

CSE Form 2A

Listing Statement

KONTROL ENERGY CORP.

(formerly Arrowhead Gold Corp.)

July 22, 2016

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APPENDIX A - Glossary of Terms

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APPENDIX D - Management’s discussion and analysis of the Issuer’s financial statements for the fiscal year ended August 31, 2015, and for the three months ended November 30, 2015.

APPENDIX E - Audited financial statements of Nuvo Energy Grid Inc. for the period from incorporation on August 28, 2015 until December 31, 2015.

APPENDIX F - Audited financial statements of Kontrol Technologies Inc. for the fiscal year ended December 31, 2015.

APPENDIX G - Pro forma statement of financial position as of December 31, 2015.

Note Regarding Forward-Looking Statements

Unless otherwise indicated, use of the term (i) “Issuer” refers to Kontrol Energy Corp. (formerly “Arrowhead Gold Corp.”), following its acquisition of Nuvo Energy Grid Inc.; (ii) “Nuvo” refers to Nuvo Energy Grid Inc., the wholly owned subsidiary of the Issuer; (iii) “Arrowhead” refers to the Issuer prior to its acquisition of Nuvo; and (iv) “Kontrol Technologies” refers to Kontrol Technologies Inc., the wholly owned subsidiary of Nuvo.

Statements contained in this Listing Statement that are not historical facts are “forward-looking statements” or “forward-looking information” (collectively “Forward-Looking Information”) within the meaning of applicable Canadian securities legislation.

Forward-Looking Information may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information then available and on the then current expectations of the Issuer and Nuvo and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

- The availability of financing opportunities, risks associated with economic conditions, dependence on management, and conflicts of interest;
- The availability of business opportunities for Nuvo; and
- Other risks described in this Listing Statement and described from time to time in documents filed by the Issuer with Canadian securities regulatory authorities.

Consequently, all Forward-Looking Information made in this Listing Statement and other documents of the Issuer are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Issuer. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral Forward-Looking Information that the Issuer and/or persons acting on its behalf may issue. The Issuer undertakes no obligation to update or revise any Forward-Looking Information, whether as a result of new information, future events or otherwise, other than as required under securities legislation. The Forward-Looking Information contained in this Listing Statement is expressly qualified by this cautionary statement. See *Section 16 – Risk Factors*.

Although the Issuer has attempted to identify important factors that could affect the Issuer and may cause actual actions, events or results to differ materially from those described in Forward-Looking Information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that Forward-Looking Information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on Forward-Looking Information.

Definitions

Certain capitalized words and phrases used herein have the definitions assigned thereto in Appendix A - Glossary of Terms.

1. Corporate Structure

- 1.1 *State the full corporate name of the Issuer or, if the Issuer is an unincorporated entity, the full name under which the entity exists and carries on business and the address(es) of the Issuer's head and registered office.*

Kontrol Energy Corp. (the "Issuer") (formerly Arrowhead Gold Corp.)

Head office: 5045 Orbitor Road, Bldg. 9, Unit 401, Mississauga, Ontario, L4W 4Y4

Registered office: 29th Floor, 595 Burrard Street, Vancouver, B.C. V7X 1J5

- 1.2 *State the statute under which the Issuer is incorporated or continued or organized or, if the Issuer is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which the Issuer is established and exists. Describe the substance of any material amendments to the articles or other constating or establishing documents of the Issuer.*

The Issuer was incorporated on November 16, 2006 pursuant to the *Business Corporations Act* (British Columbia) under the name Kakanda Resources Ltd. The Issuer changed its name to *Otish Energy Inc.* on March 28, 2008; to *Arrowhead Gold Corp.* on August 4, 2011; and to *Kontrol Energy Corp.* on July 7, 2016.

The Issuer is a reporting issuer in the provinces of British Columbia, Alberta and Ontario. The Issuer's securities are listed and posted for trading on the Canadian Securities Exchange ("CSE") under the symbol "KNR".

- 1.3 *Describe, by way of a diagram or otherwise, the intercorporate relationships among the Issuer and the Issuer's subsidiaries. For each subsidiary state*
- (a) the percentage of votes attaching to all voting securities of the subsidiary represented by voting securities beneficially owned, or over which control or direction is exercised, by the Issuer;*
 - (b) the place of incorporation or continuance; and*
 - (c) the percentage of each class of restricted shares beneficially owned, or over which control or direction is exercised, by the Issuer.*

The Issuer has two subsidiary companies – Nuvo Energy Grid Inc. ("Nuvo"), which is wholly owned by the Issuer, and Kontrol Technologies Inc. which is wholly owned by Nuvo.

- 1.4 *If the Issuer is requalifying following a fundamental change or is proposing an acquisition, amalgamation, merger, reorganization or arrangement, describe by way of diagram or otherwise these intercorporate relationships both before and after the completion of the proposed transaction.*

The Issuer is requalifying following a fundamental change, being the acquisition of Nuvo. Prior to completing the fundamental change, (i) the Issuer was known as Arrowhead Gold Corp., and carried on the business of mineral exploration. The Issuer has disposed of all of its mineral property assets and interests together with any subsidiary companies which held such interests. The Issuer now carries on business in the energy efficiency sector through its wholly owned subsidiaries – Nuvo Energy Grid Inc. and Kontrol Technologies Inc.

