ABE Resources Inc.

Unaudited Interim Financial Statements

May 31, 2016

NOTICE OF DISCLOSURE OF NON-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 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 financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

ABE Resources Inc.

Statements of Financial Position

(in Canadian dollars)

	Notes	**May 31, 2016 (Unaudited)**	August 31, 2015 (Audited)
ASSETS		**$**	$
Current			
Cash		**88,115**	159,036
Other receivables		**5,563**	1,635
Tax credits receivable		**3,440**	39,796
Prepaid expenses		**11,566**	10,687
Investments	6	**82,207**	183,543
		190,891	394,697
Non-current			
Property and equipment	7	**-**	3,708
		-	3,708
Total assets		**190,891**	398,405
LIABILITIES			
Current			
Trade and other payables		**47,036**	64,637
Provision for compensation	9	**510,810**	510,810
Total liabilities		**557,846**	575,447
NEGATIVE EQUITY			
Share capital	10.1	**32,238,978**	32,238,978
Contributed surplus		**5,259,154**	5,259,154
Accumulated other comprehensive loss		**(379,000)**	(832,267)
Deficit		**(37,486,087)**	(36,842,907)
Total negative equity		**(366,955)**	(177,042)
Total liabilities and negative equity		**190,891**	398,405

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

These financial statements were approved and authorized for issue by the Board of Directors on July 20, 2016.

Approved on behalf of the Board of Directors

(signed) Yves Rougerie, Director

(signed) Robert C. Bryce, Director

ABE Resources Inc.

Statements of Comprehensive Loss

(in Canadian dollars)

	Notes	Three-month period ended May 31, 2016	Three-month period ended May 31, 2015	Nine-month period ended May 31, 2016	Nine-month period ended May 31, 2015
		$	$	**$**	$
Expenses					
Employee benefits expense	11.1	**15,846**	23,012	**78,180**	95,452
Insurance, taxes and permits		**3,754**	4,986	**10,254**	14,865
Professional fees		**3,893**	2,839	**29,247**	40,801
Rent and maintenance		**4,036**	7,524	**17,473**	21,378
Business development		**-**	1,418	**-**	3,762
		-	500	**-**	500
Stationery and office expenses		**13,229**	3,021	**18,629**	13,235
Travel, board and lodging		**716**	8,510	**2,562**	14,527
Registration fees		**8,698**	8,333	**17,568**	23,854
Provision for compensation		**-**	330	**330**	(1,961)
Exploration costs other properties		**(7)**	20,761	**6,790**	75,588
Bank charges		**624**	338	**1,334**	2,752
		(6,000)	-	**(6,000)**	-
Amortization of property and equipment		**-**	2,781	**3,708**	8,342
Operating loss		**44,789**	84,353	**180,075**	313,095
Other expenses					
Finance income	13	**(436)**	-	**(436)**	-
Finance cost	13	**-**	7,155	**463,541**	7,155
		(436)	7,155	**463,105**	7,155
Loss before income taxes and loss for the period		**(44,353)**	(91,508)	**(643,180)**	(320,250)
Other comprehensive loss					
Items that will be reclassified subsequently to profit or loss					
Available-for-sale financial assets					
Net change in fair value for the period		**15,000**	516	**(10,274)**	(169,683)
Reclassification to profit or loss		**-**	7,155	**463,541**	7,155
Other comprehensive loss for the period, net of tax		**15,000**	7,671	**453,267**	(162,528)
Total comprehensive loss for the period		**(29,353)**	(83,837)	**(189,913)**	(482,778)
Loss per share					
Basic and diluted net loss per share	14	**(0.00)**	(0.01)	**(0.06)**	(0.03)

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

ABE Resources Inc.
Statements of Changes in Equity
for the periods ended May 31
(in Canadian dollars)

