INTERNATIONAL SAMUEL EXPLORATION CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended September 30, 2015

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL REPORT

The accompanying unaudited interim financial report of the Company has been prepared by and is the responsibility of the Company's management. The Company's independent auditor has not performed a review of this financial report in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

INTERNATIONAL SAMUEL EXPLORATION CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Note	September 30, 2015	June 30, 2015
ASSETS			
Current assets			
Cash		$ 1,295	$ 1,411
Sales tax recoverable		9,608	8,639
Prepaid expenses and deposits	5	15,500	15,500
		26,403	25,550
Non-current assets			
Equipment	7	1,426	1,534
Exploration and evaluation assets	6	2	2
		1,428	1,536
Total assets		$ 27,831	$ 27,086
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	8	$ 591,586	$ 563,707
		591,586	563,707
Equity			
Share capital		14,127,683	14,127,683
Share-based payments reserve		2,470,854	2,470,854
Deficit		(17,162,292)	(17,135,158)
Total equity		(563,755)	(536,621)
Total liabilities and equity		$ 27,831	$ 27,086

Going concern (Note 1)

The financial statements were authorised for issue by the board of directors on November 30, 2015 and were signed on its behalf by:

"Conrad Swanson" Director — Chief Executive Officer

"Kinder Deo" Director — Chief Financial Officer

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

INTERNATIONAL SAMUEL EXPLORATION CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
THREE MONTHS ENDED SEPTEMBER 30,
(Expressed in Canadian dollars)

	Note	2015	2014
EXPENSES			
Accounting and administration	11	$ -	$ 8,100
Consulting		-	600
Depreciation	7	108	151
Investor relations		-	1,800
Management fees	11	23,750	27,000
Office and miscellaneous		116	666
Professional fees		2,500	10,070
Transfer agent and filing fees		660	660
		(27,134)	(49,047)
Net and comprehensive loss for the year		$ (27,134)	$ (49,047)
Basic and diluted loss per common share	9	$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding		33,023,100	33,023,100

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

INTERNATIONAL SAMUEL EXPLORATION CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

	Note	Number of Shares	Share capital	Share-based payments reserve	Deficit	Total equity
Balance, June 30, 2015		33,023,100	$ 14,127,683	$ 2,470,854	$ (17,135,158)	$ (536,621)
Comprehensive loss for the year		-	-	-	(27,134)	(27,134)
No transactions		-	-	-	-	-
Transactions with owners		-	-	-	-	-
Balance, September 30, 2015		33,023,100	$ 14,127,683	$ 2,470,854	$ (17,162,292)	$ (563,755)

	Note	Number of Shares	Share capital	Share-based payments reserve	Deficit	Total equity
Balance, June 30, 2014		33,023,100	$ 14,056,928	$ 2,470,854	$ (16,033,222)	$ 494,560
Comprehensive loss for the period		-	-	-	(49,047)	(49,047)
No transactions		-	-	-	-	-
Transactions with owners		-	-	-	-	-
Balance, September 30, 2014		33,023,100	$ 14,056,928	$ 2,470,854	$ (16,082,269)	$ 445,513

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

INTERNATIONAL SAMUEL EXPLORATION CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED SEPTEMBER 30,
(Expressed in Canadian dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (27,134)	$ (49,047)
Items not affecting cash:		
Depreciation	108	151
Changes in non-cash working capital items:		
Sales tax recoverable	(969)	(2,088)
Trade and other payables	27,879	37,635
Net cash used in operating activities	(116)	(13,349)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	-	(1,440)
Net cash used in investing activities	-	(1,440)
CASH FLOWS FROM FINANCING ACTIVITIES		
No transactions	-	-
Net cash provided by financing activities	-	-
Change in cash during the year	(116)	(14,789)
Cash, beginning of the year	1,411	39,984
Cash, end of the year	$ 1,295	$ 25,195

Supplement disclosures with respect to cash flows (Note 12)

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

1. GOING CONCERN

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which are applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of business as they become due.

However, the use of such principles may not be appropriate because there is significant doubt surrounding the ability of the Company to continue as a going concern. As at September 30, 2015, the Company had a cash balance of $1,295 (June 30, 2015 - $1,411) compared with trade payables owing to non-related parties of $124,810 (June 30, 2015 - $124,119), and an accumulated deficit of $17,162,292 (June 30, 2015 - $17,135,158). During the three months ended September 30, 2015, the Company raised $nil (year ended - June 30, 2015 - $nil) in financing, and generated negative operating cash flows of $116 (year ended - June 30, 2015 - $37,133). Further, the Company has deferred payment of administration, management and other fees to related parties (Note 11) and is incurring taxes and penalties for failure to spend and renounce expenditures under flow-through share agreements entered into (Note 8 and 13).