- 1.5 *Non-corporate Issuers and Issuers incorporated outside of Canada must describe how their governing legislation or constating documents differ materially from Canadian corporate legislation with respect to the corporate governance principles set out in Policy 4.*

Not applicable.

2. General Development of the Business

- 2.1 *Describe the general development of the Issuer's business over its three most recently completed financial years and any subsequent period. Include only major events or conditions that have influenced the general development of the Issuer's business. If the business consists of the production or distribution of more than one product or the rendering of more than one kind of service, describe the principal products or services. Also discuss changes in the business of the Issuer that are expected to occur during the current financial year of the Issuer.*

Over the Issuer's three most recently completed fiscal years, the Issuer was engaged in locating, acquiring, exploring and, if warranted, developing various mineral resource properties.

In conjunction with the Issuer's acquisition of Nuvo, it has terminated or written-off all of its mineral property interests, and no longer carries on any business in the mineral exploration industry.

On March 12, 2015, the Issuer announced its intention to acquire all of the outstanding common shares of Bio Therapeutic Molecules Inc., a private Ontario company involved in identifying and developing plant-derived therapeutics in the natural health and pharmaceutical industry for the treatment of chronic ailments and unmet medical needs. Following a due diligence review, the parties announced on October 13, 2015 that they had mutually agreed not to proceed with the proposed transaction.

On October 16, 2015, the Issuer announced it had signed a letter of intent with Nuvo in which the Issuer would acquire all of the outstanding securities of Nuvo in an all-share transaction to be completed by way of a share exchange agreement. On March 24, 2016, the Issuer entered into a formal Share Exchange Agreement with Nuvo and its shareholders pursuant to which the Issuer agreed to acquire all of the issued and outstanding shares of Nuvo from its shareholders. Closing of the agreement was subject to a number of conditions precedent, including:

- (a) All required regulatory approvals, including the CSE;
- (b) Nuvo closing its acquisition of Kontrol Technologies;
- (c) The Issuer meeting all minimum listing requirements of the CSE;
- (d) Satisfactory completion of a mutual due diligence investigation;
- (e) The resignation of Zachery Dingsdale and Derrick Strickland, current directors and officers of the Issuer, and the appointment of three new officers and directors of the Issuer including Messrs. Paul Ghezzi, Claudio Del Vasto, and Andrew Bowerbank;
- (f) Consolidation of the Issuer's issued and outstanding common shares on the basis of one post-consolidated common share for every six pre-consolidated common shares held;
- (g) Change of the Issuer's name to "Kontrol Energy Corp."

On June 4, 2016 Nuvo completed its acquisition of Kontrol Technologies, such that the former Kontrol Technologies shareholders became shareholders of Nuvo. On July 7, 2016 the outstanding common shares of Arrowhead were consolidated on a 6:1 basis, and it changed its name from Arrowhead to Kontrol. Effective July 8, 2016 the Issuer acquired all of the outstanding shares of Nuvo in exchange for 13,250,000 post-consolidated shares of the Issuer; and Zachery Dingsdale and Derrick Strickland resigned as directors, Steve Smith resigned as CEO, and each of Paul Ghezzi, Claudio Del Vasto and Andrew Bowerbank were appointed as

directors; with Paul Ghezzi being appointed as CEO, Claudio Del Vasto as CFO, and Kristian Lavereau as COO.

Since closing of the Acquisition, the Issuer's sole business has been through the active operations of Nuvo and Kontrol Technologies.

2.2 Disclose:

- (1)
 - (a) *any significant acquisition completed by the Issuer or any significant probable acquisition proposed by the Issuer, for which financial statements would be required under National Instrument 41-101 General Prospectus Requirements if this Listing Statement were a prospectus; and*
 - (b) *any significant disposition completed by the Issuer during the most recently completed financial year or the current financial year for which pro forma financial statements would be required under National Instrument 41-101 General Prospectus Requirements if this Listing Statement were a prospectus.*
- (2) *Under paragraph (1) include particulars of*
 - (a) *the nature of the assets acquired or disposed of or to be acquired or disposed of;*
 - (b) *the actual or proposed date of each significant acquisition or significant disposition;*
 - (c) *the consideration, both monetary and non-monetary paid, or to be paid, to or by the Issuer;*
 - (d) *any material obligations that must be complied with to keep any significant acquisition or significant disposition agreement in good standing;*
 - (e) *the effect of the significant acquisition or significant disposition on the operating results and financial position of the Issuer;*
 - (f) *any valuation opinion obtained within the last 12 months required under Canadian securities legislation, a directive of a Canadian securities regulatory authority, or a requirement of a Canadian stock exchange or other Canadian market to support the value of the consideration received or paid by the Issuer or any of its subsidiaries for the assets, including the name of the author, the date of the opinion, the assets to which the opinion relates and the value attributed to the assets; and*
 - (g) *whether the transaction is with a Related Party of the Issuer and if so, disclose the identity of the other parties and the relationship of the other parties to the Issuer.*

