BCM RESOURCES CORPORATION

Financial Statements

August 31, 2015 and 2014

(Expressed in Canadian Dollars)

DeVISSER GRAY *LLP*
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of BCM Resources Corporation,

We have audited the accompanying financial statements of BCM Resources Corporation, which comprise the statements of financial position as at August 31, 2015 and 2014, the statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of BCM Resources Corporation as at August 31, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has limited working capital, no current sources of revenue and is dependent upon its ability to secure new sources of financing. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
December 23, 2015

BCM Resources Corporation
Statement of Financial Position
As at August 31, 2015 and 2014
(Expressed in Canadian dollars)

		2015		2014
Assets				
Current				
Cash and cash equivalents	$	**906**	$	8,715
Term deposits		**13,853**		13,728
GST receivable		**423**		756
Mining tax receivable		**-**		1,558
Due from a related party (Note 7)		**5,060**		7,660
		20,242		32,417
Exploration and evaluation assets (Note 4)		**5,529,555**		5,456,765
	$	**5,549,797**	$	5,489,182
Liabilities				
Current				
Accounts payable and accrued liabilities	$	**435,723**	$	231,937
Due to related parties (Note 7)		**75,947**		46,627
		511,670		278,564
Shareholders' Equity				
Share capital (Note 5)		**7,214,361**		7,214,361
Reserves (Note 6)		**1,040,038**		1,040,038
Deficit		**(3,216,272)**		(3,043,781)
		5,038,127		5,210,618
	$	**5,549,797**	$	5,489,182

Nature of operations and going concern (Note 1)

Approval on behalf of the Board of Directors:

"Deborah Goldbloom" — Director

"Dale McClanaghan" — Director

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

BCM Resources Corporation
Statements of Operations and Comprehensive Loss
As at August 31, 2015 and 2014
(Expressed in Canadian dollars)

		2015		2014
Expenses				
Amortization expense	$	**-**	$	1,356
Bank charges and interest		**114,343**		2,575
Filing and transfer fees		**17,095**		11,587
Insurance		**-**		(594)
Interest income		**(128)**		(150)
Management fees (Note 7)		**-**		2,500
Office and miscellaneous		**12,075**		15,897
Professional fees		**22,081**		25,900
Rent		**4,693**		87,926
Travel and promotion		**2,332**		5,003
Net loss before income taxes		**(172,491)**		(152,000)
Gain on sale of office equipment		**-**		2,269
Net loss and comprehensive loss for the year		**(172,491)**		(149,731)
Basic and diluted loss per share	$	**0.00**	$	0.01
Weighted average number of common shares outstanding		**20,137,011**		19,755,778

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

BCM Resources Corporation
Statements of Changes in Equity
As at August 31, 2015 and 2014
(Expressed in Canadian dollars)

	Number of Shares	Share Capital $	Contributed Surplus $	Deficit $	Total $
Balance, August 31, 2013	**19,587,011**	**7,186,861**	**1,040,038**	**(2,894,050)**	**5,332,849**
Shares issued for debt	550,000	27,500	-	-	27,500
Net loss for the year	-	-	-	(149,731)	(149,731)
Balance, August 31, 2014	**20,137,011**	**7,214,361**	**1,040,038**	**(3,043,781)**	**5,210,618**
Net loss for the year	-	-	-	(172,491)	(172,491)
Balance, August 31, 2015	**20,137,011**	**7,214,361**	**1,040,038**	**(3,216,272)**	**5,038,127**

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

BCM Resources Corporation
Statements of Cash Flows
For the years ended August 31, 2015 and 2014
(Expressed in Canadian dollars)