These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

The ability of the Company to continue as a going concern is dependent on the continued financial support of related parties, obtaining financing, and considering other unrelated business opportunities. In recognition of these circumstances, the Company is continuing to investigate possible sources of financing as well as alternatives, including partnerships, to continue with the evaluation of its mineral properties.

While there can be no assurance that these initiatives will be successful, management believes that related party support and additional financing will contribute adequate cash flow for the Company to continue as a going concern. These financial statements do not reflect any adjustments to the carrying values of assets, liabilities and reported expenses and balance sheet classifications that might be necessary should the Company be unable to generate the necessary capital and continue as a going concern. Such adjustments could be material.

2. NATURE OF BUSINESS

International Samuel Exploration Corp. (the "Company") was incorporated under the laws of British Columbia, Canada and maintains its registered and head office at Suite 888, 700 West Georgia Street, Vancouver, British Columbia, Canada, V7Y 1G5. The Company is engaged in the acquisition, exploration, and development of mineral properties in Canada. The common shares of the Company are listed for trading on the TSX Venture Exchange (TSX-V) under the symbol "ISS".

3. BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The condensed interim financial statements do not include all of the disclosures required for a complete set of annual financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2015, which have been prepared in accordance with IFRS as issued by the IASB.

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its wholly-owned subsidiary, International Samuel Holding Corp. All inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

3. BASIS OF PREPARATION (cont'd…)

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis. In addition these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

Use of estimates and judgements

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Significant estimates:

(i) Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount;
(ii) The determination of the fair value of stock options and warrants using stock pricing models, require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate; therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants; and
(iii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

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

Critical judgment in applying accounting policies:

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

(i) the determination that the Company will continue as a going concern for the next year. This involves judgment regarding the nature, timing and extent of future funding available for exploration projects and working capital requirements; and
(ii) the determination of the effects of events or changes in circumstances on the recoverable amounts of exploration and evaluation assets.

4. SIGNIFICANT ACCOUNTING POLICIES

Equipment

Equipment

Equipment is recorded at cost less accumulated amortization and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset into operation and an initial estimate of any rehabilitation obligation. Amortization is recognized on a declining balance basis over their estimated useful lives at annual rates of 30% for office furniture and equipment, 30% for computer equipment and 100% for computer software. Additions during the year are amortized at one-half the annual rate.

An item of equipment is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of comprehensive income. The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for equipment and any changes arising from the assessment are applied by the Company prospectively.

Exploration and evaluation assets

Once a license to explore an area has been secured, all direct costs related to the acquisition, exploration and evaluation of mineral property interests are capitalized into intangible assets on a property by property basis until such time that technical feasibility and commercial viability of extracting a mineral resource has been determined for a property, in which case the capitalized exploration and evaluation costs are transferred and capitalized into property, plant and equipment. The Company records expenditures on exploration and evaluation activities at cost. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Proceeds received from a partial sale or options of any interest in a property are credited against the carrying value of the property. When the proceeds exceed the carrying costs, the excess is recorded in the statement of loss and comprehensive loss in the period the excess is received. When all of the interest in a property is sold, subject only to any retained royalty interests which may exist, the accumulated property costs are written-off, with any gain or loss included in the statement of loss and comprehensive loss in the period the transfer takes place. No initial value is assigned to any retained royalty interest. A royalty interest is subsequently assessed for value by reference to developments on the underlying mineral property.

Impairment of non-financial assets

Management assesses the exploration and evaluation assets and equipment for impairment at least annually and whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. For exploration and evaluation assets, the assessment is based on the development program, the nature of the mineral deposit, commodity prices and the Company’s intentions and ability for development of the undeveloped property. If, after management review, it is determined that the carrying amount of an asset is impaired, that asset is written down to its estimated recoverable amount. The recoverable amount of an asset is determined as the higher of its fair value less costs to sell and its value in use. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Provision for decommissioning and restoration

As at June 30, 2015, the Company has no known restoration, rehabilitation or environmental liabilities related to its mineral properties.

Financial instruments

Financial assets and financial liabilities are recognized in the consolidated financial statement of financial position when the Company becomes a party to the contractual provision for the financial instrument. On initial recognition, all financial assets and financial liabilities are recorded at fair value.

