Condensed Consolidated Interim Financial Statements

ARROWHEAD GOLD CORP.

Six months ended February 29, 2016 and 2014

(unaudited)

Prepared by Management without Company's Auditors' Review

Expressed in Canadian Dollars

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim financial statements of Arrowhead Gold Corp. is prepared by management 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"). Therefore, these financial statements comply with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". Management acknowledges responsibility for the preparation and presentation of the unaudited interim financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim financial statements and (ii) the unaudited interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Arrowhead Gold Corp.
Consolidated statements of financial position
(Expressed in Canadian dollars)

	Notes	February 29, 2016	August 31, 2015
ASSETS			
Current assets			
Cash	5	$ 30,680	$ 38,948
Accounts receivable	6	31,307	33,476
Marketable securities	7	-	14,000
		61,987	86,424
Non-current assets			
Machinery, equipment and furniture	8	-	-
Exploration and evaluation assets	9	-	-
		-	-
TOTAL ASSETS		**$ 61,987**	**$ 86,424**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	10	$ 63,966	$ 48,455
TOTAL LIABILIITES		**63,966**	**48,455**
SHAREHOLDERS' EQUITY			
Share capital	12	17,424,645	17,424,645
Reserves	13	1,670,960	1,478,981
Deficit		(19,097,584)	(18,865,657)
TOTAL EQUITY		**(1,979)**	**37,969**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 61,987**	**$ 86,424**

Nature and continuance of operations (Note 1)
Subsequent event (Note 16)

APPROVED ON BEHALF OF THE BOARD:

Director: *"Bilal Bhamji"*
Bilal Bhamji

Director: *"Steve Smith"*
Steve Smith

Arrowhead Gold Corp.
Consolidated statements of comprehensive loss
(Expressed in Canadian dollars)

	Three Months Period Ended February 29, 2016	Three Months Period Ended February 28, 2015	Six Months Period Ended February 29, 2016	Six Months Period Ended February 28, 2015
EXPENSES				
Amortization	$ -	$ 7,820	$ -	$ 15,696
Consulting (Note 14)	-	-	-	1,000
Office and miscellaneous	4,859	2,787	5,077	2,869
Professional fees (Note 14)	4,767	9,993	12,654	27,493
Rent (Note 14)	1,400	8,000	2,150	8,000
Transfer agent, filing fees	12,123	3,604	20,067	13,790
Travel and promotion	-	543	-	543
	23,149	32,747	39,948	69,391
LOSS BEFORE OTHER ITEMS	$ (23,149)	$ (32,747)	$ (39,948)	$ (69,391)
Gain on settlement of debt	-	-	-	101,500
Realized loss on sales of marketable securities	(54,979)	(75,580)	(191,979)	(75,580)
INCOME (LOSS) FOR THE PERIOD	$ (78,128)	$ (108,327)	$ (191,979)	$ (43,471)
Other comprehensive income (loss)				
Unrealized gain (loss) on investment	-	37,200	-	37,200
INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ (78,128)	$ (71,127)	$ (231,927)	$ (6,271)
INCOME (LOSS) PER SHARE - BASIC AND FULLY DILUTED	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)

Arrowhead Gold Corp.
Consolidated statements of changes in shareholders' equity
(Expressed in Canadian dollars)

	Share capital		Reserves			
	Number of shares	Amount	Available for sale marketable securities	Contributed surplus	Deficit	Total
Balance at September 1, 2015	**20,940,494**	**$17,424,645**	**$ (187,601)**	**$ 1,666,582**	**$ (18,865,657)**	**$ 37,969**
Net loss for the period	**-**	**-**	**-**	**-**	**(231,927)**	**(231,927)**
Transfer of reserves on sale of Tajiri shares	**-**	**-**	**191,979**	**-**	**-**	**191,979**
Balance at February 29, 2016	**20,940,494**	**$17,424,645**	**$ (50,601)**	**$ 1,666,582**	**$ (19,097,584)**	**$ (1,979)**