	Share capital Number	Share capital Amount	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total negative equity
		$	$	$	$	$
Balance, September 1st, 2014	11,510,944	32,238,978	5,246,437	(743,537)	(36,215,833)	526,045
Share-based payments			7,510			7,510
Transactions with owners	-	-	7,510	-	-	7,510
Net loss for the period	-	-	-	-	(320,250)	(320,250)
Other comprehensive loss						
Available-for-sale financial assets						
Net change in fair value for the period	-	-	-	(169,683)	-	(169,683)
Reclassification to profit or loss	-	-	-	7,155	-	7,155
Total comprehensive income for the period	-	-	-	(162,528)	(320,250)	(482,778)
Balance as at May 31, 2015	11,510,944	32,238,978	5,253,947	(906,065)	(36,536,083)	50,777
Share-based payments	-	-	5,207	-	-	5,207
Transactions with owners	-	-	5,207	-	-	5,207
Net loss for the period	-	-	-	-	(306,824)	(306,824)
Other comprehensive loss						
Available-for-sale financial assets						
Net change in fair value for the period	-	-	-	(108,735)	-	(108,735)
Reclassification to profit or loss	-	-	-	182,533	-	182,533
Total comprehensive loss for the period	-	-	-	73,798	(306,824)	(233,026)
Balance as at August 31, 2015	11,510,944	32,238,978	5,259,154	(832,267)	(36,842,907)	(177,042)
Net loss for the period	-	-	-	-	(643,180)	(643,180)
Other comprehensive loss						
Available-for-sale financial assets						
Net change in fair value for the period	-	-	-	(10,274)	-	(10,274)
Reclassification to profit or loss	-	-	-	463,541	-	463,541
Total comprehensive loss for the period	-	-	-	453,267	(643,180)	(189,913)
Balance as at May 31, 2016	**11,510,944**	**32,238,978**	**5,259,154**	**(379,000)**	**(37,486,087)**	**(366,955)**

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

ABE Resources Inc.

Statements of Cash Flows

(in Canadian dollars)

	Notes	Nine-month period ended May 31, 2016	May 31, 2015
		$	$
Operating activities			
Net loss		**(643,180)**	(320,250)
Adjustments			
Amortization of property and equipment		**3,708**	8,342
Share-based payments		**-**	7,510
Fair value fluctuation on available-for-sale financial assets reclassified to profit or loss		**463,541**	7,155
Changes in working capital items	15	**13,949**	(36,975)
Cash flows used in operating activities		**(161,982)**	(334,218)
Investing activities			
Additions to exploration and evaluation assets		**-**	(3,143)
Disposal of marketable securities in quoted mining exploration companies		**91,061**	43,110
Cash flows from investing activities		**91,061**	39,967
Net change in cash		**(70,921)**	(294,251)
Cash, beginning of the period		**159,036**	515,352
Cash, end of the period		**88,115**	221,101

Additional information - Cash flows (Note 15)

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

1. NATURE OF OPERATIONS

ABE Resources Inc. (the “Company”), is an exploration company with activities in Canada.

2. GOING CONCERN ASSUMPTION

The financial statements have been prepared on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated income nor cash flows from its operations. As at May 31, 2016 the Company has a cumulated deficit of $37,486,086 ($36,842,907 as at August 31, 2015). These material uncertainties cast significant doubt regarding the Company’s ability to continue as a going concern.

The Company’s ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties and continued support of suppliers and creditors. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

The carrying amounts of assets, liabilities, revenues and expenses presented in the financial statements and the classification used in the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate.

3. BASIS OF PRESENTATION

These interim financial statements of the Company as at May 31, 2016 were prepared in accordance with IFRS, as issued by the International Accounting Standards Board (IASB) under International Accounting Standard (IAS) 34 - Interim Financial Reporting. These interim financial statements were prepared using the same basis of presentation, accounting policies and methods of computations outlined in Note 5, SIGNIFICANT ACCOUNTING POLICIES as described in our financial statements for the year ended August 31, 2015. The interim financial statements do not include all of the notes required in annual financial statements.

