PHOSCAN CHEMICAL CORP.

(Continued under the laws of Canada)

CONDENSED INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTH PERIODS ENDED JULY 31, 2015 AND 2014

(Expressed in Thousands of Canadian Dollars, Unless Otherwise Indicated)

PHOSCAN CHEMICAL CORP.
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
JULY 31, 2015

The accompanying condensed interim unaudited consolidated financial statements of Phoscan Chemical Corp. (the "Company") were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the financial statements together with other financial information. The Audit Committee, on behalf of the Board of Directors, meets with management to review the internal controls over the financial reporting process, the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Notice of no auditor review of interim financial statements:

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

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements for the period ended July 31, 2015 in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

PHOSCAN CEHMICAL CORP.
(Continued under the laws of Canada)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Thousands of Canadian Dollars, Unless Otherwise Indicated)
AS AT
(UNAUDITED)

	Note	July 31, 2015	January 31, 2015 (Note 6)	February 1, 2014 (Note 6)
ASSETS				
Current				
Cash and cash equivalents		**$ 39,230**	$ 50,255	$ 53,695
Marketable securities		**457**	619	971
Short term investments		**14,228**	4,135	1,556
Restricted cash		**-**	-	934
Due from related parties	8(b)	**135**	-	-
Sundry receivable and prepaid expenses		**126**	53	63
		54,176	55,062	57,219
Property and equipment	7	**1,463**	1,465	1,469
		$ 55,639	$ 56,527	$ 58,688
LIABILITIES				
Current				
Accounts payable and accrued liabilities		**$ 249**	$ 93	$ 73
Due to related parties	8(a)	**137**	61	39
		386	154	112
SHAREHOLDERS' EQUITY				
Share capital	9	**40,549**	40,801	41,767
Share based payment reserve		**6,604**	6,588	6,525
Reduction of capital reserve	9(c)	**92,630**	93,205	95,413
Other comprehensive income (loss)		**(114)**	(230)	(16)
Deficit		**(84,416)**	(83,991)	(85,113)
		55,253	56,373	58,576
		$ 55,639	$ 56,527	$ 58,688

NATURE OF BUSINESS AND GOING CONCERN (Note 1)

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

PHOSCAN CEHMICAL CORP.
(Continued under the laws of Canada)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Thousands of Canadian Dollars, Unless Otherwise Indicated)
FOR THE THREE AND SIX MONTH PERIODS ENDED JULY 31,
(UNAUDITED)

	Note	Three Months		Six Months	
		2015	2014 (Note 6)	**2015**	2014 (Note 6)
Expenses					
Administration	10	**$ 437**	$ 332	**$ 1,140**	$ 634
Share based payments	9(e)	**8**	7	**16**	32
Exploration and evaluation expenditures	11	**27**	30	**87**	67
(Loss) from operations		**(472)**	(369)	**(1,243)**	(733)
Interest income		**179**	205	**335**	397
Gain (loss) on sale of marketable securities		**(19)**	-	**(69)**	1
Foreign exchange gain (loss)		**-**	-	**(2)**	(1)
Net (loss) for the period		**(312)**	(164)	**(979)**	(336)
Other comprehensive income (loss)					
Item that will be reclassified subsequently to income					
Unrealised gain (loss) on marketable securities		**1**	(139)	**116**	(125)
Net (loss) and comprehensive (loss) for the period		**$ (311)**	$ (303)	**$ (863)**	$ (461)
(Loss) per share					
Basic and fully diluted	9(f)	**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.00)

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

PHOSCAN CEHMICAL CORP.
(Continued under the laws of Canada)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Thousands of Canadian Dollars, Unless Otherwise Indicated)
(UNAUDITED)