	Share capital		Reserves			
	Number of shares	Amount	Available for sale marketable securities	Contributed surplus	Deficit	Total
Balance at September 1, 2014	**15,471,744**	**$17,113,145**	**$ (393,380)**	**$ 1,666,582**	**$ (16,328,198)**	**$ 2,058,149**
Net income for the period	**-**	**-**	**-**	**-**	**(6,271)**	**(6,271)**
Comprehensive loss for the period	**-**	**-**	**56,640**	**-**	**-**	**56,640**
Shares issued for cash – private placement @ 0.08	**1,268,750**	**101,500**	**-**	**-**	**-**	**101,500**
Shares issued for debt settlement	**4,200,00**	**417,000**	**-**	**-**	**-**	**417,000**
Balance at February 28, 2015	**20,940,494**	**$17,631,645**	**$ (336,740)**	**$ 1,666,582**	**$ (16,334,469)**	**$ 2,627,018**

Arrowhead Gold Corp.
Consolidated statements of cash flows
(Expressed in Canadian dollars)

	Three Months Period Ended February 29, 2016	Three Months Period Ended February 28, 2015	Six Months Period Ended February 29, 2016	Six Months Period Ended February 28, 2015
Operating activities				
Net Income (loss) for the period	$ (78,128)	$ (71,127)	$ (231,927)	$ (6,271)
Adjustments for non-cash items:				
Amortization	-	7,820	-	15,696
Unrealized gain (loss) on investments	-	64,301	-	(37,200)
Realized loss on sale of investments	54,979	75,580	191,979	75,580
Changes in non-cash operating working capital:				
Accounts receivable	(1,699)	15,159	2,169	(25,897)
Investment	4,000	-	14,000	-
Trade payables and accrued liabilities	4,909	(39,633)	15,511	(484,073)
Net cash flows from (used in) operating activities	$ (15,939)	$ 52,460	$ (8,268)	$ (462,165)
Financing Activities:				
Proceeds on issuance of common shares - net of share issue costs	-	-	-	518,500
Net cash flows from (used in) financing activities	-	-	-	518,500
Increase (decrease) in cash and cash equivalents	(15,939)	52,460	(8,268)	56,335
Cash and cash equivalents, Beginning of period	46,619	8,446	38,498	4,571
Cash and cash equivalents, End of period	$ 30,680	$ 60,906	$ 30,680	$ 60,906

1. Nature and continuance of operations

Arrowhead Gold Corp. (the "Company") was incorporated under the Company Act (British Columbia) on March 28, 2008. The Company is an exploration stage public company and the Company's shares are traded on the Canadian Securities Exchange ("CSE") under the symbol "AWH". The Company's principal business activities include acquiring and developing mineral properties. The head office, principal address and records office of the Company are located at 409 Granville Street, Suite 608, Vancouver, British Columbia, Canada. During the year, the Company wrote-off its mineral property in Guyana and began investigating other projects.

These unaudited consolidated financial statements have been prepared on the assumption that the Company and its subsidiary will continue as a going concern, which means that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At February 29, 2016, the Company had not yet achieved profitable operations, had a working capital deficit of $1,979 which may not be sufficient to sustain operations over the next year and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. These conditions indicate the existence of material uncertainties that the Company will be able to continue on a going concern basis. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these consolidated financial statements. Management believes that it has adequate funds to finance operating costs over the next twelve months.

2. Significant accounting policies and basis of preparation

The consolidated financial statements were authorized for issue by the directors of the Company on April 27, 2016.

Statement of compliance to International Financial Reporting Standards

The unaudited interim consolidated financial statements of the Company 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"). Therefore, these financial statements comply with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended August 31, 2015.

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value as explained in the accounting policies set out in Note 2. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All dollar amounts presented are in Canadian dollars unless otherwise specified.

2. Significant accounting policies and basis of preparation (cont'd)

Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated 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 consolidated 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 exceptions of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. See Note 4.

Marketable securities

Marketable securities are classified as available for sale and are recorded at fair value with unrealized gains and losses recorded in comprehensive income (loss).

Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entity whose details are as follows:

		Percentage owned	
	Country of incorporation	**August 31, 2015**	**August 31, 2014**
Otish Gold (Guyana) Inc.	Guyana	100%	100%

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Foreign currency translation

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which the Company operates. The consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency. The functional currency of the Company's subsidiary in Guyana is the Canadian dollar.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on translation are recognized in profit or loss in the statement of comprehensive income in the period in which they arise.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of income and comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

2. Significant accounting policies and basis of preparation (cont'd)

Property, plant and equipment *(cont'd)*

Depreciation and amortization are calculated to write off the cost of the assets to their residual values over their estimated useful lives. The depreciation and amortization rates applicable to each category of property, plant and equipment are as follows:

Class of property, plant and equipment	Depreciation rate	
Motor vehicles	3 years	straight line
Office equipment and furniture	3 years	straight line
Drilling and exploration equipment	3 years	straight line

One half of the normal rate is recorded in the year of acquisition.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

2. Significant accounting policies and basis of preparation (cont'd)

Impairment of assets

The carrying amount of the Company's assets (which include equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive income/loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Share-based payments

The Company operates an employee stock option plan. 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 the option reserve (contributed surplus). 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.