	2015	2014
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Net loss for the year	$ **(172,491)**	$ (149,731)
Adjustments for items not affecting cash:		
Amortization	**-**	1,356
Gain on sale of office equipment	**-**	(2,269)
Changes in non-cash operating working capital:		
Term deposits	**(125)**	(139)
GST/HST receivable	**333**	1,451
Due to related party	**31,920**	89,593
Accounts payable and accrued liabilities	**131,733**	90,679
Net cash flows (used in) from operating activities	**(8,630)**	30,940
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Exploration and evaluation assets	**(737)**	(34,747)
Sale of equipment	**-**	7,750
Mining tax credit for exploration and evaluation assets	**1,558**	2,909
Net cash flows from (used in) investing activities	**821**	(24,088)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(7,809)**	6,852
Cash and cash equivalents, beginning of year	**8,715**	1,863
Cash and cash equivalents, end of year	$ **906**	$ 8,715

Supplemental disclosure with respect to cash flows – Note 9

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

1. NATURE OF OPERATIONS AND GOING CONCERN

BCM Resources Corporation ("BCM" or the "Company") is a publicly listed company incorporated in British Columbia with limited liability under the legislation of the Province of British Columbia and its shares are listed on the Toronto Stock Exchange-Venture ("TSX-V"). The Company is principally engaged in the acquisition, exploration, development and mining of mineral properties.

The head office, principal address and registered and records office of the Company are located at Suite 1780 – 400 Burrard Street, Vancouver, BC, V6C 3A6.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its investment in the Carter Property contains mineral reserves that are economically recoverable. This investment is recorded based on actual historical costs incurred to date and is not intended to be reflective of the current or future fair value of the property interest. The Company's continuing operations and the underlying value and recoverability of the costs incurred to date are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development, obtaining the necessary permits to mine, and on future profitable production or proceeds from the disposition of this investment.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain financing and generate positive cash flows from its operations. Management of the Company does not expect that cash flows for the Company's operations will be sufficient to cover all of its operating requirements, financial commitments and business development priorities during the next twelve months. Accordingly, the Company expects that it will need to obtain further financing in the form of debt, equity or a combination thereof for the next twelve months. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. If adequate funds are not available, the Company may be required to delay or reduce the scope of any or all of its development projects. These conditions indicate the existence of material uncertainties that cast significant doubt that the Company will be able to continue on a going concern basis.

2. BASIS OF PRESENTATION

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements have been prepared under the historical cost basis, except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3.

b) Approval of the financial statements

The audited financial statements of BCM Resources Corporation for the year ended August 31, 2015, were approved and authorized for issue by the Board of Directors on December 23, 2015.

2. BASIS OF PRESENTATION - continued

c) Significant accounting judgments and estimates

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

In particular, significant areas of judgement and estimation uncertainty considered by management in preparing the consolidated financial statements include:

i. Judgments

- the determination that the Company will continue as a going concern for the next year; and
- whether, and the extent to which, specific events have occurred which persuasively suggest that recovery of the carrying value of the exploration and evaluation assets is unlikely.

ii. Estimates

- useful lives of property and equipment, which affects amortization expense; and
- the inputs used in the determination of the fair value of share purchase options and warrants.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a. Foreign currency translation

The Company's presentation currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency of the economic environment in which it operates.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of each reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

All gains and losses on translation of these foreign currency transactions are included in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

b. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less. There were no cash equivalents as at August 31, 2015 and August 31, 2014.

c. Short-term investments

Short-term investments are investments which are transitional or current in nature, with an original maturity greater than three months.

d. Exploration and evaluation costs

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility, and the assessment of commercial viability of an identified resource.

Exploration and evaluation costs incurred prior to obtaining licenses are expensed in the period in which they are incurred. Once the legal right to explore has been acquired, exploration and evaluation costs incurred are initially capitalized. All capitalized exploration and evaluation costs are then monitored for indications of impairment. Where there are indications of a potential impairment, an assessment is performed for recoverability, with costs charged to the statement of comprehensive loss to the extent that they are not expected to be recovered.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets are tested for impairment and transferred to “Mines under construction”. No amortization during the exploration and evaluation phase.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation or, alternatively, the sale of all or a portion of the property interest.

e. Flow-through shares

The Company may, from time to time, issue flow-through common shares to finance its resource exploration activities. Canadian income tax law permits the Company to renounce to the flow-through shareholders the income tax attributes of resource exploration costs financed by such shares. Flow-through common shares are recognized in equity based on the quoted price of the existing shares on the date of the issue. The difference between the amounts recognized in common shares and the amount the investor pays for the shares is recognized as other liability and, is converted to a deferred tax liability as eligible expenditures are incurred. The deferred tax impact is also recorded prospectively upon renunciation of the related tax benefits, provided it is expected the Company will incur the required eligible expenditures.

