve. The fair value was determined using the Black-Scholes option pricing model using the following assumptions: Share price volatility – 185%; Expected term – 5 years; Risk-free rate of return – 1.52% and Expected dividend yield – 0%.

c) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's balance sheet include 'Warrant Reserve', 'Share-based Payment Reserve', and 'Accumulated Deficit'.

- "Contributed Surplus" recognizes amounts contributed to the Company shareholders either by way of direct contribution of cash or assets to the Company or delivery of assets to the Company having a fair valued in excess of consideration paid by the Company.
- 'Warrant Reserve' is used to recognize the fair value of share warrants prior to exercise or expiry.
- 'Share-based Payment Reserve' is used to recognize the fair value of stock option grants prior to exercise, expiry or cancellation and the fair value of other share-based consideration paid at the date of payment.
- 'Accumulated Deficit' is used to record the Company's change in deficit from earnings from period to period.

d) Share-based payment reserve and Share-based payments

During the period ended July 31, 2013 no Incentive Stock Options were issued or were outstanding.

During the year ended April 30, 2013 all Incentive Stock Options and Finder's Options expired unexercised.

A summary of the Company's outstanding share purchase warrants at July 31, 2014, April 30, 2014 and 2012 and the changes during the period then ended is presented below:

	Number of warrants	Weighted Average Exercise price	Fair Value of Warrants
Warrants outstanding, April 30, 2014	7,857,070	$ 0.13	$ 374,557
Warrants expired	(687,500)	$ 0.42	(106,760)
Warrants issued	2,169,700	$ 0.05	46,700
Warrants outstanding, April 30, 2014	9,339,270	$ 0.09	$ 314,497
Warrants expired	(723,750)	$ 0.44	(114,707)
Warrants issued	4,000,000	$ 0.05	-
Warrants outstanding, July 31, 2014	12,615,520	$ 0..04	$ 199,790

The following table summarizes information relating to share purchase warrants outstanding and exercisable at July 31, 3014

Number Outstanding	Expiry	Exercise Price per share	Weighted Average Remaining Contractual Life (Years)
1,625,820	June 27, 2018	$0.10	2.9
4,820,000	March 28, 2019	$0.05	3.7
2,169,700	May 20, 2019	$0.05	3.8
4,000,000	July 20, 2020	$0.05	5.0
12,615,520			4.0

9. SHARE-BASED PAYMENTS

Stock Option Plan Details

The Company has a stock option plan under which directors, officers and employees of the Company and of its subsidiaries are eligible to receive stock options. The aggregate number of shares to be issued upon the exercise of all options granted under the plan shall not exceed 10% of the issued shares of the Company at the time of granting the options. The maximum number of common shares optioned to any one optionee shall not exceed 5% of outstanding common shares of the Company. Options granted under the plan generally have a term of five years but may not exceed five years and typically vest on the grant or at terms to be determined by the directors at the time of grant. The exercise price of each option shall be determined by the directors at the time of grant but shall not be less than the price permitted by the policies of the TSX-V stock exchange on which the Company's common shares are listed.

Fair value of Incentive Options Issued

Year ended April 30, 2015

During the year ended April 30, 2015 no incentive stock options were granted.

Year ended April 30, 2014

During the year ended April 30, 2014, the Company granted 1,400,000 incentive stock options, exercisable at $0.05 per share until February 18, 2019, and based on their estimated fair value at their grant date recorded stock-based compensation expense of $28,000 in the statement of comprehensive loss. The fair value of options granted during 2014 were estimated using the Black-Scholes option pricing model using the following weighted average assumptions: Average risk-free interest rate – 1.7%; Expected life – 5 years; Share price volatility – 180%; and Expected dividend yield - 0%.

The following table summarizes information relating to stock options outstanding and exercisable at April 30, 2015:

Exercise Price per share	Number Outstanding	Expiry	Weighted Average Remaining Contractual Life (Years)	Number unvested - not exercisable	Number Vested - exercisable
$0.05	800,000	February 18, 2019	4.5	-	800,000

10. OTHER INCOME AND EXPENSES

		July 31, 2015		July 31, 2014
Other expenses include:				
General and administration	**$**	**(113)**	$	4,224
Occupancy		**-**		6,955
Professional fees		**(4,000)**		11,169
Shareholder communication		**230**		355
Transfer agent and filing fees		**1,494**		4,639
Travel and meetings		**-**		2,923
	$	**(2,389)**	$	30,265

11. RELATED PARTY TRANSACTIONS AND BALANCES

Key management includes directors (executive and non-executive) and senior management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). The compensation paid or payable to key management for employee services is disclosed in the table below. All amounts owing are unsecured, non-interest bearing and have no specific terms of repayment.