2. Significant accounting policies and basis of preparation (cont'd)

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, 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.

Financial assets are classified at fair value through profit or loss ("FVTPL") 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. The Company's cash is classified 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. The Company's receivables are classified 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 on monetary financial assets. The Company's marketable securities are classified as available-for-sale.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. The Company's trade payables and accrued liabilities are classified as other financial liabilities.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset.

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.

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 have any derivative financial assets and liabilities.

2. Significant accounting policies and basis of preparation (cont'd)

Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

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.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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.

3. Accounting standards, amendments and interpretations

Application of new and revised accounting standards effective September 1, 2014

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

Future accounting standards

Certain pronouncements were issued by the International Accounting Standards Board ("IASB") of the IFRS Interpretations Committee ("IFRIC") but not yet effective as at August 31, 2015. The Company intends to adopt these standards and interpretations when they become effective. The Company does not expect these standards to have an impact on its consolidated financial statements. Pronouncements that are not applicable to the Company have been excluded from those described below.

(Expressed in Canadian dollars)

3. Accounting standards, amendments and interpretations (cont'd)

Future accounting standards (cont'd)

The following standards or amendments are effective for annual periods beginning on or after September 1, 2015.

1) IFRS 9 – Financial Instruments
2) IFRS 15 – Revenue from Contracts with Customers

4. Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

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

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Going Concern

The determination of the Company's ability to continue as a going concern requires significant judgment. Material adjustments to the consolidated financial statements would be required if the going concern assumption was not used

5. Cash

The components of cash are as follows:

	February 29, 2016	August 31, 2015
Cash at bank	$ 30,680	$ 38,948

6. Accounts receivable

	February 29, 2016	August 31, 2015
Goods and services taxes	$ 4,307	$ 6,476
Accounts receivable	27,000	27,000
	$ 31,307	$ 33,476

7. Marketable securities

The Company has the following marketable securities:

	February 29, 2016		August 31, 2015	
	Number of shares	Fair value	Number of shares	Fair value
Tajiri Resources Corp. (Note 14)	-	$ -	1,400,000	$ 14,000

(Expressed in Canadian dollars)

8. Machinery, equipment and furniture

	Office equipment	Furniture and fixtures	Machinery and equipment	Pontoon	Motor boat	Vehicles	Total
	$	$	$	$	$	$	$
Cost							
Balance as at August 31, 2013	13,743	1,287	135,484	90,728	7,586	40,348	289,176
Additions during the year	-	-	-	-	-	-	-
Balance as at August 31, 2014	13,743	1,287	135,484	90,728	7,586	40,348	289,176
Additions during the year	-	-	-	-	-	-	-
Write-off for the year	(13,743)	(1,287)	(135,484)	(90,728)	(7,586)	(40,348)	(289,176)
Balance as at August 31, 2015	-	-	-	-	-	-	-
Accumulated depreciation							
Balance as at August 31, 2013	6,671	1,100	108,410	45,652	3,817	25,980	191,630
Depreciation for the year	6,379	187	22,729	30,531	2,553	8,222	70,601
Balance as at August 31, 2014	13,050	1,287	131,139	76,183	6,370	34,202	262,231
Depreciation for the year	385	-	2,454	14,545	-	6,132	23,516
Write-off for the year	(13,435)	(1,287)	(133,593)	(90,728)	(6,370)	(40,334)	(285,747)
Balance as at August 31, 2015	-	-	-	-	-	-	-
Net book value							
At August 31, 2013	7,072	187	27,074	45,076	3,769	14,368	97,546
At August 31, 2014	693	-	4,345	14,545	1,216	6,146	26,945
At August 31, 2015	-	-	-	-	-	-	-

During the year ended August 31, 2015 the Company ceased exploration activities in Guyana, and wrote off the machinery, equipment and furniture pertaining to the property.