	Share Capital	Share based Payment Reserve	Reduction of Capital Reserve	Other Comprehensive income	Deficit (Note 6)	Total
Balance, February 1, 2014	$ 41,767	$ 6,525	$ 95,413	$ (16)	$ (85,113)	$ 58,576
Share based payments	-	32	-	-	-	32
Unrealised gain (loss) on available for sale marketable securities before reclassification	-	-	-	(124)	-	(124)
Reclassification of realised (gain) loss on available for sale marketable securities	-	-	-	(1)	-	(1)
Repurchase of shares	(16)	-	(36)	-	35	(17)
Net loss for the period	-	-	-	-	(336)	(336)
Balance, July 31, 2014	$ 41,751	$ 6,557	$ 95,377	$ (141)	$ (85,414)	$ 58,130
Share based payments	-	31	-	-	-	31
Unrealised gain (loss) on available for sale marketable securities before reclassification	-	-	-	(133)	-	(133)
Reclassification of realised (gain) loss on available for sale marketable securities	-	-	-	44	-	44
Repurchase of shares	(950)	-	(2,172)	-	2,087	(1,035)
Net loss for the period	-	-	-	-	(664)	(664)
Balance, January 31, 2015	$ 40,801	$ 6,588	$ 93,205	$ (230)	$ (83,991)	$ 56,373
Share based payments	-	16	-	-	-	16
Unrealised gain (loss) on available for sale marketable securities before reclassification	-	-	-	47	-	47
Reclassification of realised (gain) loss on available for sale marketable securities	-	-	-	69	-	69
Repurchase of shares (Note 9(d))	(252)	-	(575)	-	554	(273)
Net loss for the period	-	-	-	-	(979)	(979)
Balance, July 31, 2015	**$ 40,549**	**$ 6,604**	**$ 92,630**	**$ (114)**	**$ (84,416)**	**$ 55,253**

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

PHOSCAN CEHMICAL CORP.
(Continued under the laws of Canada)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Thousands of Canadian Dollars, Unless Otherwise Indicated)
FOR THE SIX MONTH PERIODS ENDED JULY 31,
(UNAUDITED)

	Six Months 2015	2014 (Note 6)
Cash flows from operating activities		
Net loss for the period	**$ (979)**	$ (336)
Adjustments not effecting cash:		
Share based payments	**16**	32
Foreign exchange loss – unrealized	**-**	15
Depreciation	**2**	2
Loss (gain) on sale of marketable securities	**69**	(1)
	(892)	(288)
Changes in non-cash working capital		
Sundry receivable and prepaid expenses	**(73)**	(19)
Accounts payable and accrued liabilities	**156**	(1)
Cash flows provided by (used in) operating activities	**(809)**	(308)
Cash flows from investing activities		
Proceeds on sale of marketable securities	**209**	12
Restricted cash	**-**	(3)
Purchase of marketable securities	**-**	(24)
Redemption (purchase) of short term investments	**(10,093)**	(2,549)
Cash flows used in investing activities	**(9,884)**	(2,564)
Cash flows from financing activities		
Due to/from related parties	**(59)**	54
Repurchase of shares	**(273)**	(17)
Cash flows provided by financing activities	**(332)**	37
Net decrease in cash	**(11,025)**	(2,835)
Effect of exchange rate changes on cash held in foreign currencies	**-**	(15)
Cash, beginning of period	**50,255**	53,695
Cash, end of period	**$ 39,230**	$ 50,845

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

1. REPORTING ENTITY AND GOING CONCERN

Phoscan Chemical Corp. (formerly MCK Mining Corp.) (the "Company") was incorporated under the laws of Ontario, Canada. Subsequently, the Company was continued under Section 187 of the Canada Business Corporations Act on October 19, 2006. The Company's common shares are listed on the Toronto Stock Exchange. The registered office of the Company is located at 36 Toronto Street, Suite 1000, Toronto, Ontario, Canada, M5C 2C5. The Company and its subsidiary, Baltic Resources Inc. ("Baltic"), are referred to as a "Group".

The Group's business plan includes acquiring, exploring, evaluating and developing mineral and natural resource properties such as its wholly-owned Martison Phosphate Project (the "Project"). The description of the proposed exploration and evaluation of the Project are disclosed in Note 1 of the Company's annual audited financial statements for the year ended January 31, 2015. The Company is also sourcing and reviewing corporate development opportunities.

The interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assume that the Group will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The Company has no history of profitability and will need financing to develop the Project and fund Project working capital. As at July 31, 2015, the Group has working capital of $53,790 (January 31, 2015 - $54,908) and accumulated deficit of $84,416 (January 31, 2015 - $83,991). There is no guarantee that the Group's exploration and evaluation programs will yield positive results or that the Group will be able to obtain the necessary financing to carry out exploration, evaluation and development of the Project. If the going concern assumption was not appropriate for these interim consolidated financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported revenues and expenses, and the consolidated statement of financial position classifications used. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of Compliance

The condensed interim unaudited consolidated financial statements have been prepared using historical cost convention (except for financial instruments) in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting issued by the International Accounting Standards Board ("IASB"). These policies are in compliance with those standards of International Financial Reporting Standards ("IFRS") that the Group expects to be effective at the end of its annual reporting period, being for the year ending January 31, 2016.

These condensed interim unaudited consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's most recently prepared audited annual financial statements for the fiscal year ended January 31, 2015.

The Board of Directors approved the condensed interim unaudited financial statements for the three and six months ended July 31, 2015 and authorized their issuance on September 10, 2015.

All financial information is presented in Canadian dollars rounded to the nearest thousands, except as otherwise indicated.

Significant accounting estimates and judgments

The preparation of the condensed interim consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the interim financial statements and notes to the interim financial statements. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results could differ from those estimates.

In preparing these condensed interim consolidated financial statements, the significant estimates and judgements applied in these areas were the same as those described in the Company's annual audited consolidated financial statements for the year ended January 31, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual audited consolidated financial statements for the year ended January 31, 2015 except as noted in Note 6.

Change in Accounting Policies

During the period ended July 31, 2015, the Company retrospectively changed its accounting policy for exploration and evaluation expenditures. See note 6.

Future Accounting Change

IFRS 9 Financial Instruments was issued in final form in July 2014 by the IASB and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

4. CAPITAL MANAGEMENT

The Group's capital structure consists of shareholders' equity, which amounted to $55,253 on July 31, 2015. The Company is sourcing and reviewing corporate development opportunities. In addition, the Company has in place a normal course issuer bid and has made investments in marketable securities. Neither the Company nor its subsidiary is subject to externally imposed capital requirements. The capital structure of the Group has not changed in the period ended July 31, 2015.

5. FINANCIAL RISK FACTORS

The Group's exploration and evaluation expenditures are solely on the Project. Unless the Group acquires additional significant properties, the Group will be entirely dependent upon the Project. If no additional mineral properties are acquired by the Group, any adverse development affecting the Project would have a material adverse effect on the Group's financial condition and results of operations.

(Expressed in Thousands of Canadian Dollars, Unless Otherwise Indicated)

The Group's risk exposures, their impact and sensitivity analysis are summarized below.

Credit Risk

The Group's credit risk is primarily attributable to cash and cash equivalents, short term investments and sundry receivable. The Group has no significant concentration of credit risk arising from operations. Cash and cash equivalents of $39,230 (January 31, 2015 - $50,225) and short term investments of $14,228 (January 31, 2015 - $4,135) consist of deposits in Canadian dollar high interest saving accounts and GICs invested with Canadian Schedule I banks with a Standard and Poor's ("S&P) credit rating of A or better, but in amounts in excess of the $100 of deposit insurance provided by the Canada Deposit Insurance Corporation, or invested with Canadian trust companies which have a provincial guarantee, implicit or otherwise. The Group manages its counterparty risk by monitoring the credit worthiness of the Canadian financial institution counterparties and management believes the risk of loss to be minimal.

Liquidity Risk

The Group's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2015, the Group had cash and cash equivalents and short term investments of $53,458 (January 31, 2015 - $54,390) to settle current liabilities of $386 (January 31, 2015 - $154).

The aging analysis of the current liabilities is as follows:

	July 31, 2015	January 31, 2015
Current	$ 199	$ 60
30 to 90 days	178	-
More than 90 days	9	94
	$ 386	$ 154

Management has determined that cash and cash equivalents and short term investments are of sufficient liquidity to meet the abovementioned financial liabilities.