Subsequent measurement of financial assets and liabilities depends on the classifications of such assets and liabilities as set out below.

(i) Financial assets

The Company classifies its financial assets into one of the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held-to-maturity investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition. The Company classifies its financial assets into one of the following categories:

Fair value through profit or loss

Financial assets are classified at fair value through profit or loss when: (i) they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes; or (ii) they meet the criteria for being designate as FVTPL and have been designated as such on initial recognition. The Company has no assets in this category.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non- current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment. Cash has been classified under this category.

Held-to-maturity investments

Non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. Held-to-maturity investments are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. They are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which are classified as non-current assets. The Company has no assets in this category.

Available-for-sale

Non-derivative financial assets that are not classifies as one of the above categories are classified as available-for-sale. These are included in current assets. Available-for-sale assets are measured at fair value with changes in fair value recognized in other comprehensive income. The Company has no assets in this category.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd)

(i) Impairment of financial assets
At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired.

(ii) Financial liabilities
The Company classifies its financial liabilities as other financial liabilities. Other financial liabilities are measured at amortized cost using the effective interest method. The Company classifies its trade and other payables as other financial liabilities.

Share capital

The Company records proceeds from the issuance of its common shares as share capital, a component of equity. Incremental costs directly attributable to the issuance of new common shares are shown in equity as a deduction, net of any current tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that shares are issued.

The Company engages in private placement financing transactions that may involve issuance of units, comprising of common shares and warrants. Warrants that are part of units are valued based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transaction costs are accounted for as share-based payments.

Share-based payments

The fair value of stock options is determined using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), weighted average expected life of the instruments (based on historical experience), expected dividends, and the risk-free interest rate (based on government bonds).

Flow-through shares

Canadian tax legislation permits a company to issue flow-through shares, whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. On issue, the share capital is recorded at the trading value, as of the date of issue, of an ordinary common share. The difference between the proceeds and the ordinary common share value is recorded as a flow-through share premium liability. The flow-through share premium liability is recognized as an income tax recovery when the related qualifying expenditures are incurred.

Upon renouncement by the Company of the tax benefits associated with the related expenditures, the loss of tax benefits is recorded as a deferred income tax liability to the extent that these expenditures are capitalized for accounting purposes. To the extent that pre-existing deferred income tax assets are also available, the Company may use these to reduce or eliminate this liability and record a deferred income tax recovery.

Earnings / loss per share

Basic earnings/loss per share is calculated by dividing the earnings/loss attributable to common shareholders by the weighted-average number of common shares outstanding during the period. The diluted earnings/loss per share reflects all dilutive potential common shares equivalents, which comprise outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive.

(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Recent accounting pronouncements

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2013, including IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interest in Other Entities, and IFRS 13 Fair Value Measurement. The Company has adopted these policies and they do not have a significant effect on the consolidated financial statements.

Future accounting changes

IFRS 9 Financial Instruments

The International Accounting Standards Board ("IASB") has completed the final phase of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

The version of IFRS 9 issued in 2014 supersedes all previous versions and is expected to be mandatorily effective for periods beginning on or after January 1, 2018, subject to endorsement by Canadian standard setters.

The Company has not adopted previous versions of IFRS 9 and is currently assessing the impact of the final IFRS 9 on its financial statements.

IAS 36 Recoverable Amount Disclosures for Non-Financial Assets (Amendment to IAS 36)

In May 2013, the IASB published a revised version of this standard to reverse the unintended requirement in IFRS 13 'Fair Value Measurements' to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. The amendments apply retrospectively for annual periods beginning on or after January 1, 2014. The Company has early adopted the amendments to this standard. There was no impact on these consolidated financial statements as a result of the adoption of this standard.

5. PREPAID EXPENSES AND DEPOSITS

	September 30, 2015	June 30, 2015
Reclamation deposits	$ 15,500	$ 15,500
	$ 15,500	$ 15,500

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS

Fiscal 2016	NIV Property	Omega Property	Rasp Property	Total
Deferred exploration expenditures	$ -	$ -	$ -	$ -
Net costs for the period	-	-	-	-
Balance, beginning of the year	1	1	-	2
Write off of costs	-	-	-	-
Balance, September 30, 2015	$ 1	$ 1	$ -	$ 2

