

AURQUEST RESOURCES INC.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS **January 31, 2016**

(Expressed in Canadian dollars)

Auditor involvement

The auditors of Aurquest Resources Inc. have not performed a review of the unaudited condensed interim statements for the quarter ended January 31, 2016 or January 31, 2015.

Aurquest Resources Inc.
Condensed Interim Statement of Financial Position
(Unaudited)

<i>Canadian dollars</i>	January 31, 2016	October 31, 2015
	\$	\$
ASSETS		
Current:		
Cash	1,470	1,512
	<u>1,470</u>	<u>1,512</u>
LIABILITIES		
Current:		
Accounts payable and accrued liabilities	37,725	37,725
Advances from shareholders (note 5)	118,203	115,273
	<u>155,928</u>	<u>152,998</u>
SHAREHOLDERS' DEFICIENCY		
Capital stock (note 4)	29,066,368	29,066,368
Contributed surplus	137,648	137,648
Deficit	<u>(29,358,474)</u>	<u>(29,355,502)</u>
	<u>(154,458)</u>	<u>(151,486)</u>
	<u>1,470</u>	<u>1,512</u>

Approved on behalf of the Board:

"Dominique Monardo"
Dominique Monardo, Director

"Jon Bridgeman"
Jon Bridgeman, Director

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

Aurquest Resources Inc.

Condensed Interim Statement of Loss and Comprehensive Loss (Unaudited)

	Three months ended	Three months ended
<i>Canadian dollars</i>	January 31, 2016	January 31, 2015
Operating Expenses:		
General and administrative	\$ 42	\$ 142
Interest on related party loans	<u>2,930</u>	<u>2,455</u>
	2,972	2,597
NET LOSS	<u><u>(2,972)</u></u>	<u><u>(2,597)</u></u>
Deficit, beginning of period	(29,355,502)	(29,335,349)
DEFICIT, END OF PERIOD	(29,358,474)	(29,337,946)
BASIC AND FULLY DILUTED INCOME (LOSS) PER SHARE	\$ -	\$ -
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC AND DILUTED	51,668,184	51,668,184

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

Aurquest Resources Inc.

Condensed Interim Statement of Cash Flows (Unaudited)

<i>Canadian dollars</i>	January 31, 2016	January 31, 2015
<i>Cash was provided by (used in) the following activities:</i>		
Operations:		
Net loss for the period	\$ (2,972)	\$ (2,597)
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	<u>-</u>	<u>(145)</u>
	<u>(2,972)</u>	<u>(2,742)</u>
Financing:		
Advances from shareholder	<u>2,930</u>	<u>2,455</u>
	<u>2,930</u>	<u>2,455</u>
Net change in cash	(42)	(287)
Cash position, beginning of period	\$ 1,512	\$ 1,687
Cash position, end of period	\$ 1,470	\$ 1,400

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Aurquest Resources Inc.

Condensed Statement of Changes in Equity (unaudited)

<i>Canadian dollars</i>	Common Shares		Contributed Surplus (\$)	Deficit (\$)	Total Shareholders' Equity (\$)
	#	Amount (\$)			
Balance, October 31, 2014	51,668,184	29,066,368	137,648	(29,335,349)	(131,333)
Loss for the period				(2,597)	(2,597)
Balance, January 31, 2015	51,668,184	29,066,368	137,648	(29,337,946)	(133,930)
Loss for the period				(17,556)	(17,556)
Balance, October 31, 2015	51,668,184	29,066,368	137,648	(29,355,502)	(151,486)
Loss for the period				(2,972)	(2,972)
Balance, January 31, 2016	51,668,184	29,066,368	137,648	(29,358,474)	(154,458)

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

Aurquest Resources Inc.

Notes to Condensed Interim Financial Statements January 31, 2016 (Unaudited)

NOTE 1 CORPORATE INFORMATION

Aurquest Resources Inc. (the "Company") is incorporated under the laws of the Province of Ontario. The Company currently has no active business. The Company has been able to discharge its liabilities by securing cash advances from two individuals who are related parties. The Company is dependent on a continuation of these advances in order to continue in business until it is able to generate cash flow from a new business opportunity.

