Cadillac Ventures Inc.

Condensed Interim Consolidated Financial Statements

Three Months Ended August 31, 2015

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of Cadillac Ventures Inc. ("Cadillac") have been prepared by, and are the responsibility of, management. The unaudited condensed interim consolidated financial statements have not been reviewed by Cadillac's auditors.

CADILLAC VENTURES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

	August 31, 2015	May 31, 2015
	$	$
ASSETS		
Current assets		
Cash	**10,526**	13,643
Short-term investments (Note 3)	**30,009**	30,193
Accounts receivable and prepaids (Note 5)	**19,769**	24,067
Due from Renforth Resources Inc. (Note 16(a)(iii))	**135,000**	140,000
Marketable securities (Note 4)	**154,000**	115,500
Total current assets	**349,304**	323,403
Non-current assets		
Restricted cash (Note 8)	**400,000**	400,000
Property, plant and equipment (Note 6)	**68,884**	72,386
Exploration and evaluation assets (Note 7)	**22,226,701**	22,140,614
Total non-current assets	**22,695,585**	22,613,000
Total assets	**23,044,889**	22,936,403
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	**1,792,665**	2,178,442
Convertible debentures (Note 10)	**173,328**	-
Derivative liability (Note 10)	**23,566**	-
Total current liabilities	**1,989,559**	2,178,442
Non-current liability		
Decommissioning provision (Note 8)	**411,911**	409,533
Total non-current liability	**411,911**	409,533
Total liabilities	**2,401,470**	2,587,975
SHAREHOLDERS' EQUITY		
Share capital (Note 11(b))	**29,204,412**	29,017,997
Reserves (Notes 12(b) and 13)	**10,591,502**	10,523,502
Accumulated deficit	**(19,152,495)**	(19,193,071)
Total shareholders' equity	**20,643,419**	20,348,428
Total liabilities and shareholders' equity	**23,044,889**	22,936,403

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

Nature of business and going concern (Note 1)
Events after the reporting period (Note 17)

CADILLAC VENTURES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended August 31, 2015	2014
	$	$
Expenses		
Management and consulting fees (Note 16)	**83,650**	83,695
Shareholder relations	**11,766**	3,838
Legal and audit	**5,800**	3,144
Office and general	**58,888**	64,355
Travel	**609**	449
Accounting and corporate services	**14,320**	11,117
Advertising, promotions and investor relations	**-**	3,907
Flow-through charges	**-**	131
Depreciation (Note 6)	**3,502**	4,458
Total operating expenses	**178,535**	175,094
Net operating loss before the following	**(178,535)**	(175,094)
Accretion expense (Note 8)	**(2,378)**	(1,354)
Finance interest expense (Note 10)	**(4,144)**	-
Interest and other income	**718**	1,157
Property option revenue (Note 4)	**15,000**	-
Premium on flow-through share	**-**	1,766
Unrealized gain on marketable securities (Note 4)	**23,500**	-
Gain on debt settlement (Note 11(i))	**186,415**	-
Net income (loss) and comprehensive income (loss) for the period	**40,576**	(173,525)
Basic and diluted income (loss) per share (Note 14)	**0.00**	(0.01)
Weighted average number of shares outstanding - basic and diluted	**17,262,437**	16,690,782

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

CADILLAC VENTURES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital	Reserves: Warrants	Reserves: Contributed Surplus	Accumulated Deficit	Total
Balance, May 31, 2014	**$ 29,017,997**	**$ 944,765**	**$ 9,578,737**	**$ (17,842,266)**	**$ 21,699,233**
Warrants expiry	-	(188,168)	188,168	-	-
Net loss for the period	-	-	-	(173,525)	(173,525)
Balance, August 31, 2014	**$ 29,017,997**	**$ 756,597**	**$ 9,766,905**	**$ (18,015,791)**	**$ 21,525,708**
Balance, May 31, 2015	**$ 29,017,997**	**$ 725,997**	**$ 9,797,505**	**$ (19,193,071)**	**$ 20,348,428**
Common shares issued for debt (Note 11(b)(i))	186,415	-	-	-	186,415
Warrants issued with convertible debentures (Note 10)	-	68,000	-	-	68,000
Warrants expiry	-	(233,333)	233,333	-	-
Net income for the period	-	-	-	40,576	40,576
Balance, August 31, 2015	**$ 29,204,412**	**$ 560,664**	**$ 10,030,838**	**$ (19,152,495)**	**$ 20,643,419**