Fiscal 2015	NIV Property	Omega Property	Rasp Property	Total
Acquisition costs				
Cash payments	$ -	$ -	$ -	$ -
Share and warrant payments	-	-	-	-
	-	-	-	-
Deferred exploration expenditures				
Geological	660	780	-	1,440
	660	780	-	1,440
Net costs for the period	660	780	-	1,440
Balance, beginning of the year	406,923	414,170	1	821,094
Write off of costs	(407,582)	(414,949)	(1)	(822,532)
Balance, June 30, 2015	$ 1	$ 1	$ -	$ 2

6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

NIV Property, British Columbia

The Company acquired a 100% interest in certain mineral claims located in the Omineca Mining Division of British Columbia in consideration for the cash payment of $10,000, the issuance of 300,000 common shares (issued with a fair value of $26,875) and the completion of $50,000 in exploration expenditures over a three-year period.

The property is subject to a 2% Net Smelter Returns ("NSR") royalty and the Company may purchase half of the NSR (1%) at any time for $1,000,000.

The Company has decided not to proceed with further exploration of the properties and accordingly wrote off capitalized costs of $407,582, effective for the year ended June 30, 2015.

Omega Property, British Columbia

The Company acquired a 100% interest in certain other mineral claims located in the Omineca Mining Division in consideration for the payment of $30,000, the issuance of 430,000 common shares (issued with a fair value of $40,400) and the completion of $100,000 in exploration expenditures over a three-year period.

The property is subject to a 2% NSR and the Company may purchase half of the NSR (1%) at any time for $1,000,000.

The Company has decided not to proceed with further exploration of the properties and accordingly wrote off capitalized costs of $414,949, effective for the year ended June 30, 2015.

(Expressed in Canadian dollars)

7. EQUIPMENT

	Computer equipment	Computer software	Office furniture & equipment	Total
Cost				
Balance as at June 30, 2015	$ 15,612	$ 5,115	$ 6,878	$ 27,605
Additions	-	-	-	-
Balance as at September 30, 2015	15,612	5,115	6,878	27,605
Accumulated depreciation				
Balance as at June 30, 2015	14,376	5,115	6,580	26,071
Depreciation for the year	93	-	15	108
Balance as at September 30, 2015	14,469	5,115	6,595	26,179
Net book value as at September 30, 2015	$ 1,143	$ -	$ 28	$ 1,426

	Computer equipment	**Computer software**	**Office furniture & equipment**	**Total**
Cost				
Balance as at June 30, 2014	$ 15,612	$ 5,115	$ 6,878	$ 27,605
Additions	-	-	-	-
Balance as at June 30, 2015	15,612	5,115	6,878	27,605
Accumulated depreciation				
Balance as at June 30, 2014	13,847	5,115	6,506	25,468
Depreciation for the year	529	-	74	603
Balance as at June 30, 2015	14,376	5,115	6,580	26,071
Net book value as at June 30, 2015	$ 1,236	$ -	$ 298	$ 1,534

(Expressed in Canadian dollars)

8. TRADE AND OTHER PAYABLES

The Company's trade and other payables are broken down as follows:

		September 30, 2015		June 30, 2015
Trade payables	$	124,810	$	124,119
Amounts due to related parties (Note 11)		380,828		356,140
Accrued expenses		12,500		10,000
Part X11.6 tax		73,448		73,448
	$	591,586	$	563,707

Trade payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration and general operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

9. SHARE CAPITAL

Authorized share capital

The Company has authorized an unlimited number of common shares with no par value.

Share issuance

During the three months ended September 30, 2015, there were no transactions.

During the year ended June 30, 2015, there were no transactions.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the three months ended September 30, 2015 was based on the net loss of $27,134 (Year ended – June 30, 2015 - $1,101,936) and a weighted average number of common shares outstanding of 33,023,100 (June 30, 2014 - 33,023,100).

At September 30, 2015, all outstanding stock options and warrants were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

10. SHARE-BASED PAYMENTS

Stock options

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. The exercise price of each option shall not be less than the market price of the Company's stock at the date of grant. The options can be granted for a maximum term of 5 years and vest as determined by the board of directors.

