

MPH VENTURES CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED NOVEMBER 30, 2015

MPH VENTURES CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)
AS AT

	November 30, 2015	May 31, 2015
ASSETS		
Current		
Cash	\$ 237,411	\$ 7,633
Receivables and prepaid expenses (Note 4)	<u>103,611</u>	<u>17,373</u>
	341,022	25,006
Equipment (Note 5)	13,509	13,509
Exploration and evaluation assets (Note 6)	2,808,675	2,807,442
Investment (Note 7)	<u>300,000</u>	<u>-</u>
	<u>\$ 3,463,206</u>	<u>\$ 2,845,957</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities (Note 8)	<u>\$ 21,778</u>	<u>\$ 78,979</u>
Shareholders' equity		
Capital stock (Note 9)	15,369,911	14,431,174
Reserves (Note 9)	1,278,794	1,172,383
Deficit	<u>(13,207,277)</u>	<u>(12,836,579)</u>
	<u>3,441,428</u>	<u>2,766,978</u>
	<u>\$ 3,463,206</u>	<u>\$ 2,845,957</u>

Nature and continuance of operations (Note 1)

Approved and authorized for issue by the Board of Directors on January 22, 2016:

"Don Huston" Director _____ *"Jim Pettit"* Director _____

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

MPH VENTURES CORP.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**

(Unaudited - Expressed in Canadian Dollars)

PERIODS ENDED NOVEMBER 30

	2015	2014	2015	2014
	(3 months)	(3 months)	(6 months)	(6 months)
GENERAL AND ADMINISTRATIVE EXPENSES				
Administration fees	\$ 32,023	\$ 23,309	\$ 52,565	\$ 48,383
Consulting fees	34,545	7,876	41,336	16,296
Office and miscellaneous	11,388	5,653	20,747	12,071
Professional fees	33,548	10,955	53,311	23,863
Rent	16,816	5,715	22,214	12,068
Shareholder communications	41,511	19,448	53,955	36,793
Share-based compensation	106,411	70,325	106,411	70,325
Telephone	1,283	630	1,873	1,684
Transfer agent and filing fees	6,450	8,208	10,871	12,480
Travel	<u>6,028</u>	<u>4,712</u>	<u>7,415</u>	<u>8,393</u>
	<u>(290,003)</u>	<u>(156,831)</u>	<u>(370,698)</u>	<u>(242,356)</u>
OTHER ITEMS				
Interest income	<u>-</u>	<u>219</u>	<u>-</u>	<u>219</u>
Loss and comprehensive loss for the period	<u>\$ (290,003)</u>	<u>\$ (156,612)</u>	<u>\$ (370,698)</u>	<u>\$ (242,137)</u>
Basic and diluted loss per common share	<u>\$ (0.015)</u>	<u>\$ (0.013)</u>	<u>\$ (0.019)</u>	<u>\$ (0.020)</u>
Weighted average number of common shares outstanding	<u>19,284,350</u>	<u>12,072,487</u>	<u>19,284,350</u>	<u>12,072,487</u>

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

MPH VENTURES CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)
SIX MONTHS ENDED NOVEMBER

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES,		
Loss for the period	\$ (370,698)	\$ (242,137)
Items not affecting cash:		
Share-based compensation	106,411	70,325
Changes in non-cash working capital items:		
(Increase) decrease in receivables and prepaid expenses	(86,238)	2,832
Increase (decrease) in accounts payable and accrued liabilities	<u>(57,201)</u>	<u>(14,249)</u>
Net cash flows used in operating activities	<u>(407,726)</u>	<u>(183,229)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation asset expenditures	(1,233)	(1,232)
Investment	<u>(100,000)</u>	<u>-</u>
Net cash flows provided by (used in) investing activities	<u>(101,233)</u>	<u>(1,232)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	762,300	299,250
Share issuance costs	<u>(23,563)</u>	<u>(15,049)</u>
Net cash flows provided by financing activities	<u>738,737</u>	<u>284,201</u>
Increase in cash during the period	229,778	99,740
Cash, beginning of period	<u>7,633</u>	<u>43,723</u>
Cash, end of period	<u>\$ 237,411</u>	<u>\$ 143,463</u>