4. JUDGMENTS, ESTIMATES AND ASSUMPTIONS

When preparing the financial statements, management makes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

4.1 Significant management judgment

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements.

4.1 Significant management judgment (continued)

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

4.2 Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and assumptions in many cases.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or cash-generating unit must be estimated.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recover from either future exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

4.2 Estimation uncertainty (continued)

Impairment of property and equipment

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and assumptions in many cases.

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own share, the probable life of share options and warrants granted and the time of exercise of those share options and warrants, if applicable. The model used by the Company is the Black-Scholes valuation model (see Note 11.2).

Provisions and contingent liabilities

Judgments are made as to whether a past event has led to a liability that should be recognized in the financial statements or disclosed as a contingent liability. Quantifying any such liability and provisions involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received, previous experience and the probability of a loss being realized. Several of these factors are source of estimation uncertainty (see Note 9).

Tax credits receivable

The calculation of the Company's refundable tax credit on qualified exploration expenditure incurred and refundable tax credit involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until notice of assessments and payments have been issued from the relevant taxation authority and a payment have been received. Difference arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to the refundable tax credit and refundable tax credit, exploration and evaluation assets, and income tax expense in future periods.

5. SEGMENT REPORTING

The Company presents and discloses segmental information based on information that is regularly reviewed by the Chairman and the Board of Directors.

The Company has determined that there was only one operating segment being the sector of exploration and evaluation of mineral resources.

(in Canadian dollars)

6. INVESTMENTS

	May 31, 2016	August 31, 2015
	$	$
Marketable securities in quoted mining exploration companies:		
- IMX Resources Limited (formerly Continental Nickel Limited)	**2,207**	6,897
- Bonterra Resources Inc.	**-**	5,780
- Balmoral Resources Inc.	**-**	18,616
- Pershimco Resources Inc.	**80,000**	152,250
	82,207	183,543

7. PROPERTY AND EQUIPMENT

	Camps (for exploration and evaluation)	Leasehold improvements	Equipment	Mobile equipment	**Total**
				$	**$**
Gross carrying amount					
Balance as at September 1, 2015	629,898	203,726	130,169	55,613	**1,019,406**
Write-off	-	(203,726)	(107,168)	(55,613)	**(366,507)**
Balance as at May 31, 2016	629,898	-	23,001	-	**652,899**
Accumulated amortization and write-off					
Balance as at September 1, 2015	629,898	203,726	130,169	51,905	**1,015,698**
Amortization	-	-	-	3,708	**3,708**
Write-off	-	(203,726)	(107,168)	(55,613)	**(366,507)**
Balance as at May 31, 2016	629,898	-	23,001	-	**652,899**
Carrying amount as at May 31, 2016	**-**	**-**	**-**	**-**	**-**

(in Canadian dollars)

7. PROPERTY AND EQUIPMENT (continued)

	Camps (for exploration and evaluation)	Leasehold improvements	Equipment	Mobile equipment	Total
	$	$	$	$	$
Gross carrying amount					
Balance as at September 1, 2014	629,898	203,726	130,169	141,513	1,105,306
Additions	-	-	-	-	-
Disposals	-	-	-	(85,900)	(85,900)
Balance as at August 31, 2015	629,898	203,726	130,169	55,613	1,019,406
Accumulated amortization and impairment					
Balance as at September 1, 2014	629,898	203,726	130,169	126,682	1,090,475
Amortization	-	-	-	11,123	11,123
Disposals	-	-	-	(85,900)	(85,900)
Balance as at August 31, 2015	629,898	203,726	130,169	51,905	1,015,698
Carrying amount as at August 31, 2015	-	-	-	3,708	3,708

All amortization and impairment are included within Amortization of property and equipment and Impairment of property and equipment.

8. LEASES

The Company's future minimum operating lease payments are as follows:

	Minimum lease payments due		
	Within 1 year	1 to 5 years	Total
	$	$	$
May 31, 2016	-	-	-
August 31, 2015	19,341	-	19,341

The Company leased its offices under a lease expired March 31, 2016.