(Expressed in Canadian dollars)

9. Exploration and evaluation assets

The following is a description of the Company's exploration and evaluation assets and the related spending commitments:

		Total
Balance, August 31, 2013	$	2,692,646
Exploration expenditures		3,999
Option payment		(52,500)
Write-down of exploration and evaluation expenditures		(148,000)
Balance, August 31, 2014		2,496,145
Write-down of exploration and evaluation expenditures		(2,496,145)
Balance August 31, 2015	$	-

During the year ended August 31, 2015 the Company decided to cease all work in Guyana resulting in a write-off of $2,496,145.

a) *Gobin Gold Property, Mazaruni, Guyana*

In 2011, the Company acquired all of the hard rock mining rights (the "Rights") in three Guyana Geology Guyana Geology and Mines Commission Mining Permits in the Cuyuni Mining District #4, Guyana SA. The consideration payable by the Company for the purchase of the Rights was US$10,000 (paid) and 600,000 common shares in the capital stock of the Company (issued). Each property is subject to a 2% Net Smelter Return ('NSR') royalty in favour of the vendor. The Company may at any time purchase 1% of the NSR for US$1,000,000 and may also purchase the remaining 1% of the NSR for US$1,000,000.

During the year ended August 31, 2014 the Company ended its interest in the property resulting in a write-off of $148,000 in exploration and evaluation expenditures.

b) *Puruni Gold Property, Puruni, Guyana*

On June 17, 2010, the Company signed an assignment agreement with Trevor Taylor ("Taylor") of Ajax, Ontario whereby the Company acquired 100% of Taylor's interest in a contiguous land block comprised of six (6) Medium Scale Prospecting Permits, comprising approximately 6,900 acres. The property is known as the Puruni Gold Property located in Puruni, Mazaruni Mining District No. 3, Guyana (the "Property"). Total consideration consists of $50,000 (paid) and 3,500,000 shares of the Company (issued). The property is subject to a 2% NSR. The Company may at any time purchase 1% of the NSR for US$1,000,000 and may also purchase the remaining 1% of the NSR for US$2,000,000.

A finder's fee of 350,000 shares was issued in connection with the assignment agreement.

During the year ended August 31, 2015, the Company decided to cease all work in Guyana and wrote off the property

c) *Kaburi Gold Property, Mazaruni, Guyana*

In 2011, the Company acquired all of the hardrock mining rights (the "Rights") in the Guyana Geology and Mines Commission Large Scale Prospecting Licence No. 01/2009 located in the Kaburi Area, Mazaruni, Guyana SA. The consideration payable by the Company for the purchase of the Rights was 900,000 common shares in the capital stock of the Company (issued) and one hundred and fifty thousand dollars US (paid).

The property is subject to a 3% NSR. The Company may at any time purchase 1% of the NSR for US$1,500,000 and may purchase the remaining 2% of the NSR for US$2,000,000.

(Expressed in Canadian dollars)

9. Exploration and evaluation assets (cont'd)

c) Kaburi Gold Property, Mazaruni, Guyana (cont'd)

On October 21, 2011, Tajiri Resources Corp. ("Tajiri"), a Company with common directors, obtained the option to acquire a 51% interest in the Rights from the Company. The consideration receivable from Tajiri is:

Option Exercise Schedule	Shares Received		Payment Received		Exploration Expenditures
December 7, 2011	200,000(1)	$	50,000(1)	$	-
December 7, 2012	400,000(2)		50,000(2)		250,000
December 7, 2013	400,000(3)		-		500,000
January 21, 2014	1,650,000(4)		-		750,000
Total	2,650,000	$	100,000	$	1,500,000(4)

(1) The Company received 200,000 shares and received $50,000.
(2) The Company received 400,000 shares and received $50,000.
(3) The company received 400,000 shares
(4) As per an amended agreement dated November 4, 2013 between Arrowhead Gold Corp and Tajiri Resources Corp., Tajiri finalized its acquisition of a 100 percent interest in the Kaburi PL gold property, district 7, Guyana, South America from Arrowhead by issuing 1.65 million shares (including satisfaction of the required exploration expenditures).

On June 27, 2012, the Company optioned its remaining 49% interest in the Rights to Tajiri, in consideration for the receipt of a total of 600,000 common shares (received) of Tajiri and a one-time cash payment of $50,000.