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

CADILLAC VENTURES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended August 31, 2015	Three Months Ended August 31, 2014
	$	$
Cash (used in) provided by operating activities		
Net income (loss) for the period	**40,576**	(173,525)
Items not involving cash:		
Depreciation	**3,502**	4,458
Property option revenue	**(15,000)**	-
Gain on debt settlement	**(186,415)**	-
Unrealized gain on marketable securities	**(23,500)**	-
Premium on flow-through shares	**-**	(1,766)
Accrued interest	**184**	179
Accretion expense	**2,378**	1,354
Finance interest expense	**4,144**	-
Changes in non-cash working capital:		
Accounts receivable and prepaids	**4,298**	(17,229)
Accounts payable and accrued liabilities	**(12,947)**	269,589
	(182,780)	83,060
Cash used in investing activities		
Expenditures on mining rights	**(86,087)**	(88,063)
Redemption of short-term investments	**430,000**	430,000
Purchase of short-term investments	**(430,000)**	(430,000)
Cash proceeds from Renforth Resources Inc.	**5,000**	15,000
	(81,087)	(73,063)
Cash provided by financing activities		
Proceeds from convertible debentures (Note 10)	**300,000**	-
Transaction costs	**(39,250)**	-
	260,750	-
Net change in cash during the period	**(3,117)**	9,997
Cash, beginning of period	**13,643**	8,859
Cash, end of period	**10,526**	18,856

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

1. NATURE OF BUSINESS AND GOING CONCERN

Cadillac Ventures Inc. ("Cadillac" or the "Company") is publicly traded on the TSX Venture Exchange ("TSX-V") under the symbol CDC. Cadillac is a development-focused exploration company which has several Canadian exploration projects, located in regions that have been historically active, and an exploration project in Peru. The Burnt Hill property is a 51% owned tungsten tin project located outside of Fredericton, New Brunswick. The Thierry Mine project is located in Kapkichi Lake Township and Ponsford Lake Township, Ontario. The Kirkland Lake/Grenfell Gold property is located west of the town of Kirkland Lake, Ontario. In addition, Cadillac has an initial 30% indirect interest in the Lima Norte property located in Peru. The primary office is located at 65 Front Street East, Suite 200, Toronto, Ontario, M5E 1B5.

In order to meet future expenditures and cover administrative costs, the Company will need to raise additional financing. The Company has had recurring losses and will require additional financing to fund its continuing exploration efforts. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis that assumes the Company will be able to continue to realize its assets and discharge its liabilities in the normal course of business. 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.

In the event the Company is not able to obtain adequate funding, there is uncertainty as to whether the Company will be able to maintain and complete the acquisition and development of its property interests. These unaudited condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to obtain adequate financing. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of October 19, 2015, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended May 31, 2015, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending May 31, 2016 could result in restatement of these unaudited condensed interim consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in accounting policies

(i) IFRS 13 – Fair Value Measurement ("IFRS 13") was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32. The amendment is effective for annual periods beginning on or after July 1, 2014. As at June 1, 2015, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

(ii) IAS 24 – Related Party Disclosures ("IAS 24") was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The amendments to IAS 24 are effective for annual periods beginning on or after July 1, 2014. As at June 1, 2015, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

Recent accounting pronouncements

(i) IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. 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. This standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

In October 2010, the IASB added requirements for financial liabilities to IFRS 9. These requirements were largely carried forward from the existing requirements in IAS 39, however, fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income.

In November 2013, the IASB amended IFRS 9 to include a new general hedge accounting model. The amendment also removed the January 1, 2015 effective date.