Market Risk and Sensitivity Analysis

Components of market risk to which the Group is exposed are:

(i) Interest rate risk
(ii) Foreign currency risk
(iii) Equity price risk

Based on management's knowledge and experience of the financial markets, the Group believes the following movements are reasonably possible over a six month period:

(i) Cash and cash equivalents and short term investments include deposits at call which are at variable rates. As at July 31, 2015, if interest rates had decreased/increased by 0.50%, with all other variables held constant, the Group's loss for the six month period ended July 31, 2015 would have been approximately $135 higher/lower. Similarly, as at July 31, 2015, shareholders' equity would have been approximately $135 lower/higher had interest rates decreased/increased by 0.50%.

(Expressed in Thousands of Canadian Dollars, Unless Otherwise Indicated)

(ii) The Group is exposed to foreign currency risk on exchange rate fluctuations related to immaterial amounts of cash and accrued liabilities that are denominated in U.S. dollars and U.K. pounds sterling. As a result, the Group's foreign currency risk is immaterial.

(iii) The Group's investment in marketable securities amounting to $457 is subject to fair value fluctuations. As at July 31, 2015, if the fair value of the Company's marketable securities had decreased/increased by 50%, which is the volatility of the Group's marketable security investment, with all other variables held constant, comprehensive loss for the six month period ended July 31, 2015 would have been approximately $229 higher/lower. Similarly, as at July 31, 2015, shareholders' equity would have been approximately $229 lower/higher as a result of a 50% decrease/increase in the fair value of the Company's marketable securities.

Fair Value Hierarchy Disclosure.

All the Group's financial instruments as at July 31, 2015 are valued using Level 1 measurement.

6. CHANGE IN ACCOUNTING POLICIES

During the quarter ended July 31, 2015, the Company changed its accounting policy for exploration and evaluation expenditures on the Martison Phosphate Project. Previously, the Company capitalized acquisition costs and deferred exploration and evaluation expenditures on the Project.

Under the new policy, exploration and evaluation expenditures incurred prior to the establishment of technical feasibility and commercial viability of extracting mineral resources and prior to a decision to proceed with development are charged to operations as incurred. As required by IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, the Company has restated the consolidated statement of financial position as at January 31, 2015, the consolidated statement of operations and comprehensive loss for the three and six month periods ended July 31, 2014, the consolidated statements of changes in shareholders' equity for the periods ended July 31, 2014 and January 31, 2015, and the consolidated statement of cash flow for the six month period ended July 31, 2014, and has included the restated consolidated statement of financial position as at February 1, 2014. Management considers this accounting policy to provide more reliable and relevant information and more clearly represents the Company's activities.

The consolidated financial statement impact as at February 1, 2014 is as follows:

	As previously reported	Effect of change in accounting policy	As restated
Consolidated Statements of Financial Position			
Property and equipment	$ 13	$ 1,456	$ 1,469
Martison Phosphate Project	95,919	(95,919)	-
Total assets	153,151	(94,463)	58,688
Deferred tax liability	16,039	(16,039)	-
Accumulated deficit	(6,689)	(78,424)	(85,113)
Total shareholders' equity	137,000	(78,424)	58,576
Total liabilities and shareholders' equity	153,151	(94,463)	58,688

(Expressed in Thousands of Canadian Dollars, Unless Otherwise Indicated)

The consolidated financial statement impact as at July 31, 2014 is as follows:

	As previously reported	Effect of change in accounting policy	As restated
Consolidated Statements of Operations and Comprehensive Loss for the three months ended July 31, 2014			
Exploration and evaluation expenditures	$ -	$ 30	$ 30
Net (loss) for the period	(134)	(30)	(164)
Comprehensive income (loss) for the period	(273)	(30)	(303)

	As previously reported	Effect of change in accounting policy	As restated
Consolidated Statements of Operations and Comprehensive Loss for the six months ended July 31, 2014			
Exploration and evaluation expenditures	$ -	$ 67	$ 67
Net (loss) for the period	(269)	(67)	(336)
Comprehensive income (loss) for the period	(394)	(67)	(461)

	As previously reported	Effect of change in accounting policy	As restated
Consolidated Statements of Cash Flows			
Net loss for the period	$ (269)	$ (67)	$ (336)
Cash flows provided by (used in) operating activities	(241)	(67)	(308)
Expenditures on Martison Phosphate Project	(67)	67	-
Cash flows used in investing activities	(2,631)	67	(2,564)