The Company will retain a 3% NSR royalty, of which Tajiri has the right to buy back the first 1.0% for $1,000,000, the next 1% for $1,500,000, and the remaining balance for $2,000,000.

As at August 31, 2014, Tajiri held a 100% undivided interest in the property.

10. Trade payables and accrued liabilities

		February 29, 2016		**August 31, 2015**
Trade payables and accrued liabilities	$	18,966	$	18,130
Amounts due to related parties (Note 14)		45,000		30,325
	$	63,966	$	48,455

(Expressed in Canadian dollars)

11. Income tax expense and deferred tax assets and liabilities

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Six month period Ended February 29, 2016		Year ended August 31, 2015	
Net loss	$	(231,927)	$	(2,537,459)
Statutory tax rate		26.1%		26.1%
Expected income tax recovery at the statutory tax rate	$	60,000	$	664,000
Differences due to recognition of items for tax purposes				
Non-deductible items and other		(26,000)		(636,000)
Share issue costs		2,000		4,000
Change in valuation allowance		(36,000)		(32,000)
Income tax recovery	$	-	$	-

The Company's unrecognized deductible temporary differences and unused tax losses consist of the following amounts:

	February 29, 2016		August 31, 2015	
Exploration and evaluation assets	$	3,384,074	$	3,384,074
Loss carry-forwards		4,444,658		4,444,658
Share issuance and financing costs		9,372		9,372
Machinery, equipment and furniture		49,921		49,921
Unrecognized deductible temporary differences	$	7,888,025	$	7,888,025

As at August 31, 2015, the Company has accumulated non-capital losses of approximately $4,445,000 and has accumulated cumulative development expenses of approximately $3,330,000 available to carry forward for income tax purposes, which may be deducted against future years' taxable income.

The taxable entities have historically made tax losses, and the existence of future taxable profits cannot be assessed as probable. Accordingly, the future tax benefit of the above noted tax pools have been offset by recognition of a valuation allowance in these consolidated financial statements.

12. Share capital

a. Authorized share capital

Unlimited number of common shares without par value.

b. Issued share capital

At February 29, 2016, there were 20,940,494 issued and fully paid common shares (August 31, 2015 – 20,940,494).

During the year ended August 31, 2015 the Company had a private placement whereby 1,268,750 common shares were issued at a price of $0.08 per share for proceeds of $101,500. As well, 4,200,000 common shares were issued at a price of $0.05 per share to settle debt totaling $518,500.

c. Share consolidation

On April 2, 2014, the Company completed a consolidation of its common shares at a four to one ratio.

(Expressed in Canadian dollars)

12. Share capital (cont'd)

d. Basic and diluted loss per share

The calculation of basic and diluted loss per share for the period ended November 30, 2015 was based on the loss attributable to common shareholders of $153,798 (August 31, 2015 –$2,537,459) and the weighted average number of common shares outstanding of 20,940,494 (August 31, 2014 – 19,935,566). Diluted loss per share did not include the effect of 557,500 stock options as the effect would be anti-dilutive.

e. Stock options

The Company adopted a stock option plan whereby, the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSX.V). Options may be granted for a maximum term of five years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company and, in the case of death, expire within one year thereafter. Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option. Unless otherwise stated, stock options vest when granted.

The changes in options during the year ended February 29, 2016 are as follows:

Expiry	Price ($)	Weighted Average Remaining Life (years)	Outstanding September 1, 2015	Granted	Exercised	Cancelled/ Forfeited	Outstanding February 29, 2016
September 29, 2015*	0.76	0.04	637,500	-	-	637,500	-
April 7, 2016	0.76	0.32	557,500	-	-	-	557,500
			1,207,500	-	-	637,500	557,000

The weighted average contractual life remaining of all stock options at February 29, 2016 is 0.2 years.

The changes in options during the year ended August 31, 2015 are as follows:

Expiry	Price ($)	Weighted Average Remaining Life (years)	Outstanding September 1, 2014	Granted	Exercised	Cancelled/ Forfeited	Outstanding August 31, 2015
January 12, 2015	0.40	0.00	12,500	-	-	12,500	-
September 29, 2015*	0.76	0.04	637,500	-	-	-	637,500
April 7, 2016	0.76	0.32	557,500	-	-	-	557,500
			1,207,500	-	-	12,500	1,195,000

f. Stock-based compensation

During the quarter ended February 29, 2016 and 2015, the Company did not grant any incentive stock options.