In July 2014, the IASB issued the final version IFRS 9 that supersedes the requirements of earlier versions of the standard. The new standard will replace both IAS 39 and IFRIC 9 - Reassessment of Embedded Derivatives. The standard will retain the classification and measurements requirements and new hedge accounting model introduced by the previous versions while introducing a single forward-looking expected credit loss impairment model. The final version of this new standard is effective for annual periods beginning on or after January 1, 2018.

(ii) IFRS 11 - Joint Arrangements ("IFRS 11") was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted. The Company is still in the process of assessing the impact of this pronouncement.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent accounting pronouncements (continued)

(iii) IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted. The Company is still in the process of assessing the impact of this pronouncement.

(iv) Various other accounting pronouncements (such as IFRS 14, IFRS 15, and the various annual improvements) that have no material impact to the Company are not included above. The Company has not early adopted these standards.

3. SHORT-TERM INVESTMENTS

Royal Bank Guaranteed Investment Certificates	**August 31, 2015**	**May 31, 2015**
Bearing interest at 0.5%, due August 10, 2016	**$ 30,009**	$ -
Bearing interest at 0.8%, due June 10, 2015	**-**	30,193
	$ 30,009	$ 30,193

4. MARKETABLE SECURITIES

Marketable securities consist of 6,700,000 common shares of Renforth Resources Inc. ("Renforth") (May 31, 2015 - 6,700,000 common shares), a publicly held Canadian company engaged in the exploration of properties in Canada. In addition, the Company owns 2,000,000 common shares of Anconia Resources Corp. ("Anconia") (May 31, 2015 - 1,000,000 common shares), a publicly held Canadian company engaged in the exploration of properties in Canada and Spain. The market value of the common shares at August 31, 2015 was $154,000 (May 31, 2015 - $115,500).

During the three months ended August 31, 2015, the Company recognized a gain of $23,500 (three months ended August 31, 2014 - $nil) on these marketable securities as a result of change in their fair value.

During the three months ended August 31, 2015, pursuant to the Agreement, the Company received 1,000,000 common shares from Anconia which were valued at $15,000 and are recorded as property option revenue in the unaudited condensed interim consolidated statements of income (loss) and comprehensive income (loss).

(Expressed in Canadian Dollars)

5. ACCOUNTS RECEIVABLE AND PREPAIDS

	August 31, 2015	May 31, 2015
Sale tax receivable	**$ 12,012**	$ 12,821
Prepaids	**5,249**	8,638
Accounts receivable	**2,508**	2,608
	$ 19,769	$ 24,067

The following is an aged analysis of the accounts receivable:

	August 31, 2015	May 31, 2015
Less than 12 months	**$ 568**	$ 568
Greater than 12 months	**1,940**	2,040
	$ 2,508	$ 2,608

Sales tax receivable is not past due.

6. PROPERTY, PLANT AND EQUIPMENT

Cost	Equipment and Furniture	Mining Equipment	Buildings	Computer Equipment	Total
Balance, May 31, 2015 and August 31, 2015	**$ 78,257**	**$ 300,575**	**$ 79,500**	**$ 6,380**	**$ 464,712**

Accumulated Depreciation	Equipment and Furniture	Mining Equipment	Buildings	Computer Equipment	Total
Balance, May 31, 2015	**$ 52,552**	**$ 259,879**	**$ 74,354**	**$ 5,541**	**$ 392,326**
Depreciation	1,018	2,035	386	63	3,502
Balance, August 31, 2015	**$ 53,570**	**$ 261,914**	**$ 74,740**	**$ 5,604**	**$ 395,828**

Net Book Value	Equipment and Furniture	Mining Equipment	Buildings	Computer Equipment	Total
Balance, May 31, 2015	**$ 25,705**	**$ 40,696**	**$ 5,146**	**$ 839**	**$ 72,386**
Balance, August 31, 2015	**$ 24,687**	**$ 38,661**	**$ 4,760**	**$ 776**	**$ 68,884**

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

The Company enters into exploration agreements or permits with other companies or foreign governments pursuant to which it may explore, or earn interests in mineral properties by issuing common shares and/or making option or rental payments and/or incurring expenditures in varying amounts by varying dates. Failure by the Company to meet such requirements can result in a reduction or loss of the Company's ownership interests or entitlements under the agreements or permits.