Lease payments recognized as an expense during the reporting period amount to $13,359 ($23,208 as at May 31, 2015). The total amount is presented in Rent and maintenance. These amounts consist of minimum lease payments.

(in Canadian dollars)

9. PROVISION FOR COMPENSATION

Provisions relate to various taxation claims. The Company is not eligible for any reimbursement by third parties in this regard. Usually, these claims are settled between three and eighteen months from initiation, depending on the procedures used for negotiating the claims. As the timing of settlement of these claims is to a large extent dependent on the pace of negotiation with various counterparties and governmental authorities, the Company cannot reliably estimate the amounts that will eventually be paid in settlement after more than twelve months from reporting date. Therefore, the amount was classified as current. During the second quarter of 2016, the Company paid no amount to his shareholders.

Management, on the advice of counsel, does not expect that the outcome of any of the remaining cases will give rise to any significant loss beyond the amounts actually recognized. None of the provisions will be discussed here in further detail so as to not seriously prejudice the Company's position.

10. EQUITY

10.1 Share capital

The share capital issued of the Company consists only of fully paid common shares.

Share capital authorized

Unlimited number of common shares without par value.
Unlimited number of preferred shares class "A" and "B", without par value.

10.2 Warrants

Outstanding warrants entitle their holders to subscribe to an equivalent number of common shares, as follows:

	May 31, 2016	
	Number	Weighted average exercise price
		$
Balance, beginning of reporting period	2,000,000	0.10
Granted	-	-
Balance, end of reporting period	2,000,000	0.10

Outlined below are the outstanding warrants which could be exercised for an equivalent number of common shares:

	May 31, 2016	
Expiration date	Number	Exercise price
		$
March 30, 2018	2,000,000	0.10
	2,000,000	

(in Canadian dollars)

11. EMPLOYEE REMUNERATION

11.1 Employee benefits expense

Employee benefits expense recognized is analyzed below:

	Three-month period ended		Nine-month period ended	
	May 31, 2016	May 31, 2015	**May 31, 2016**	May 31, 2015
	$	$	**$**	$
Salaries and benefits	**15,846**	44,793	**91,563**	146,832
Share-based payments	**-**	6,696	**-**	7,510
	15,846	51,489	**91,563**	154,342
Less: salaries capitalized in exploration and evaluation assets	**-**	-	**-**	(1,817)
Less: salaries reclassified to Exploration costs other properties in profit or loss	**-**	(28,477)	**(13,383)**	(57,073)
Employee benefits expense	**15,846**	23,012	**78,180**	95,452

11.2 Share-based payments

The Company has adopted a share-based payment plan under which members of the Board of Directors may award to directors, employees and consultants, options entitling its holder to purchase common shares of the Company. The maximum number of shares issuable under the plan is 10% of the outstanding shares (1,151,094 shares as at May 31, 2016).

The most important terms of the plan are as follows:

- The maximum number of common shares that can be granted for a beneficiary, other than a consultant or services supplier, is limited to 5% of issued and outstanding shares;

- The maximum number of common shares that can be granted for a consultant during any 12-month period is limited to 2% of issued and outstanding shares;

- The maximum number of common shares that can be granted for a supplier of investors' relation services during any 12-month period is limited to 2% of issued and outstanding shares. Moreover, the options granted will vest gradually on a 12-month period after the grant, at the maximum rate of 25% per quarter;

- The Board shall determine the manner in which an option shall vest and become exercisable to staff members. Options granted to consultants performing Investor Relations Activities shall vest over a minimum of 12 months with no more than 1/4 of such Options vesting in any 3 month period.