(Expressed in Canadian dollars)

12. Share capital (cont'd)

g. Share purchase warrants:

Outstanding share purchase warrants at February 29, 2016 were as follows:

Expiry	Price ($)	Outstanding September 1 , 2015	Issued	Exercised	Expired	Outstanding February 29, 2016
December 3, 2016	0.20	-	1,268,750	-	-	1,268,750
		-	1,268,750	-	-	1,268,750

The weighted average contractual life remaining of all warrants is .09 years.

Outstanding share purchase warrants at August 31, 2015 were as follows:

Expiry	Price ($)	Outstanding September 1 , 2014	Issued	Exercised	Expired	Outstanding August 31, 2015
December 3, 2016	0.20	-	1,268,750	-	-	1,268,750
		-	1,268,750	-	-	1,268,750

The weighted average contractual life remaining of all warrants is 1.26 years.

13. Reserves

Stock option reserve

The stock option reserve (contributed surplus) records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

For issuance of any agents warrants in a private placement, the Company, using the Black-Scholes model, computes the fair value of the agent warrants. Until such time that the agents warrants are exercised, at which time the corresponding amount will be transferred to share capital.

14. Related party transactions

Related party balances

The following amounts due to related parties are included in trade payables and accrued liabilities:

	February 29, 2016	August 31, 2015
Directors or companies controlled by directors of the Company	$ 45,000	$ 30,325

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

14. Related party transactions (cont'd)

Related party transactions

The Company had the following transactions in the normal course of operations with directors and companies with common directors:

	Six month ended	
	February 29,2016	**February 28,2015**
Consulting	$ -	$ -
Management fees	-	-
Professional fees	15,000	15,000
Rent	2,150	-
	$ 17,150	$ 15,000

These charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

a. The Company paid $Nil (2015 - $NIL) in management fees to its President and paid $15,000 (2015 - $15,000) in professional fees to its CFO.

b. $NIL (2015 - $NIL) paid in consulting fees for administration to a director of the Company.

c. $2,150 (2015 - $NIL) paid in rent to a company controlled by two directors of the Company.

d. See Note 9(c) for transactions with Tajiri Resources Corp., a Company with common directors.

e. 4,200,000 shares of the Company were issued to officers and directors of the Company to settle $518,500 of debt. There was a resulting gain on the debt settlement of $308,500 recorded.

15. Financial risk management

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. The majority of cash is deposited in bank accounts held at a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is considered a high credit quality financial institution as determined by rating agencies. The Company's secondary exposure to risk is on its other receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at August 31, 2015, all of the Company's cash is held in Canadian dollars, the Company's functional currency. The Company has one operation in a foreign jurisdiction outside of Canada at this time and as such has currency risk associated with its operations.

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, net of cash. The Company is not subject to any externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the year.

15. Financial risk management (cont'd)

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.

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. The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at November 30, 2015:

	Within one year	Between one and five years	More than five years
Trade payables	$ 63,966	$ - -	$ -

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 interest rate risk on its cash balances as these instruments have original maturities of three months or less and are therefore exposed to interest rate fluctuations on renewal. A 1% change in market interest rates would have an impact on the Company's net loss of $640.

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

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.

(Expressed in Canadian dollars)

15. Financial risk management (cont'd)

Fair value *(cont'd)*

The following is an analysis of the Company's financial assets measured at fair value as at November 30, 2015 and August 31, 2015:

	As at February 29, 2016		
	Level 1	Level 2	Level 3
Cash	$ 30,680	$ -	$ -
Investments	-	-	-
	$ 30,680	$ -	$ -
		-	

	As at August 31, 2015		
	Level 1	Level 2	Level 3
Cash	$ 38,948	$ -	$ -
Investments	14,000	-	-
	$ 52,948	$ -	$ -
		-	

There were no transfers between levels during the year.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	February 29, 2016	August 31, 2015
Cash	$ 30,680	$ 38,948
Loans and receivables:		
Accounts receivables	31,307	33,476
Available-for-sale financial instruments:		
Short-term investments	-	14,000
	$ 61,988	$ 86,424

Financial liabilities included in the statement of financial position are as follows:

	February 29, 2016	August 31, 2015
Non-derivative financial liabilities:		
Trade payables	$ 63,966	$ 48,455
	$ 63,966	$ 48,455