Supplemental disclosures with respect to cash flows (Note 12)

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

MPH VENTURES CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

	<u>Capital Stock</u>		Share Subscriptions Received In Advance	Reserves	Deficit	Total
	Number	Amount				
Balance, as at May 31, 2014	8,082,487	\$14,155,148	\$ -	\$ 1,090,133	\$(12,293,295)	\$ 2,951,986
Private placement	5,985,000	299,250	-	-	-	299,250
Share issuance costs	-	(15,049)	-	-	-	(15,049)
Share-based compensation	-	-	-	70,325	-	70,325
Loss for the period	-	-	-	-	(242,137)	(242,137)
Balance, as at November 30, 2014	14,067,487	\$14,439,349	\$ -	\$ 1,160,458	\$(12,535,432)	\$ 3,064,375
Balance, as at May 31, 2015	14,067,487	\$14,431,174	\$ -	\$ 1,172,383	\$(12,836,579)	\$ 2,766,978
Private placement	15,246,000	762,300	-	-	-	762,300
Share issuance costs	-	(23,563)	-	-	-	(23,563)
Exploration and evaluation asset	4,000,000	200,000	-	-	-	200,000
Share-based compensation	-	-	-	106,411	-	106,411
Loss for the period	-	-	-	-	(370,698)	(370,698)
Balance, as at November 30, 2015	33,313,487	\$15,369,911	\$ -	\$ 1,278,794	\$(13,207,277)	\$ 3,441,428

On June 4, 2014, the Company underwent a share consolidation issuing one new common share for every ten issued and outstanding old common shares. All common share, stock option, warrant and per share data included herein have been adjusted to reflect the one for ten consolidation as if it had occurred at the beginning of the years reflected.

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

MPH VENTURES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED NOVEMBER 30, 2015

1. NATURE AND CONTINUANCE OF OPERATIONS

MPH Ventures Corp. (the “Company”) is incorporated under the laws of British Columbia, Canada, and is an exploration stage company in the business of acquiring and exploring resource properties. All of the Company’s exploration resource properties were located in Canada as at November 30, 2015 and May 31, 2015.

The Company together with its subsidiaries (collectively referred to as the “Company”) is principally engaged in acquisition and exploration of resource properties.

On June 4, 2014, the Company’s shares commenced trading on a 1-new-for-10-old consolidated basis. All common shares, share purchase warrants, stock options and per share amounts have been retroactively restated to conform with this presentation.

The head office and records office of the Company are located at Suite #1610 - 777 Dunsmuir Street, Vancouver, British Columbia, Canada. The registered office is located at Suite #1710 – 1177 West Hastings Street, Vancouver, British Columbia, Canada.

The Company’s financial statements and those of its wholly-owned subsidiary (“consolidated financial statements”) are presented in Canadian dollars.

The Company is an exploration stage company that is engaged principally in the acquisition and exploration of its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred operating losses over the past several fiscal years, has no source of operating cash flow, and no assurances that adequate financing will be available to conduct further exploration and development of its mineral property projects. These material uncertainties may cast significant doubt about 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 obtain the financing necessary to complete the exploration and development of its mineral projects as well as funding ongoing administration expenses by issuance of share capital or through joint ventures, and to realize proceeds from the disposition of its mineral interests or commence profitable operations in the future. There can be no assurance that management’s future financing efforts will be successful. The availability of financing is affected by the state of debt and equity markets, investor perceptions and expectations and the global financial and metals markets.

If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary to the carrying values of assets, liabilities, the results of operations and the statement of financial position classifications used and such adjustments could be material.

MPH VENTURES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED NOVEMBER 30, 2015

2. BASIS OF PREPARATION

Statement of Compliance with International Financial Reporting Standards

These condensed consolidated interim financial statements, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB (“International Accounting Standards Board”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, ‘Interim Financial Reporting’. The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in the Company’s annual consolidated financial statements for the year ended May 31, 2015.

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Critical accounting estimates

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.
- ii) The valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.
- iii) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.
- iv) The inputs used in calculating the fair value for share-based payments expense included in profit or loss and share-based share issuance costs included in shareholders’ equity. The share-based payments expense is estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company’s common shares, the expected life of the options, and the estimated forfeiture rate.