(in Canadian dollars)

11.2 Share-based payments (continued)

The exercise price per common share for an option shall not be less than the “Discounted Market Price”, as calculated pursuant to the policies of the Exchange, or such other minimum price as may be required by the Exchange. Every option shall have a term not exceeding and shall therefore expire no later than 10 years after the date of grant.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

The Company share options are as follows for the reporting periods presented:

	May 31, 2016		August 31, 2015	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
		$		$
Outstanding, beginning of the reporting period	**1,150,000**	**0.30**	942,000	0.55
Granted	**-**	**-**	335,000	0.05
Expired	**(163,000)**	**1.06**	(127,000)	1.50
Outstanding, end of the reporting period	**987,000**	**0.11**	1,150,000	0.30
Exercisable, end of the reporting period	**987,000**	**0.11**	1,066,250	0.32

The table below summarizes the information related to outstanding share options :

	May 31, 2016		August 31, 2015	
Range of exercise price	**Number**	**Weighted average remaining contractual life (years)**	Number	Weighted average remaining contractual life (years)
$0.10 to $1.00	**987,000**	**2.99**	987,000	3.75
$1.01 to $2.00	**-**	**-**	163,000	0.02
	987,000	**2.99**	1,150,000	3.22

The average fair value of options granted and modified of $0.04 per option in 2015 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2015
Average share price at the date of grant	$ 0.04
Expected dividends yield	0%
Expected weighted volatility	155%
Average risk-free interest rate	0.53%
Expected average life	5 years
Average exercise price at the date of grant	$ 0.05

11.2 Share-based payments (continued)

The underlying expected volatility was determined by reference to historical data of Company's shares over the expected average life of the options. No special features inherent to the options granted were incorporated into measurement of fair value.

Any amount of share-based payments (all of which related to equity-settled share-based payment transactions) was included in employee benefits expense, profit or loss for the period ended May 31, 2016 ($12,717 for the year ended August 31, 2015 and credited to Contributed surplus).

12. FAIR VALUE MEASUREMENT

12.1 Financial instruments measured at fair value

Financial assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

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

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly ; and

- Level 3: unobservable inputs for the assets or liabilities.

The fair value of the marketable securities in quoted mining exploration companies have been estimated by reference to their quoted prices at the reporting date.

Marketable securities in quoted mining exploration companies are measured at fair value in the statement of financial position as at May 31, 2016 and August 31, 2015, and are classified in Level 1.

12.2 Financial instruments measured at amortized cost for which the fair value is disclosed

The carrying value of cash, other receivables, trade and other payables is considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

(in Canadian dollars)

13. FINANCE INCOME AND FINANCE COST

Finance income may be analyzed as follows for the reporting periods presented:

	Three-month period ended		Nine-month period ended	
	May 31, 2016	May 31, 2015	**'May 31, 2016**	'May 31, 2015
	$	$	**$**	$
Interest income from cash	**436**	-	**436**	-
Finance income	**436**	-	**436**	-

Finance cost may be analyzed as follows for the reporting periods presented:

	Three-month period ended		Nine-month period ended	
	May 31, 2016	May 31, 2015	**May 31, 2016**	May 31, 2015
	$	$	**$**	$
Net change in fair value of available-for-sale financial assets reclassified in profit or loss	**-**	-	**463,541**	-
Finance cost	**-**	-	**463,541**	-

15. LOSS PER SHARE

In calculating the diluted loss per share, dilutive potential common shares such as options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antidilutive. Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 10.2 and 11.2.

Both the basic and diluted loss per share have been calculated using the net loss as the numerator, i.e. no adjustment to the net loss was necessary in 2016 and 2015.

	Three-month period ended		Nine-month period ended	
	May 31, 2016	May 31, 2015	**May 31, 2016**	May 31, 2015
Net loss	**(44,353) $**	(91,508) $	**(643,180) $**	(320,250) $
Weighted average number of shares	**11,510,945**	11,510,945	**11,510,945**	11,510,945
Basic and diluted loss per share	**(0.00) $**	(0.01) $	**(0.06) $**	(0.03) $

There have been no other transactions involving ordinary shares between the reporting date and the date of authorization of these financial statements.