NOTE 2 BASIS OF PREPARATION

Statement of compliance

These unaudited condensed interim financial statements ("interim financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 Interim Financial Reporting.

These interim financial statements follow the same accounting policies and methods of application as the Company's most recent annual financial statements and do not include all disclosures normally provided in annual financial statements. Accordingly, these interim financial statements should be read in conjunction with the Company's annual audited financial statements for the year ended October 31, 2015, which were prepared in accordance with IFRS as issued by the IASB.

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on March 28, 2016.

Basis of measurement

The Company's presentation currency and functional currency is the Canadian dollar ("C\$").

These interim financial statements have been prepared on a historical cost basis except for financial instruments that have been classified as fair value through profit and loss ("FVTPL"), which are stated at their fair values. In addition, these financial statements have been prepared using the accrual basis of accounting, with the exception of cash flow information.

These financial statements have been prepared under the assumption that the Company is a going concern. This assumption, among other things, contemplates that the Company will be able to realize on its assets and discharge its liabilities in the normal course of operations. At January 31, 2016, the Company had a working capital deficiency of \$154.5 thousand (October 31, 2015 - \$151.5 thousand). The Company has been able to fund these operating losses mainly by cash advances; however, there can be no assurance that the Company will be able to do so in the future. Should the going concern assumption be proven to be invalid the carrying amounts of certain assets may have to be restated.

The policies applied in these interim financial statements are based on IFRS issued and outstanding as of January 31, 2016. Any subsequent changes to IFRS, which are given effect in the Company's annual financial statements for the year ending October 31, 2016, could result in restatement of these interim financial statements.

Recognizing that the Company is responsible for both the integrity and objectivity of the financial statement, management is satisfied that these financial statements have been fairly presented.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

a) Key accounting estimates and judgments

The preparation of financial statements requires management to make estimates, judgments and assumptions that affect the amounts reported in the financial statements and notes. By their nature, these estimates, judgments and assumptions are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be material. 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.

Deferred income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values. Deferred income tax assets also result from unused loss carry-forwards and other deductions. The valuation of deferred income tax assets is adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

b) Fair value hierarchy

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to the valuation technique used to measure fair value as per IFRS 7. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company has valued all of its financial instruments using Level 1 measurements.

c) 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:

Accounts receivable - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized 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 counter-party will default.

Fair value through profit or loss - This category includes derivatives, and investments acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the statement of comprehensive income (loss).

Financial liabilities

The Company classifies its financial liabilities into one of two 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 liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the statement of earnings.

Other financial liabilities - This category includes accounts payables and accrued liabilities, all of which are recognized at amortized cost.

NOTE 4 CAPITAL STOCK

The Company has authorized an unlimited number of shares at no par value. There were 51,668,184 common shares issued and outstanding at the end of the period. No shares or options to purchase shares were issued in the quarter. There are no stock options issued or outstanding.

NOTE 5 RELATED PARTY TRANSACTIONS/BALANCES

As disclosed in Note 1, the Company is dependent upon cash advances from two individuals who are shareholders in order to discharge its liabilities. At January 31, 2016 these advances amounted to \$118,203 (October 31, 2015 - \$115,273). These advances are interest bearing at a rate of 10% per annum, unsecured and due on demand.

The Company did not compensate key management or directors during the quarter or the comparative quarter of the previous year.

NOTE 6 FINANCIAL INSTRUMENTS

Liquidity rate risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The Company's continued existence has been financed through the issuance of debt. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows. The Company has a working capital deficiency and has no internal source of cash. Therefore liquidity risk would be considered high.

Fair values

The carrying values of cash and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these instruments. The loans from related parties are carried at cost which approximates fair value.

NOTE 7 CAPITAL MANAGEMENT

The Company defines its capital as the cash in its bank accounts and its advances from shareholders. Presently, the Company is managing capital in a manner to be able to survive until it either is able to raise additional capital or generate cash from a new business.