The following expenditures are incurred on the Company's mineral properties:

	Three Months Ended August 31, 2015	Year Ended May 31, 2015
Burnt Hill Property, New Brunswick		
Opening balance	**$ 6,046,564**	$ 5,953,302
Administrative	**80**	160
Other	**16,283**	21,902
Consulting	**13,200**	71,200
Total expenditures	**29,563**	93,262
Closing balance	**$ 6,076,127**	$ 6,046,564
Thierry Mine Project, Ontario		
Opening balance	**$ 16,094,050**	$ 15,824,560
Management fees	**-**	778
Lab analysis	**-**	956
Consulting	**23,400**	133,400
Planning	**-**	4,232
Claim management	**-**	700
Property taxes	**14,148**	61,826
Site maintenance	**-**	145
Other	**18,976**	67,453
Total expenditures	**56,524**	269,490
Closing balance	**$ 16,150,574**	$ 16,094,050
Lima Norte Property, Peru		
Opening balance	**$ -**	$ 601,255
Impairment	**-**	(601,255)
Total expenditures	**-**	(601,255)
Closing balance	**$ -**	$ -

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

	Three Months Ended August 31, 2015	Year Ended May 31, 2015
Kirkland Lake/Grenfell Gold Property, Ontario		
Opening balance	**$ -**	$ 5,500
Shares received under the arrangement (Note 4)	**15,000**	(60,000)
Property option revenue	**(15,000)**	54,500
Total expenditures	**-**	(5,500)
Closing balance	**$ -**	$ -
Total	**$ 22,226,701**	$ 22,140,614

8. RESTRICTED CASH

The Company has restricted cash comprised of Bankers Acceptances. The Acceptances currently are reinvested on a monthly basis. The restricted amounts have been provided as security for an irrevocable letter of credit to the Ministry of Northern Development and Mines relating to the Thierry Mine Project. As of August 31, 2015 the balance was $400,000 (May 31, 2015 - $400,000).

In respect of the above security on the Thierry Mine Project, management has estimated that the present value of its decommissioning obligation as of August 31, 2015 amounts to $411,911 (May 31, 2015 - $409,533) which has been recognized as decommissioning provision. The present value of the obligation was calculated using a risk-free pre-tax discount rate of 2.41% and the obligation is expected to be realized in 10 years. During the three months ended August 31, 2015, the Company recorded an accretion expense of $2,378 (three months ended August 31, 2014 - $1,354).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for purchases relating to expenditures on mining rights and general operating activities.

	August 31, 2015	May 31, 2015
Accounts payable	**$ 1,536,205**	$ 1,949,942
Accrued liabilities	**256,460**	228,500
	$ 1,792,665	$ 2,178,442

(Expressed in Canadian Dollars)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (CONTINUED)

The following is an aged analysis of the accounts payable and accrued liabilities:

		August 31, 2015		May 31, 2015
Less than 1 month	**$**	**93,544**	$	107,808
1 to 3 months		**136,636**		195,628
3 to 12 months		**491,601**		691,838
Greater than 12 months		**1,070,884**		1,183,168
	$	**1,792,665**	$	2,178,442

See Note 17(i) for exchange of some liabilities for common shares of the Company after the reporting period.

10. CONVERTIBLE DEBENTURES

On July 28, 2015, the Company closed the first tranche of its Convertible Debenture Offering. The Convertible Debentures have been issued in denominations of $1,000 principal amount with a conversion price of $0.10. The Convertible Debentures have a term of 36 months from date of issue and will accumulate interest at 7% per annum payable semi-annually in cash.

For each $0.10 of principal amount of the Convertible Debentures the subscriber received one common share purchase warrant, exercisable for one common share of Cadillac at $0.15 for 36 months from date of issue. The fair value of the 3,000,000 warrants was calculated to be $58,000 using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 280%; risk-free interest rate of 0.42% and an expected average life of 3 years.