The consolidated financial statement impact as at January 31, 2015 is as follows:

	As previously reported	Effect of change in accounting policy	As restated
Consolidated Statements of Financial Position			
Property and equipment	$ 9	$ 1,456	$ 1,465
Martison Phosphate Project	1,456	(1,456)	-

(Expressed in Thousands of Canadian Dollars, Unless Otherwise Indicated)

7. PROPERTY AND EQUIPMENT

The following table sets forth the cost, accumulated depreciation and net book value of the Group's property and equipment:

Cost	Land (Note 6)	Other	Total
Balance at February 1, 2014	$ 1,456	$ 78	$ 1,534
Additions	-	-	-
Disposals	-	-	-
Balance at January 31, 2015	$ 1,456	$ 78	$ 1,534
Additions	-	-	-
Disposals	-	-	-
Balance at July 31, 2015	$ 1,456	$ 78	$ 1,534

Accumulated Depreciation	Land (Note 6)	Other	Total
Balance at February 1, 2014	$ -	$ 65	$ 65
Depreciation	-	4	4
Disposals	-	-	-
Balance at January 31, 2015	$ -	$ 69	$ 69
Depreciation	-	2	2
Disposals	-	-	-
Balance at July 31, 2015	$ -	$ 71	$ 71

Carrying Amounts	Land (Note 6)	Other	Total
As at February 1, 2014	$ 1,456	$ 13	$ 1,469
As at January 31, 2015	$ 1,456	$ 9	$ 1,465
As at July 31, 2015	$ 1,456	$ 7	$ 1,463

8. RELATED PARTY TRANSACTIONS AND BALANCES

(a) The balance due to a related party is as follows:

	July 31, 2015	January 31, 2015
Due to a firm of which an officer of the Company is a partner ((c)(i))	$ 40	$ 23
Due to an officer of the Company for consulting fees((c)(ii))	7	7
Due to directors	90	31
Total due to related parties	$ 137	$ 61

The above amount is unsecured, non-interest bearing and due within 30 days of the invoice date.

(b) The balance due from a related party is as follows:

	July 31, 2015	January 31, 2015
Due from a shareholder (c)(iii))	$ 135	$ -

(Expressed in Thousands of Canadian Dollars, Unless Otherwise Indicated)

(c) Related Party Transactions

(i) The Group paid or accrued professional and business development and due diligence fees to a law firm, of which the Secretary of the Group is a partner, for the three and six month periods ended July 31, 2015 in the amount of $85 and $367 (July 31, 2014 - $73 and $112 respectively).

(ii) The Group paid or accrued professional fees to a consulting firm for the services of the current Chief Financial Officer, for the three and six month periods ended July 31, 2015, in the amount of $23 and $45 (July 31, 2014 - $0 and $0 respectively)

(iii) The Group paid for or accrued due diligence and other associated costs in connection with a potential investment. A portion of these costs are to be reimbursed by a shareholder.

These transactions are in the normal course of operations.

9. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares, one vote per share, no par value
Unlimited number of non-voting special shares, no par value

(b) Issued

Commons shares	Number of Shares		Amounts
Balance, January 31, 2014	156,822,833	$	41,767
Repurchase of shares	(3,629,040)		(966)
Balance, January 31, 2015	153,193,793	$	40,801
Repurchase of shares (Note 9(d))	(945,010)		(252)
Balance, July 31, 2015	152,248,783	$	40,549

(c) Reduction of Stated Capital

On October 14, 2011, the Board of Directors reduced the stated capital of the common shares by $105,000 pursuant to the authorization given to the directors by the shareholders on February 11, 2009. The purpose of the reduction in stated capital was to satisfy corporate law requirements applicable to undertake a normal course issuer bid. This resulted in a decrease in share capital of $105,000 and an increase in reduction of capital reserve of $105,000.

(d) Normal Course Issuer Bid

On October 17, 2014, the Company received approval from the Toronto Stock Exchange (the "TSX") to renew its normal course issuer bid to repurchase up to 10 million of its common shares (the "Bid"), representing at that time approximately 8.5% of the public float of the Company. Pursuant to TSX policies, daily purchases made by the Company will not exceed 19,510 common shares, being 25% of the average daily trading volume on the TSX for the six months ended September 30, 2014, subject to certain exceptions (including block purchases) prescribed by the TSX. All shares purchased under the Bid will be cancelled. The Bid expires on October 20, 2015.