MPH VENTURES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED NOVEMBER 30, 2015

3. SIGNIFICANT ACCOUNTING POLICIES

New standards, interpretations and amendments adopted

As of January 1, 2014, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The Company has adopted these new and amended standards without any significant effect on its financial statements. Several other new standards and amendments apply for the first time in 2014. However, they are not applicable to the annual financial statements of the Company.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

The amendment to IAS 32, Financial Instruments: Presentation, requires that a financial asset and financial liability should only be offset and the net amount reported when an entity has a legal enforceable right to set off the amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

Under the amended IAS 36, Impairment, the recoverable amount of a CGU is required to be disclosed only when an impairment loss has been recognized or reversed.

IFRIC 21, Levies

IFRIC 21 clarifies that obligating events giving rise to a liability to pay a levy is the activity described in the relevant legislation that triggers payments of the levy.

New standards not yet adopted

IFRS 9, Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company has not yet made an assessment of the impact of the amendments.

There are no other IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

MPH VENTURES CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED NOVEMBER 30, 2015

4. RECEIVABLES AND PREPAID EXPENSES

The Company's receivables and prepaid expenses arise from two main sources: goods and service tax ("GST") and prepaid expenses. These are broken down as follows:

	November 30, 2015	May 31, 2015
GST receivable	\$ 11,591	\$ 4,374
Prepayments	<u>92,020</u>	<u>12,999</u>
Total	<u>\$ 103,611</u>	<u>\$ 17,373</u>

5. EQUIPMENT

	Equipment
Cost	
Balance, May 31, 2014	\$ 7,848
Additions	19,850
Disposals	<u>(7,848)</u>
Balance, May 31, 2015 and November 30, 2015	<u>\$ 19,850</u>
Accumulated amortization	
Balance, May 31, 2014	\$ 3,033
Amortization for the year	<u>3,308</u>
Balance, May 31, 2015 and November 30, 2015	<u>\$ 6,341</u>
Carrying amounts	
As at May 31, 2015	\$ 13,509
As at November 30, 2015	<u>\$ 13,509</u>

MPH VENTURES CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED NOVEMBER 30, 2015

6. EXPLORATION AND EVALUATION ASSETS

Ontario, Canada Claims	November 30, 2015			
	Pidgeon Molybdenum	Raney Gold	North Albany	Total Claims
Acquisition costs:				
Balance, beginning of period	\$ 664,099	\$ 57,500	\$ -	\$ 721,599
Written-off	-	-	-	-
Balance, end of period	<u>664,099</u>	<u>57,500</u>	<u>-</u>	<u>721,599</u>
Exploration costs:				
Balance, beginning of period	1,733,772	352,071	-	2,085,843
Equipment/core shack rentals	600	-	-	600
Lease renewal	<u>633</u>	<u>-</u>	<u>-</u>	<u>633</u>
Balance, end of period	<u>1,735,005</u>	<u>352,071</u>	<u>-</u>	<u>2,087,076</u>
Total costs	\$ 2,399,104	\$ 409,571	\$ -	\$ 2,808,675

MPH VENTURES CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED NOVEMBER 30, 2015

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

Ontario, Canada Claims	May 31, 2015			
	Pidgeon Molybdenum	Raney Gold	North Albany	Total Claims
Acquisition costs:				
Balance, beginning of year	\$ 664,099	\$ 57,500	\$ 90,000	\$ 811,599
Written-off	-	-	(90,000)	(90,000)
Balance, end of year	<u>664,099</u>	<u>57,500</u>	-	<u>721,599</u>
Exploration costs:				
Balance, beginning of year	1,731,747	352,071	1,356	2,085,174
Dues/fees/taxes	193	-	-	193
Equipment/core shack rentals	1,200	-	-	1,200
Lease renewal	<u>632</u>	-	-	<u>632</u>
	1,733,772	352,071	1,356	2,087,199
Written-off	-	-	(1,356)	(1,356)
Balance, end of year	<u>1,733,772</u>	<u>352,071</u>	-	<u>2,085,843</u>
Total costs	<u>\$ 2,397,871</u>	<u>\$ 409,571</u>	<u>\$ -</u>	<u>\$ 2,807,442</u>

Title to mineral properties

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge; title to all of its properties is in good standing.