Except as disclosed elsewhere in the consolidated financial statements, the Company had the following general and administrative costs with related parties during 2015 and 2014:

		2015		2014
Goods or services rendered:				
Management fees accrued to a company controlled by the family of our CEO for his services	**$**	**7,500**	$	-
Management fees paid to a company controlled by our CEO for his services	**$**	**-**	$	30,000
Accounting fees paid to a company controlled by the family of our CFO for his services	**$**	**-**	$	3,500

Transactions with related parties were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

		July 31, 2015		April 30, 2015
Amounts due to related parties recorded in accounts payable and accrued liabilities				
Due to directors	**$**	**14,000**	$	14,000
Due to a company which a former director is a shareholder	**$**	**57,395**	$	57,395
Due to company controlled by the family of an officer	**$**	**17,500**	$	10,000
Due to a company controlled by a former director and officer	**$**	**20,000**	$	20,000

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Fair Value of Financial Instruments

The Company's financial instruments include cash and cash equivalents, short-term deposits, other receivables, loans from related parties and trade and other payables.

The fair values of cash and equivalents, short-term deposits, other receivables, trade and other payables approximate carrying value because of the short term nature and high liquidity of these instruments.

In evaluating fair value information, considerable judgment is required to interpret the market data used to develop the estimates. The use of different market assumptions and valuation techniques may have a material effect on the estimated fair value amounts. Accordingly, the estimates of fair value presented herein may not be indicative of the amounts that could be realized in a current market exchange.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

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).

As at July 31, 2014 and April 30, 2014, the fair value hierarchy of financial instruments measured at fair value is as follows:

	July 31, 2015				April 30, 2015			
		Level 1		Level 2		Level 1		Level 2
Financial Assets								
Cash and cash equivalents	$	23,114	$	-	$	7,535	$	-
Other receivables		-		-		-		-
	$	23,114	$	-	$	7,535	$	-

The Company does not have Level 2 or 3 inputs as described in the Company's accounting policies.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - Continued

b) Financial Instrument Risk Exposure and Risk Management

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is present throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies, and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receive monthly reports from the Company's Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board of Directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

i) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk as follows:

Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between foreign currencies and the Canadian dollar will affect the Company's operations and financial results. The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign currency risk.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash, cash equivalents and short-term deposits held with Canadian financial institutions. The Company consider this risk to be immaterial.

Commodity Price risk

The Company's ability to raise capital to fund exploration or development activities may be subject to risks associated with fluctuations in the market prices of nickel. The Company has not hedged any potential future commodity sales. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

ii) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents, short-term deposits and other receivables. Cash and cash equivalents and short-term deposits are maintained with financial institutions of reputable credit and may be redeemed upon demand.

The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at July 31, 2014 and April 30, 2014 relating to cash and cash equivalents and short-term deposits of $12,531 and $44,362 respectively. All cash, cash equivalents and short-term deposits are held at Bank of Montreal. The Company considers this risk to be minimal for all cash and cash equivalent assets.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - Continued

b) Financial Instrument Risk Exposure and Risk Management - continued

iii) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Typically, the Company ensures that is has sufficient cash on demand to meet expected operational expenses for a period of 180 days. To achieve this objective, the Company prepares annual operating and capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on explorations projects to further manage expenditures.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable. The Company does not have sufficient cash and cash equivalents and short-term deposits on hand to meet its current obligations, due within the next 12 months, together with financial commitments for the next 12 months.

13. CAPITAL MANAGEMENT

The Company monitors its cash, common shares, warrants and stock options as capital. The Company's objectives when maintaining capital are to maintain sufficient capital base in order to meet its short-term obligations and at the same time preserve investor's confidence required to sustain future development and production of the business.

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

14. SUBSEQUENT EVENTS

On September 10, 2015 trading in the Company's shares was halted by the TSX Venture Exchange pursuant to a Cease Trade Order issued by the British Columbia Securities Commission. The Cease Trade Order was issued due to the non-filing of the Company's audited annual financial statements and other related documents on August 28, 2015. Those required documents were filed by the Company on September 25, 2015.