(Expressed in Thousands of Canadian Dollars, Unless Otherwise Indicated)

During the six month period ended July 31, 2015 the Company purchased 945,010 common shares for cancellation under the Bid for total consideration of $273 including commission. The difference between the consideration and the carrying value of the common shares of $252 was credited to accumulated deficit. In addition, a portion of the reserve related to the capital reduction in the amount of $575 was also credited to accumulated deficit.

(e) Stock option plan

The changes in stock options for the six month periods ended July 31, 2015 and July 31, 2014 are as follows:

	Six Months Ended July 31, 2015			Six Months Ended July 31, 2014		
	Number of Options	Weighted Average Exercise Price		Number of Options	Weighted Average Exercise Price	
Outstanding, beginning of period	3,025,000	$	0.40	3,950,000	$	0.40
Granted	-		-	-		-
Forfeited and cancelled	(225,000)		0.40	275,000		0.40
Expired	-		-	-		-
Outstanding, end of period	2,800,000	$	0.40	3,675,000	$	0.40
Options exercisable at period end	1,850,000	$	0.40	1,712,500	$	0.40
Weighted average fair value of options expired and cancelled during the period		$	-		$	-

As of July 31, 2015, the following stock options were outstanding and exercisable:

	Options Outstanding				Options Exercisable		
Option Expiry date	Number of Options	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price		Number of Options	Weighted Average Exercise Price	
January 22, 2018 (i)	1,800,000	2.48	$	0.40	1,350,000	$	0.40
December 3, 2018 (ii)	1,000,000	3.34		0.40	500,000		0.40
Outstanding, end of period	2,800,000	2.79	$	0.40	1,850,000	$	0.40

As of July 31, 2015, 950,000 stock options remain to vest.

The aggregate number of common shares which may be issued under the Company's stock option plan (the "Plan") is limited to 10,000,000 common shares of the Company. As at July 31, 2015, stock options in respect of an additional 4,230,000 common shares were available for issue under the Plan.

(i) The fair value of each tranche of stock options granted on January 21, 2013 was estimated on the date of grant using the Black Scholes option pricing model with the following inputs: dividend yield of 0%; expected volatility of 70% based on daily closing share prices for the previous 5 year period; risk free interest rate of 1.48%; share price of $0.28; and expected average life of 5 years.

(Expressed in Thousands of Canadian Dollars, Unless Otherwise Indicated)

(ii) The fair value of each tranche of stock options granted on December 2, 2013 was estimated on the date of grant using the Black Scholes option pricing model with the following inputs: dividend yield of 0%; expected volatility of 53% based on daily closing share prices for the previous 5 year period; risk free interest rate of 1.73%; share price of $0.28; and expected average life of 5 years.

(f) Basic and Diluted (Loss) per Share

The following table sets forth the computation of basic and diluted (loss) per share:

	Six Months Ended July 31,	
	2015	**2014**
Net (loss) for the period	$ (979)	$ (336)
Weighted average number of common shares	152,393,192	156,768,347
Basic and diluted (loss) per share	$ (0.00)	$ (0.00)

10. ADMINISTRATION EXPENSES

The following table sets forth the items under administration expenses:

	July 31, 2015	July 31, 2014
Salaries and benefits	$ 157	$ 306
Professional and legal fees (Note 8)	132	66
Business development and due diligence fees (Note 8)	556	51
Directors' fees	148	75
Reporting issuer costs	66	57
Rent	37	35
Depreciation	2	2
Other	42	42
	$ 1,140	$ 634

11. EXPLORATION AND EVALUATION EXPENDITURES

The following table sets forth the items under exploration and evaluation expenses:

	July 31, 2015	July 31, 2014
Technical and consulting	$ 29	$ 4
Leases, rent and property taxes	52	50
Legal	-	8
Other	6	5
	$ 87	$ 67

12. SEGMENTED INFORMATION

The Group's operations comprise a single reporting operating segment engaged in mineral exploration and evaluation of the Project in Ontario, Canada.