Pidgeon Molybdenum Mines Limited, Ontario, Canada

The Company acquired a 100% interest in certain mining claims located near the city of Dryden, in the Patricia Mining Division of Ontario in consideration for \$664,099. The Company acquired 100% of the outstanding shares of Pidgeon Molybdenum Mines Limited ("PMML") and the claims are PMML's sole asset. The Company is required to make royalty payments totalling \$151,504 upon reaching certain production and profit targets. Certain claims of the property were subject to a 21 year lease that expired during the year ended May 31, 2014. The Company received acceptance to renew its lease for a further twenty-one years, expiring on September 30, 2034.

MPH VENTURES CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED NOVEMBER 30, 2015

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)**Raney Gold Project, Ontario, Canada**

The Company acquired a 100% interest in mineral claims located in the Raney Township, in the Porcupine Mining Division of Ontario. As consideration the Company issued 50,000 shares valued at \$57,500. The property is subject to a 2% net smelter royalty ("NSR"). The Company has also staked additional mineral claims to the east and west of the Raney Gold Project.

North Albany Graphite Property, Ontario, Canada

The Company acquired a 100% interest in 16 mineral claims located in the Porcupine Mining Division of Ontario. As consideration the Company made a cash payment of \$15,000 and issued 300,000 shares valued at \$75,000.

Due to delay in the development of the property, the Company wrote-off the carrying value of \$91,356 during fiscal 2015.

7. INVESTMENT

The Company entered into an agreement to acquire all the issued and outstanding common shares of Travelucion S.L. ("Travelucion"), a private media company servicing travel to Cuba. On November 18, 2015, the Company acquired a 20% interest in Travelucion in consideration for 4,000,000 common shares valued at \$200,000 and cash of \$100,000. Upon closing the transaction, the Company has the option, for a period of eight months, to acquire the remaining 80% of Travelucion in consideration for the issuance of an additional 16,000,000 common shares.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are broken down as follows:

	November 30, 2015	May 31, 2015
Trade payables	\$ 21,778	\$ 61,979
Accrued liabilities	-	17,000
Total	\$ 21,778	\$ 78,979

All accounts payable and accrued liabilities for the Company fall due within the next 12 months.

MPH VENTURES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED NOVEMBER 30, 2015

9. CAPITAL STOCK AND RESERVES

Authorized capital stock

Unlimited number of common shares without par value

Private placements

During the current period, the Company participated in the following private placement:

The Company closed the first tranche of its non-brokered private placement on October 5, 2015 and raised \$402,800 by the issuance of 8,056,000 units at a price of \$0.05 per unit. Each unit consists of one common share and one non-transferrable share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.075 per share for a period of five years, expiring October 5, 2020. Aggregate finder's fees of \$15,891 cash and 226,100 agents' warrants have been paid in connection with this offering. The agents' warrants are subject to the same terms and conditions as the subscriber warrants.

The Company closed the second and final tranche of its non-brokered private placement financing on October 16, 2015 and raised \$359,500 by issuing 7,190,000 units at a price of \$0.05 per unit. Each unit consists of one common share and one non-transferrable share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.075 per share for a period of five years, expiring October 16, 2020. The total raised from tranches 1 and 2 was \$762,300. No finder's fees were paid in connection with the second tranche closing.

During fiscal 2015, the Company participated in the following private placement:

On July 31, 2014, the Company issued 5,985,000 units at \$0.05 per unit for gross proceeds of \$299,250. Each unit consisted of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.07 per share for a period of two years expiring July 31, 2016. Finders' fees of \$9,048 were paid in cash and 180,950 agents' warrants (valued at \$11,925) were issued.

Shares held in escrow

At November 30, 2015, there were no shares held in escrow.

10. STOCK OPTIONS AND WARRANTS

The Company has a stock option plan in place under which it is authorized to grant options to directors, employees and consultants, to acquire up to 10% of issued and outstanding common stock of the Company. The exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years and vest at the discretion of the board.