(Expressed in Canadian dollars)

10. SHARE-BASED PAYMENTS (cont'd…)

Stock options (cont'd…)

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Options outstanding, June 30, 2014	2,305,927	$	0.16
Expired	(226,834)	$	0.31
Options outstanding, June 30, 2015	2,079,093	$	0.14
Expired	(563,993)	$	0.20
Options outstanding, September 30, 2015	1,515,100	$	0.14
Options exercisable at September 30, 2015	1,515,100	$	0.20
Weighted average fair value of options granted during the year	Nil		Nil

As at September 30, 2015, the following stock options were outstanding with a weighted average remaining contractual life of 1.16 years (June 30, 2015 - 1.59 years):

Number of Options		Exercise Price	Expiry Date
1,169,100	$	0.12	August 10, 2017
346,000	$	0.10	November 1, 2017
1,515,100			

For the three months ended September 30, 2015, the Company recorded $ nil (2014 - $ nil) in share-based payment expense to operations. The fair value of the options granted during the year was determined using the Black-Scholes option pricing model with the following weighted average assumptions:

	2015	2014
Risk-free interest rate	Nil	Nil
Expected life of options	Nil	Nil
Annualized volatility	Nil	Nil
Dividend rate	Nil	Nil

(Expressed in Canadian dollars)

10. SHARE-BASED PAYMENTS (cont'd…)

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Warrants outstanding, June 30, 2014	3,816,998	$	0.25
Expired	(3,816,998)	$	0.25
Warrants outstanding, June 30, 2015	-	$	-
Expired	-	$	-
Warrants outstanding, September 30, 2015	-	$	-
Warrants exercisable at September 30, 2015	-	$	-

As at September 30, 2015, there were no warrants outstanding.

11. RELATED PARTY TRANSACTIONS

Included in trade and other payables is $327,333 (June 30, 2015 - $302,645) owed to companies controlled by key management for services rendered to the Company; this amount owing is unsecured, non-interest bearing, and has no specific terms of repayment.

Included in trade and other payables is $53,495 (June 30, 2015 - $53,495) owed to companies with common directors for accounting and administration fees rendered to the Company; this amount owing is unsecured, non-interest bearing, and has no specific terms of repayment.

Key management includes directors (executive and non-executive) and senior officers of the Company. The compensation paid or payable to key management personnel during the three months ended September 30 is as follows:

		2015		2014
Management fees	$	23,750	$	27,000
Share-based payments		-		-
Total	$	23,750	$	27,000

11. RELATED PARTY TRANSACTIONS (cont'd…)

The Company entered into the following transactions relating to key management personnel and entities over which they have control or significant influence during the three months ended September 30, 2015:

a) Paid or accrued management fees of $Nil (2014 - $24,000) to a company controlled by the President of the Company.

b) Paid or accrued management fees of $Nil (2014 - $3,000) to the Chief Financial Officer of the Company.

c) Paid or accrued administration fees of $Nil (2014 - $8,100) to a company controlled by the Secretary of the Company.

12. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

There were no significant non-cash investing and financing transactions for the three months ending September 30, 2015.

There were no significant non-cash investing and financing transactions for the year ending June 30, 2015.

13. FINANCIAL INSTRUMENTS

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The Company's cash is exposed to credit risk. The Company's credit risk with respect to its cash is minimal as balances are held with high-credit quality financial institutions and amounts are generally within the institutions' deposit insurance limits.

13. FINANCIAL INSTRUMENTS (cont'd…)

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's trade and other payable have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

At present, the Company's operations do not generate cash flow. The Company's primary source of funding has been the issuance of equity securities through private placements and the exercise of stock options and warrants. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. Please see also Note 1.

Interest rate risk

The Company is exposed to interest rate risk in relation to cash and cash equivalents held at financial institutions. The interest rate risks on cash are not considered significant due to their short-term nature and maturity.

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes shareholders' equity in the definition of capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, acquire or dispose of assets.

There were no changes in the Company's approach to capital management during the three months ended September 30, 2015.

15. SUBSEQUENT EVENTS

On October 23, 2015, the Company announced that it has entered into a Memorandum of Understanding ("MOU") with American Greener Technologies, Inc. ("AGT"), pursuant to which it plans to acquire exclusive rights for the greater China market to a cleaning technology known as the AGT PolarChem Cleaning System. Under the terms of the MOU, the Company will pay AGT up to US$1.0 million, in stages culminating in the successful completion of a licensing agreement.

The proposed acquisition will constitute a change of business pursuant to Policy 5.2 of the TSX Venture Exchange. Concurrent with it, the Company will also consolidate its issued share capital on a 10:1 basis and will complete, on a post-consolidation basis, a 10,000,000 unit financing to raise gross proceeds of $500,000. Each unit will comprise one common share and one warrant to acquire a second share for $0.10 during the subsequent two-year period.

The MOU, share consolidation and related private placement all remain subject to regulatory consent.