When flow-through expenditures are renounced, a portion of the deferred income tax assets that were not previously recognized, due to the recording of a valuation allowance, can be recognized to offset any liability that would otherwise occur on renunciation.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the “Look-back Rule”, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

f. Financial instruments

i. Financial assets

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

- Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL are initially recognized at fair value with changes in fair value recorded through income. Cash and cash equivalents and is included in this category of financial assets.

- Held-to-maturity investments ("HTM")

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs.

- 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 included in current assets, or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost, less any impairment.

- Available-for-sale financial assets

Available-for-sale (AFS) financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity. AFS assets include investments in equities of other entities.

Management assesses the carrying value of AFS financial assets at least annually and any impairment charges are also recognized in profit or loss. When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are included in profit and loss.

- Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

f. Financial instruments - continued

i. Financial assets - continued

- Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

•Significant financial difficulty of the issuer or counterparty;
•Default or delinquency in interest or principal payments; or
•It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized; the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

ii. Financial liabilities

The Company classifies its financial liabilities in the following categories: Borrowings and other financial liabilities and derivative financial liabilities.

- Borrowings and other financial liabilities

Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the income statement over the period to maturity using the effective interest method. Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities and due to a related party.

- Derivative financial liabilities

Derivative financial liabilities are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting period with changes in the fair value recognized in profit and loss. Derivative financial liabilities include warrants issued by the Company denominated in a currency other than the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

g. Share-based payment transactions

The Company grants stock options to buy common shares of the Company to directors, officers and employees. The board of directors grants such options for periods of up to five years, which vest immediately and are priced at the previous day's closing price.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period of the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Where the terms of a stock option is modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

h. Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, nor differences relating to investments in subsidiaries, and associates to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

i. Share Capital

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the common shares are issued.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

j. Earnings (loss) per share

The Company presents basic and diluted earnings/loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

k. Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

l. Decommissioning liabilities

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. A pre-tax discount rate that reflects the time value of money and the risks specific to the liability are used to calculate the net present value of the expected future cash flows. These costs are charged to the statement of loss over the economic life of the related asset, through depreciation expense using either the unit-of-production or the straight-line method as appropriate. The related liability is progressively increased each period as the effect of discounting unwinds, creating an expense recognized in the statement of loss. The liability is assessed at each reporting date for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date at its current project is minimal.

m) Accounting policies adopted

Certain new accounting standards and interpretations have been published that are mandatory for the August 31, 2015 reporting year. The following is a brief summary of the new standards adopted in the year:

IFRS 9 – Financial Instruments

IFRS 9 establishes the requirements for recognizing and measuring financial assets and financial liabilities. This new standard is effective January 1, 2015 with earlier application permitted.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

m) Accounting policies adopted - continued

IFRS 10 - Consolidated Financial Statements

IFRS 10 supersedes IAS 27: Consolidated and Separate Financial Statements and establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This new standard is effective January 1, 2013 with earlier application permitted.

IFRS 11 - Joint Arrangements

IFRS 11 establishes principles for financial reporting by parties to a joint arrangement and supersedes IAS 31: Interests in Joint Ventures and SIC 13: Jointly Controlled Entities - Non- Monetary Contributions by Venturers. This new standard is effective January 1, 2013 with earlier application permitted.

IFRS 12 - Disclosure of Interests in Other Entities

IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. This new standard is effective January 1, 2013 with earlier application permitted.

IFRS 13 - Fair value measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received on the sale of an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

IAS 27 - Separate Financial Statements

IAS 27 contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9. This new standard is effective January 1, 2013 with earlier application permitted.

IAS 28 - Investments in Associates and Joint Ventures

IAS 28 prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This amendment is effective January 1, 2013 with earlier application permitted.