MPH VENTURES CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED NOVEMBER 30, 2015

10. STOCK OPTIONS AND WARRANTS (cont'd...)

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants		Stock Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding and exercisable, May 31, 2014	-	\$ -	-	\$ -
Granted	<u>6,165,950</u>	<u>0.070</u>	<u>1,406,669</u>	<u>0.050</u>
Outstanding and exercisable, May 31, 2015	6,165,950	0.070	1,406,669	0.050
Granted	15,472,100	0.075	1,275,000	0.085
Cancelled	<u>-</u>	<u>-</u>	<u>(130,000)</u>	<u>0.050</u>
Outstanding and exercisable, November 30, 2015	<u>21,638,050</u>	<u>\$ 0.074</u>	<u>2,551,669</u>	<u>\$ 0.068</u>

The following incentive stock options and share purchase warrants were outstanding at November 30, 2015:

	Number of Shares	Exercise Price	Expiry Date
Stock options:	1,276,669	\$ 0.050	October 27, 2019
	1,275,000	\$ 0.085	October 27, 2020
Warrants:	6,165,950	\$ 0.070	July 31, 2016
	8,282,100	\$ 0.075	October 5, 2020
	7,190,000	\$ 0.075	October 16, 2020

Share-based compensation

During the current period, the Company granted 1,275,000 (November 30, 2014 – 1,406,669) stock options to directors, officers, employees and consultants resulting in share-based payments expense using the Black-Scholes option-pricing model of \$106,411 (November 30, 2014 - \$70,325). This amount was also recorded as reserves on the statement of financial position. The weighted average fair value of the stock options granted during the current period was \$.08 (November 30, 2014 - \$0.05) per option.

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FOR THE SIX MONTHS ENDED NOVEMBER 30, 2015

10. STOCK OPTIONS AND WARRANTS (cont'd...)

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the period:

	November 30, 2015	November 30, 2014
Risk-free interest rate	0.76%	1.50%
Expected life	5 years	5 years
Annualized volatility	211%	343%
Estimated forfeiture rate	0.00%	0.00%
Dividend rate	0.00%	0.00%

11. RELATED PARTY TRANSACTIONS*Key management compensation*

The Company paid or accrued the following to directors, executive officers and officers of the Company:

	November 30, 2015	November 30, 2014
Consulting fees	\$ 12,027	\$ 15,000
Wages	10,674	7,933
Share-based payments	<u>60,508</u>	<u>38,495</u>
	<u>\$ 83,209</u>	<u>\$ 61,428</u>

Administrative agreement

The Company operates from the premises of a private company that provides office and administrative services to the Company and various other public companies on a short-term contract basis. The private company incurs costs which are reimbursed by the Company and is charged an administration fee of \$20,538 (November 30, 2014 - \$17,441) representing 15% of the costs incurred.

Included in accounts payable and accrued liabilities at November 30, 2015 is \$17,997 (May 31, 2015 - \$53,955) due to the private company.

MPH VENTURES CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED NOVEMBER 30, 2015

12. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	November 30, 2015	November 30, 2014
Cash paid during the period for interest	\$ 7,383	\$ -
Cash paid during the period for income taxes	\$ -	\$ -

Significant non-cash transactions during the current period included:

- a) the issuance of 4,000,000 common shares valued at \$200,000 for a 20% interest in a subsidiary

There were no significant non-cash transactions during the period ended November 30, 2014.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Cash is carried at fair value using a Level 1 fair value measurement. The carrying values of receivables and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, short-term investments and receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote because these instruments are due primarily from government agencies and cash and short-term investments are held with reputable financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at November 30, 2015 the Company had a cash balance of \$237,411 (May 31, 2015 - \$7,633) to settle current liabilities of \$21,778 (May 31, 2015 - \$78,979). All of the Company's financial liabilities are subject to normal trade terms.

MPH VENTURES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED NOVEMBER 30, 2015

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Financial risk factors (cont'd...)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest rate risk

The Company has cash balances held with financial institutions. The Company's current policy is to invest excess cash in guaranteed investment certificates with Canadian banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The impact of a 1% change in interest rates would not have a significant effect on interest income.

(b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in United States Dollars. However management believes the risk is not currently significant as none of the Company's assets and none of its liabilities as at November 30, 2015 are denominated in United States Dollars.

(c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

14. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as shareholders' equity.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.