

**ALLANTE RESOURCES LTD.**

**FINANCIAL STATEMENTS**

**JULY 31, 2015**

**(Expressed in Canadian Dollars)**

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of  
Allante Resources Ltd.

We have audited the accompanying financial statements of Allante Resources Ltd., which comprise the statements of financial position as at July 31, 2015 and 2014 and the statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), 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, 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 about whether the financial statements are free from 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 auditors' 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of Allante Resources Ltd. as at July 31, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



*Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Allante Resources Ltd.'s ability to continue as a going concern.

**“DAVIDSON & COMPANY LLP”**

Vancouver, Canada

Chartered Professional Accountants

November 24, 2015



**ALLANTE RESOURCES LTD.**  
**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**FOR THE YEARS ENDED JULY 31**

	Note	2015	2014
<b>EXPENSES</b>			
Office and miscellaneous	9	\$ 64,787	\$ 34,589
Professional fees		14,540	103,610
Property investigation costs	10	-	238,127
Transfer agent and filing fees		13,041	34,740
Travel		245	1,894
<b>LOSS AND COMPREHENSIVE LOSS</b>		<b>\$ (92,613)</b>	<b>\$ (412,960)</b>
Basic and diluted loss per share		(0.03)	(0.13)
Weighted average number of common shares outstanding	3	3,167,267	3,167,267

See accompanying notes to the financial statements

**ALLANTE RESOURCES LTD.**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)**

	Share capital		Share-based payments reserve	Deficit	Total
	Number of shares	Amount			
Balance at July 31, 2013	4,000,599	\$1,150,701	\$ 109,725	\$ (883,447)	\$ 376,979
Loss for the year	-	-	-	(412,960)	(412,960)
<b>Balance at July 31, 2014</b>	<b>4,000,599</b>	<b>\$1,150,701</b>	<b>\$ 109,725</b>	<b>\$ (1,296,407)</b>	<b>\$ (35,981)</b>
Loss for the year	-	-	-	(92,613)	(92,613)
<b>Balance at July 31, 2015</b>	<b>4,000,599</b>	<b>\$1,150,701</b>	<b>\$ 109,725</b>	<b>\$ (1,389,020)</b>	<b>\$ (128,594)</b>

See accompanying notes to the financial statements

**ALLANTE RESOURCES LTD.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JULY 31**

	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>		
Loss for the year	\$ (92,613)	\$ (412,960)
Net change in non-cash working capital accounts:		
Decrease (increase) in accounts receivable	5,872	(1,860)
Increase in accounts payable	79,295	36,426
Net cash used in operating activities	(7,446)	(378,394)
Decrease in cash during the year	(7,446)	(378,394)
Cash, beginning of year	7,557	385,951
Cash, end of year	\$ 111	\$ 7,557
Supplementary cash flow information:		
Interest paid	\$ -	\$ -
Income taxes paid	-	-

There were no significant non-cash transactions during the years ended July 31, 2015 and 2014.

See accompanying notes to the financial statements

## **1. NATURE OF OPERATIONS**

The Company was incorporated under the Business Corporations Act (British Columbia) on June 16, 2006 and was classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. On March 7, 2007, the Company's shares began trading on the TSX-V under the symbol "PSC", and on February 3, 2010 the Company's shares were moved to the NEX board under the symbol PSC.H. On December 18, 2013, the Company changed its name to Allante Resources Ltd. (TSX-V: ALL.H) and consolidated its share capital on a 3:1 basis. All share and per share amounts have been restated to reflect the share consolidation.

The head office, the principal address, and the registered and records office of the Company are located at 303-595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5.

The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities.

## **2. CONTINUANCE OF OPERATIONS**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses, which would be a "Qualifying Transaction". Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval.

The Company has incurred significant losses to date. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning they will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. At July 31, 2015 the Company had a working capital deficiency. These material uncertainties may cast significant doubt upon the entity's ability to continue as a going concern.

The Company plans to complete a Qualifying Transaction and raise capital through the issuance of common shares. The outcome of completing any Qualifying Transaction cannot be determined.

## **3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION**

### ***Statement of compliance***

These financial statements are 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 on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

The financial statements were authorized for issuance on November 24, 2015 by the directors of the Company.

**3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION** (continued)

**Basis of preparation**

**Significant accounting judgments, estimates and assumptions**

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and 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.

Areas requiring a significant degree of estimation and judgment relate to the determination of deferred tax assets. Actual results may differ from those estimates and judgments.

**Loss per share**

The Company computes the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per common share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive.

Basic loss per common share is calculated using the weighted average number of shares outstanding during the period. The 833,333 shares held in escrow as of July 31, 2015 have been excluded from the weighted average number of shares because they are contingently returnable.

**Share-based payments**

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of 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. The corresponding amount is recorded to share-based payments reserve. The fair value of options is determined using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

**Financial instruments**

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

**3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION** (continued)

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. Cash is considered as FVTPL.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Receivables are considered as loans and receivables.

Held-to-maturity investments are 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. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. At July 31, 2015 and July 31, 2014, the Company has not classified any financial liabilities as FVTPL.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

The Company does not currently have any derivative financial assets and liabilities.