The company has evaluated the following new and revised IFRS standards and has determined there to be no material impact on the consolidated financial statements upon adoption:

1) IAS 32 – Financial Instruments: Presentation
2) IAS 36 – Impairment of Assets
3) IFRIC 21 – Levies

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

Carter Property
Terrace, British Columbia, Canada

	August 31, 2013	**Additions (Recovery)**	August 31, 2014	**Additions (Recovery)**	August 31, 2015
Acquisition costs	$ 288,506	$ 25,000	$ 313,506	$ 51,281	$ 364,787
Assay	159,854	403	160,257	-	160,257
Camp and miscellaneous	257,763	-	257,763	509	258,272
Drilling	2,914,309	29,256	2,943,565	21,000	2,964,565
Geological	1,248,537	2,895	1,251,432	-	1,251,432
Reports and mapping	108,279	-	108,279	-	108,279
Survey	180,906	-	180,906	-	180,906
Travel, helicopter and accommodation	904,653	1,893	906,546	-	906,546
Mineral exploration tax credit claims	(663,931)	(1,558)	(665,489)	-	(665,489)
Balance, end of year	$ 5,398,876	$ 57,889	$ 5,456,765	$ 72,790	$ 5,529,555

The Company earned a 100% interest in 10 mineral claims subject to a 1.5% net smelter return ("NSR") royalty by paying $90,000 and issuing 350,000 common shares prior to September 27, 2010. In respect to the NSR, the agreement calls for advance royalty payments of $5,000 on June 15, 2009 (paid), $10,000 on June 15, 2010 (paid), $15,000 on June 15, 2011 (paid), $20,000 on June 15, 2012 (paid), $25,000 on June 15, 2013 (paid), $25,000 on June 15, 2014 (accrued), and a final payment of $50,000 due June 15, 2015 (accrued), for an aggregate of $150,000 in total. The agreement also allows the Company to buy-out 0.75% of the NSR at any time for $750,000.

The Company has also staked and dropped additional claims continuous to the original ten claims. The Company currently owns 26 claims, all of which are subject to the NSR pursuant to the above noted option agreement.

Although the Company has taken steps to verify title to mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Properties may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

(Expressed in Canadian dollars)

5. SHARE CAPITAL

a) Authorized: Unlimited common shares with no par value.

b) Issued:

During the year ended August 31, 2014:

On March 11, 2014, the Company issued 550,000 common shares with a fair value of $27,500 to settle the debt payable to Nick Carter for the property payment due June 15, 2013 (see Note 4).

c) Broker Warrants:

The following is a summary of broker warrant transactions for the years ended August 31, 2015 and 2014:

	2015		2014	
	Number of Warrants	Weighted Average Exercise Price $	Number of Warrants	Weighted Average Exercise Price $
Opening balance	-	-	7,500	0.15
Expired	-	-	(7,500)	0.15
Balance of broker warrants	-	-	-	-

6. SHARE-BASED PAYMENTS

The Company has a stock option plan in place under which it is authorized to grant options of up to 10% of its outstanding shares to officers, directors, employees and consultants. The exercise price of each option is to be determined by the Board of Directors, but shall not be less than the discounted market price as defined by the TSX-V. Under the stock option plan, the terms of all options granted are for a maximum of five years.

The following stock options are outstanding and exercisable at August 31, 2015 and 2014:

		2015	2014
Expiry Date	Exercise Price	Number of Options	Number of Options
May 2, 2016	$ 0.60	690,000	690,000
Weighted average remaining life		0.67 years	1.67 years

(Expressed in Canadian dollars)

7. RELATED PARTY TRANSACTIONS

Management did not receive any compensation during the year ended August 31, 2015 (2014 - $2,500). A director was reimbursed $4,693 (2014 - $nil) for rent expense for the Company's office for the year ended August 31, 2015.