A finder’s fee was paid of 9% cash of the gross proceeds in addition to a compensation warrant equal to the gross proceeds divided by $0.05, multiplied by 9%. Each compensation warrant will entitle the holder to purchase one common share of the Company for $0.15 for a period of 36 months. The fair value of the 540,000 finders warrants was calculated to be $10,000 using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 280%; risk-free interest rate of 0.42% and an expected average life of 3 years.

The Convertible Debentures during their term may convert to common shares at $0.10 per share at the option of the subscriber at any time or at the option of Cadillac provided that the Volume Weighted Average Price ("VWAP") of the Company's common shares on the TSX-V is at least equal to $0.15 for 30 consecutive trading days. If during the term of the Convertible Debenture, Cadillac's VWAP is not equal to or above $0.15 for 30 consecutive days, Cadillac shall redeem the Convertible Debentures at a 20% premium, together with accrued interest within 20 business days after 36 months. As a result the conversion feature is considered a derivative liability which is subsequently remeasured at fair value at each reporting period.

Total transaction costs of $49,250 were incurred for the initial tranche of the private placement. The net proceeds of $250,750 of the convertible debentures were separated into liability component of $169,184, warrants of $58,000 and derivative liability of $23,566 using an interest rate of 20% per annum being management's best estimate of the rate that a non-convertible debenture without warrants and with similar terms would bear. During the three months ended August 31, 2015, the Company recorded accretion expense of $2,188 and interest expense of $1,956 as finance interest expense in the unaudited condensed interim consolidated statements of income (loss) and comprehensive income (loss).

All of the securities issuable in connection with the offering are subject to a hold period expiring four months and one day after the closing date.

(Expressed in Canadian Dollars)

10. CONVERTIBLE DEBENTURES (CONTINUED)

It is anticipated that the closing of the remainder of the Convertible Debenture Offering will occur by September 23, 2015. However, subsequent to August 31, 2015, the TSX-V has agreed to extend the closing date to October 23, 2015 (Note 17(ii)).

Movement in the convertible debentures was as follows:

		Amount
Balance, May 31, 2015	**$**	**-**
Principal amount		300,000
Warrants		(58,000)
Fair value of derivative liability		(29,587)
Transaction costs		(49,250)
Share issue costs allocated to derivative liability		6,021
Accrued interest		1,956
Accretion expense		2,188
Balance, August 31, 2015	**$**	**173,328**

11. SHARE CAPITAL

(a) Authorized

Unlimited number of non-participating, redeemable, voting Class B preference shares.
Unlimited number of Class C preference shares issuable in series.
Unlimited number of common shares with no par value.

(b) Issued common shares

	Number of Shares		Stated Value
Balance, May 31, 2014 and August 31, 2014	**16,690,424**	**$**	**29,017,997**
Balance, May 31, 2015	**16,690,424**	**$**	**29,017,997**
Common shares issued for debt (i)	7,456,600		186,415
Balance, August 31, 2015	**24,147,024**	**$**	**29,204,412**

(i) On August 24, 2015, the Company agreed to settle obligations of $372,830 owed to vendors for services rendered to the Company by issuing 7,456,600 common shares of the Company valued at a fair value of $0.025 per common share. A gain on debt settlement of $186,415 was recorded in relation to the debt settlement. The expiry date of the hold period for the common shares issued is December 25, 2015.

(Expressed in Canadian Dollars)

12. SHARE-BASED COMPENSATION AND CONTRIBUTED SURPLUS

(a) Share-based compensation

The following table reflects the continuity of share-based compensation for the periods presented:

	Number of Stock Options	Weighted Average Exercise Price ($)
Balance, May 31, 2014	**872,000**	**2.12**
Expired	(55,000)	(4.50)
Balance, August 31, 2014	**817,000**	**2.00**

	Number of Stock Options	Weighted Average Exercise Price ($)
Balance, May 31, 2015	**625,000**	**1.90**
Expired	(157,500)	(3.50)
Balance, August 31, 2015	**467,500**	**1.36**

As of August 31, 2015, the following share-based compensation were outstanding and exercisable:

	Options Outstanding			Options Exercisable	
Expiry Date	**Number of Options**	**Weighted Average Remaining Contractual Life (years)**	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**
December 20, 2016	167,500	1.31	$ 2.00	167,500	$ 2.00
April 22, 2018	270,000	2.64	1.00	270,000	1.00
June 6, 2018	30,000	2.77	1.00	30,000	1.00
	467,500	**2.17**	**$ 1.36**	**467,500**	**$ 1.36**

(Expressed in Canadian Dollars)

12. SHARE-BASED COMPENSATION AND CONTRIBUTED SURPLUS (CONTINUED)

(b) Contributed surplus

Contributed surplus consists of estimated value of outstanding options and accumulated value of all expired options and warrants.