***Income taxes***

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

**3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)**

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

***New accounting standards, interpretations and amendments not yet effective***

IFRS 7, Financial Instruments – Amended to require additional disclosures on transition from IAS 39 to IFRS 9. This standard is effective for annual periods beginning on or after January 1, 2015.

IFRS 9, Financial Instruments – Classification and Measurement, is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. The Company has not early adopted these revised standards and none of these standards are expected to have a material effect on the financial statements. This standard is tentatively effective for annual periods beginning on or after January 1, 2018.

**4. CASH**

Cash is as follows:

	<b>July 31, 2015</b>	<b>July 31, 2014</b>
Cash	\$ 111	\$ 7,557

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>July 31, 2015</b>	<b>July 31, 2014</b>
Accounts payable (Note 9)	\$ 91,180	\$ 41,910
Accrued liabilities	37,525	7,500
	<b>\$ 128,705</b>	<b>\$ 49,410</b>

## **6. SHARE CAPITAL**

Authorized – Unlimited common shares without par value, special rights or restrictions attached.

On December 18, 2013, the Company consolidated its issued share capital on a three old shares for one new share basis and commenced trading as Allante Resources Ltd. under TSX-V trading symbol: ALL. All share numbers have been stated on a post-consolidation basis.

As of July 31, 2015 and 2014 the Company has 833,333 of the issued shares held in escrow. These escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities.

If the Company does not complete a Qualifying Transaction, the escrowed shares will not be released from escrow and if the Company is de-listed, the shares will be cancelled.

## **7. WARRANTS AND OPTIONS**

### **Stock options**

The Company adopted a stock option plan (“Plan”) whereby it can grant options to directors, officers, employees, and technical consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Company prior to completion of a Qualifying Transaction. Vesting will be determined by the board of directors.

There were no stock options granted during the years ended July 31, 2015 and 2014.

At July 31, 2015 and 2014, there were no stock options outstanding.

### **Warrants**

At July 31, 2015 and 2014, there were no warrants outstanding.

## **8. FINANCIAL RISK MANAGEMENT**

The Company is exposed to minimal 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. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

**8. FINANCIAL RISK MANAGEMENT** (continued)

***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The company has cash of \$111 to settle liabilities of \$128,705.

***Interest rate risk***

The Company is not currently exposed to significant interest rate risk.

***Capital Management***

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. The Company is not exposed to externally imposed capital requirements.

***Currency risk***

The Company is not currently exposed to significant foreign currency risk.

***Classification of financial instruments***

***Fair value***

The fair value of the Company's financial assets and liabilities approximates the carrying amount, due to their short-term nature.

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 Company's only financial asset is cash with a fair value measured at Level 1 hierarchy.

**9. RELATED PARTY TRANSACTIONS**

During the year ended July 31, 2015, the Company paid or accrued \$30,000 (2014 – \$30,000) for rent, office and other administration costs recorded in office and miscellaneous with a company controlled by the President of the Company. At July 31, 2015, \$36,817 (July 31, 2014 - \$nil) is payable to this company.

**10. PROPOSED QUALIFYING TRANSACTION**

On November 18, 2013, the Company entered into an agreement to acquire 100% of the shares of Allante Resources Inc. ("ARI"), a mineral exploration company with properties in Gabon, in exchange for 15,375,000 shares of the Company.

**10. PROPOSED QUALIFYING TRANSACTION** (continued)

Under the terms of the Agreement, the shares issued by the Company would result in the shareholders of ARI acquiring control of the Company and the transaction would be treated as a reverse take-over. This transaction would constitute the Company's Qualifying Transaction ("QT").

The Company advanced \$100,000 to ARI to complete the acquisition and to conduct certain exploration work in respect to ARI's principal mineral exploration property.

On September 30, 2014, management determined that it was not in the Company's best interest to continue with the proposed transaction and accordingly the Company expensed all accumulated costs in the prior year.

**11. INCOME TAXES**

The reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2015	2014
Loss for the year before income taxes	\$ (92,613)	\$ (412,960)
Expected income tax recovery	\$ 24,100	\$ 107,400
Items not recognizable for tax purposes and other	-	(8,900)
Effect of changes in tax rates	(8,400)	(300)
Change in deferred tax asset	(15,700)	(98,200)
Total income tax recovery	\$ -	\$ -

The nature of the tax effects of the temporary differences and tax loss carry forwards giving rise to the deferred tax assets are as summarized below:

	2015	2014
Deferred income tax assets:		
Canadian eligible capital	\$ 27,000	\$ 27,000
Non-capital loss carry-forwards	275,000	255,800
Share issue costs	-	3,900
Net capital losses	36,000	35,600
Unrecognized tax assets	\$ 338,000	\$ 322,300

At July 31, 2015, the Company has non-capital losses of approximately \$1,058,000 (2014 - \$950,300) and net capital losses of approximately \$137,000 (2014 - \$136,900) available for deduction in Canada. The non-capital losses, if not utilized, will expire through to 2035 and the net capital losses may be carried forward indefinitely. Potential tax benefits which may arise as a result of these losses and other tax assets have not been recognized in these financial statements as it is not probable that they will be utilized in the near future.