Due to a related party:	**August 31, 2015 $**	**August 31, 2014 $**
Dale McClanaghan	74,241	46,535
Deborah Goldbloom	1,706	92
Total	75,947	46,627

Due from a related party:	**August 31, 2015 $**	**August 31, 2014 $**
Inland Explorations Ltd.	5,060	7,660

Inland Explorations Ltd. ("Inland") is related by way of common directorship with a director of the Company. Inland shares certain costs in common with the Company. Substantially all of the balance due from Inland relates to costs incurred by the Company on behalf of Inland.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Refer to Note 11 for activities regarding Inland Explorations Ltd. subsequent to year end.

8. FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company's cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

(Expressed in Canadian dollars)

8. FINANCIAL RISK MANAGEMENT - continued

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to minimal interest rate risk.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, accounts payable and accrued liabilities, and due to and from related parties approximates their carrying values. Cash and cash equivalents and term deposits are measured at fair value using Level 1 inputs.

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	For the year ended August 31,			
		2015		**2014**
Interest income	$	128	$	139
Shares issued for debt	$	-	$	27,500

10. INCOME TAXES

A reconciliation of income taxes at statutory rates as follows:

		2015		**2014**
Loss for the year before income taxes	$	(172,491)	$	(149,731)
Expected income tax expense		(44,848)		(38,930)
Net adjustment for deductible/non-deductible amounts		(2,897)		(8,035)
Unrecognized benefit of current non-capital losses		47,745		46,965
Total deferred income tax recovery	$	-	$	-

(Expressed in Canadian dollars)

10. INCOME TAXES - continued

The significant components of the Company's deferred income tax assets are as follows:

	2015	2014
Deferred income tax asset		
Mineral properties	$ (775,684)	$ (775,683)
Equipment	4,559	4,559
Unamortized share issuance costs	745	3,847
Non-capital loss carry forwards	839,020	796,380
Valuation allowance	(68,640)	(29,103)
Net deferred income tax asset	$ -	$ -

At August 31, 2015, the Company has available for deduction against future taxable income non-capital losses from Canadian operations of approximately $3,227,000 (2014 - $3,063,000), which expire through to the year 2035. Future tax benefits which may arise as a result of these non-capital losses and other income tax pools are used to offset any future income tax liabilities as they arise.

The Company's accumulated non-capital losses and years of expiry are as follows:

Year of Expiry	Amount
2026	$ 227,000
2027	493,000
2028	449,000
2029	428,000
2030	341,000
2031	374,000
2032	329,000
2033	221,000
2034	181,000
2035	184,000
	$ 3,227,000

11. SUBSEQUENT EVENTS

- Pursuant to financing announced on September 2, 2015, the Company completed three tranches of a non-brokered private placement by issuing 4,399,000 common shares at a price of $0.05 per share for aggregate gross proceeds of $219,950.

- <u>Appointment of New Director and VP Exploration</u>
  On October 29, 2015, Richard R. Redfern, M Sc. was appointed to the Company's Board of Directors and as Vice President-Exploration.

- On September 2, 2015, the Company announced that it finalized terms of an Agreement with Inland for an option to acquire up to 60% interest in Inland's Thompson Knolls Property ("TK Property") located in central Utah's Great Basin. The TK property comprises 2948.6 hectares located in Millard County, Utah and consists of 100 federal unpatented mineral claims and two State Section Leases, plus an additional 25 newly-staked lode claims comprising 500 acres.
  Under the terms of the Agreement, BCM has the option to earn a 51% interest within four years by incurring total

11. SUBSEQUENT EVENTS - continued

property expenditures of $10 million, issuing to Inland a total of 6.5 million shares of the Company, and making total cash payments of $375,000. The Company will also be responsible for posting any required exploration bonds and for paying all annual property and permit-related expenses. Consideration of $50,000 and one (1) million shares shall be due on Closing with the balance of property expenditures, cash and share payments staged over a four year period.

Upon earning a 51% interest, the Company shall have the option to increase its interest in the TK Property by an additional 9% to 60% by spending an additional $5 million on the TK Property and delivering a pre-feasibility level study on the property within 2 years.

The proposed transaction is subject to review by the TSX Venture Exchange and the closing of a formal option agreement.