Balance, May 31, 2015	**$ 9,797,505**
Warrants expiry	233,333
Balance, August 31, 2015	**$ 10,030,838**

13. WARRANTS

The following table summarizes warrants that have been issued, exercised or have expired during the periods presented:

	Number of Warrants	Fair Value ($)
Balance, May 31, 2014	**3,847,071**	**944,765**
Expired	(690,880)	(188,168)
Balance, August 31, 2014	**3,156,191**	**756,597**

	Number of Warrants	Fair Value ($)
Balance, May 31, 2015	**2,976,191**	**725,997**
Issued (Note 10)	3,540,000	68,000
Expired	(833,333)	(233,333)
Balance, August 31, 2015	**5,682,858**	**560,664**

The following table summarizes the warrants outstanding at August 31, 2015:

Exercise Price per Share ($)	Expiry Date	Number of Warrants Outstanding
1.00	November 30, 2015	2,000,000
1.00	December 31, 2015	124,533
0.60	December 31, 2015	18,325
0.15	July 28, 2018	3,540,000
		5,682,858

(Expressed in Canadian Dollars)

14. BASIC AND DILUTED INCOME (LOSS) PER SHARE

The calculation of basic and diluted income per share for the three months ended August 31, 2015 was based on the income attributable to common shareholders of $40,576 (three months ended August 31, 2014 – loss of $173,525) and the weighted average number of common shares outstanding of 17,262,437 (three months ended August 31, 2014 – 16,690,782). Diluted income (loss) per share did not include the effect of 467,500 options (August 31, 2014 - 817,000 options), 5,682,858 warrants (August 31, 2014 - 3,156,192 warrants) and 3,000,000 common shares (August 31, 2014 - nil) issuable upon conversion of the convertible debentures as they are anti-dilutive.

15. SEGMENTED INFORMATION

The Company primarily operates in two reportable segments, being mineral exploration in Canada and Peru. The Company has administrative offices in Toronto, Canada. Geographical information is as follows:

	August 31, 2015	May 31, 2015
Canada	**$ 23,044,889**	$ 22,936,403
Total Assets	**$ 23,044,889**	$ 22,936,403

	August 31, 2015	May 31, 2015
Canada	**$ 1,936,732**	$ 2,134,942
Peru	**43,500**	43,500
Total Liabilities	**$ 1,980,232**	$ 2,178,442

	Three Months Ended August 31, 2015	Three Months Ended August 31, 2014
Canada	**$ 40,576**	$ (173,525)
Total Net Income (Loss)	**$ 40,576**	$ (173,525)

(Expressed in Canadian Dollars)

16. MAJOR SHAREHOLDERS AND RELATED PARTY DISCLOSURES

Major shareholders

To the knowledge of the directors and senior officers of the Company, as at August 31, 2015, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company other than as set out below:

Major Shareholder	Number of Common Shares	Percentage of Outstanding Common Shares
Urion (indirect wholly-owned subsidiary of Trafigura Beheer B.V.)	4,071,861	16.86%

The Company's major shareholders do not have different voting rights than other holders of the Company's common shares.

The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, it is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

Related parties include the Board of Directors, close family members and entities which are controlled by these individuals as well as certain persons performing similar functions.