(in Canadian dollars)

15. ADDITIONAL INFORMATIONS - CASH FLOWS

The changes in the working capital items are detailed as follows:

	Nine-month period ended	
	May 31, 2016	May 31, **2015**
	$	$
Other receivables	**(3,928)**	4,951
Tax credits receivable[1]	**36,356**	49,729
Prepaid expenses and deposits	**(879)**	12,439
Trade and other payables	**(17,600)**	(71,638)
Provision for compensation	**-**	(32,456)
	13,949	(36,975)

[1] tax credit accounted in profit or loss in reduction of Exploration costs other properties.

16. RELATED PARTY TRANSACTIONS

The Company's related parties include key management and two companies with common directors as describe below. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balance are usually settled in cash.

16.1 Transactions with key management personnel

Key management personnel of the Company are members of the Board of Directors and also the President and the CFO. Key management personnel remuneration includes the following expenses:

	Three-month period ended		Nine-month period ended	
	May 31, 2016	May 31, 2015	**May 31, 2016**	May 31, 2015
	$	$	**$**	$
Short-term employee benefits	**12,417**	24,632	**53,111**	78,405
Share-based payments	**-**	5,997	**-**	6,686
Total remuneration	**12,417**	30,629	**53,111**	85,091

A significant part of the remuneration of the President has been allocated to Exploration and evaluation assets and/or to Exploration costs other properties in profit or loss.

17. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company’s capital management objectives are to ensure the Company’s ability to continue as a going concern, to increase the value of the assets of the business, and to provide an adequate return to shareholders of the Company.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company’s own means.

The Company monitors capital on the basis of the carrying amount of equity.

The Company is not exposed to any externally imposed capital requirements except when the Company issues flow-through shares for which an amount should be used for exploration work.

The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings.

When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its exploration and evaluation activities or may slow its activities until conditions improve.

18. FINANCIAL INSTRUMENT RISKS

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company focuses on actively securing short to medium-term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial assets for speculative purposes.

The most significant financial risks to which the Company is exposed are described below.

18.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to the following type of market risk: other price risk.

Other price risk sensitivity

The Company is exposed to fluctuations in the market prices of its marketable securities in quoted mining exploration companies. The fair value of the marketable securities represents the maximum exposure to price risk.

If the market price of these securities had fluctuated from + or - 20% as at May 31, 2016 and August 31, 2015, the other comprehensive loss and the equity would have fluctuated of $16,441 ($36,709 as at August 31, 2015).

(in Canadian dollars)

18.2 Credit risk

Credit risk is the risk that another party to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date, as summarized below:

	May 31, 2016	August 31, 2015
	$	$
Cash	**88,115**	159,036
Carrying amounts	**88,115**	159,036

The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

18.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

Over the past period, the Company has financed its exploration and evaluation programs, its working capital requirements and acquisitions of mining properties through the sale of investments and also through the sale of exploration and evaluation assets.

The following table presents contractual maturities (including interest payments where applicable) of the Company's liabilities:

	Current
	Less than 6 months
	$
May 31, 2016	
Account payables	**5,903**
Total	**5,903**
August 31, 2015	
Account payables	18,269
Total	18,269

18.3 Liquidity risk (continued)

Where the counterparty has a choice of when an amount is paid, the liability has been included on the earliest date on which payment can be required.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash, tax credits receivable and marketable securities in quoted mining exporation companies. Cash, tax credits receivable and marketable securities in quoted mining exporation companies exceed the current cash outflow requirements.

19. CONTINGENCY

On November 20, 2014, the Company received from the Ministry of sustainable Development, Environment and Fight against Climate Change a notice of non-compliance and an administrative sanction of $10,000 in cash concerning drilling work done. The Company believes that this claim is not founded and no provision has been recorded in the books of the Company. On November 26, 2014, the Company requested a revision of this decision.