The below noted transactions are in the normal course of business and are measured at fair value and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

(a) The Company entered into the following transactions with related parties:

	Three Months Ended August 31, 2015	Three Months Ended August 31, 2014
Norman Brewster (i)	**$ 36,000**	$ 75,000
Norman Brewster (i)	**4,500**	4,500
L. O'Shaughnessy & Associates (ii)	**18,750**	30,000
	$ 59,250	$ 109,500

(Expressed in Canadian Dollars)

16. MAJOR SHAREHOLDERS AND RELATED PARTY DISCLOSURES (CONTINUED)

Related party transactions (continued)

(a) The Company entered into the following transactions with related parties (continued):

(i) During the three months ended August 31, 2015, consulting fees of $36,000 and car allowance of $4,500 were accrued to Norman Brewster, the President/Chief Executive Officer ("CEO") of the Company (comparative period - consulting fees $75,000; and car allowance $4,500). As at August 31, 2015, an amount of $393,981 was owing to the President and CEO of the Company and was included in accounts payable and accrued liabilities (May 31, 2015 - $363,302). See Note 17(i) for exchange of liabilities for common shares of the Company after the reporting period.

(ii) During the three months ended August 31, 2015, management fees of $18,750 (comparative period - $30,000) were accrued to L. O'Shaughnessy & Associates, a registered business name, for services to be performed by the Chief Financial Officer ("CFO") of the Company. As at August 31, 2015, an amount of $248,756 was owing to the CFO and was included in accounts payable and accrued liabilities (May 31, 2015 - $229,753). See Note 17(i) for exchange of liabilities for common shares of the Company after the reporting period.

(iii) During the year ended May 31, 2014, the Company received 4,200,000 common shares from Renforth in consideration for the $210,000 cash payment due on September 30, 2013.

On February 1, 2014, the Company signed an amended agreement regarding the $250,000 amount due from Renforth. Both parties agreed to settle the $250,000 cash payment through quarterly installments of $15,000, with the balance of $190,000 payable February 2015. In consideration for the restructuring of the payment, Renforth will pay an additional fee of $10,000 payable February 2015.

On December 2, 2014, the Company agreed, at Renforth’s request, to defer the $200,000 due from Renforth to November 1, 2015 with quarterly installments of $15,000 in December 2014 (paid), March 2015 (paid), June 2015 (paid in advance), September 2015, with the balance due November 1, 2015.

On May 20, 2015, the Company agreed, at Renforth's request, to defer the $155,000 due from Renforth to May 2016 with Renforth to make payment of $15,000 in May 2015 followed by quarterly installments of $15,000 in August 2015 ($5,000 paid in August and $10,000 paid in September), November 2015, February 2016, with the balance due May 1, 2016.

As at August 31, 2015, an amount of $135,000 was due from Renforth (May 31, 2015 - $140,000).

(b) Key management compensation of the Company was as follows:

	Three Months Ended August 31, 2015	Three Months Ended August 31, 2014
Salaries, benefits and fees	**$ 60,250**	$ 113,500

The Board of Directors do not have employment or service contracts with the Company. They are entitled to director fees and share-based compensation for their services. As at August 31, 2015, an amount of $32,500 was owing to directors and was included in accounts payable and accrued liabilities (May 31, 2015 - $31,500).

17. EVENTS AFTER THE REPORTING PERIOD

(i) On September 18, 2015, the Company announced that in addition to the issuance of 7,456,600 shares for debt to arm's length vendors on August 24, 2015, the Company had agreed to settle obligation of $300,000 owed to Norman Brewster, President and CEO and of $175,000 owed to Leo O'Shaughnessy, CFO for services rendered to the Company. The settlement of this debt will be at a conversion price of $0.10 per common share resulting in the issuing of 4,750,000 new common shares of the Company. The issuance of the shares to Norman Brewster and Leo O'Shaughnessy was approved by a majority of the disinterested shareholders and all of the shares issued for debt were approved by the TSX-V. The expiry date of the hold period for the common shares issued is January 18, 2016. As a result of Norman Brewster accepting the 3,000,000 common shares of the Company, he will hold directly and indirectly 3,520,476 common shares of the Company being 12.18% of the issued and outstanding common shares and in addition Normal Brewster's wife also owns directly 267,757 common shares of the Company or 1% of the issued and outstanding common shares.

(ii) On September 23, 2015, the Company announced that the TSX-V has agreed to extend the closing date for the Convertible Debenture Financing to October 23, 2015.