Effective July 8, 2016, the Issuer completed the Acquisition of Nuvo through the acquisition of all of the outstanding securities of Nuvo. As a result of such Acquisition:

- (i) the Issuer issued 13,250,000 Shares to the former shareholders of Nuvo (all of which are held in escrow), such that collectively the former Nuvo shareholders control the Issuer;
- (ii) Zachery Dingsdale and Derrick Strickland resigned as directors, Steve Smith resigned as CEO the Issuer, and Paul Ghezzi (CEO), Claudio Del Vasto (CFO) and Andrew Bowerbank were appointed to the Issuer's new Board.

Prior to the Acquisition, Nuvo acquired 100% of the shares of Kontrol Technologies. As a result of that purchase, (i) the former shareholders of Kontrol Technology received shares of Nuvo; (ii) which in turn were exchanged for Shares of the Issuer pursuant to the Acquisition, (iii) such that the former Kontrol Technology shareholders received 1,000,000 Shares of the Issuer.

The Acquisition resulted in a reverse take-over (in accordance with accounting practices and CSE policies) which received both shareholders' and regulatory approval.

Financial statements of Nuvo for the period from its incorporation on August 28, 2015 to December 31, 2015 are attached as Appendix E to and form part of this Listing Statement.

Financial statements of Kontrol Technologies for the fiscal year ended December 31, 2015 are attached as Appendix F to and form part of this Listing Statement.

Pro-forma financial statements of the Issuer, Nuvo and Kontrol Technologies, as of December 31, 2015 are attached as Appendix G to and form part of this Listing Statement.

Nuvo intends to expand its business through acquisitions of other operating businesses; the acquisition of Kontrol Technologies being the first acquisition for Nuvo.

- 2.3 *Discuss any trend, commitment, event or uncertainty that is both presently known to management and reasonably expected to have a material effect on the Issuer's business, financial condition or results of operations, providing forward-looking information based on the Issuer's expectations as of the date of the Listing Statement.*

See "Risk Factors" below.

3. Narrative Description of the Business

The Issuer carries on active business through its wholly owned subsidiaries, Nuvo and Kontrol Technologies.

Nuvo is in the business of acquiring and/or developing operating businesses in the energy efficiency sector. Nuvo is focused on providing consumers with more choice and control over how they source and manage their energy and electricity.

Nuvo acquired 100% of Kontrol Technologies, a private operating company, concurrently with the completion the Issuer's acquisition of Nuvo.

Pursuant to an agreement dated June 4, 2016, Nuvo acquired all of the issued and outstanding shares of Kontrol Technologies from the shareholders thereof, in exchange for common shares of Nuvo and a commitment to issue up to an additional 600,000 shares and up to \$300,000 in cash payments upon Kontrol Technologies achieving certain performance milestones (the "Performance Consideration"). The closing of the acquisition of Kontrol Technologies was a condition precedent to the Acquisition of Nuvo by Arrowhead, and in connection therewith the Issuer assumed the obligations to pay the Performance Consideration.

Accordingly, the Kontrol Technologies acquisition was completed June 4, 2016, and as a consequence:

- the President of Kontrol Technologies, Mr. Kristian Lavereau, became the COO of the Issuer;
- the former shareholders of Kontrol Technologies own 1,000,000 common shares of the Issuer;
- the former shareholders of Kontrol Technologies are entitled to receive the Performance Consideration consisting of up to 600,000 Shares of the Issuer and up to \$300,000 in cash payments upon the achievement of the following performance milestones within the 12 months following closing of Nuvo's purchase of Kontrol Technologies:
 - i) On the Issuer achieving \$150,000 in aggregate revenues - 200,000 Shares and \$100,000;
 - ii) On the Issuer achieving \$500,000 in aggregate revenues – an additional 200,000 Shares and an additional \$100,000; and
 - iii) On the Issuer achieving \$1,000,000 in aggregate revenues - an additional 200,000 Shares and an additional \$100,000.

Background of Kontrol Technologies

Kontrol Technologies provides turn-key energy retrofit services for existing commercial and multi-residential buildings, focusing on energy efficiency, conservation and sustainability. These services include LED lighting retrofits, parking garage lighting, heat and fan solutions, rooftop and parking solar (photovoltaic) solutions, boiler energy saving controls, and tenant education programs which encourage tenants to become active members in conservation and sustainability. Kontrol Technologies' objective is to deliver meaningful energy savings to its diverse client base.

Kontrol Technologies was founded by Mr. Kristian Lavereau. Mr. Lavereau has been active in the energy retrofit industry since 2005 and has been directly involved in more than 200 successful energy retrofit projects. Of note, Kontrol Technologies recently entered into an agreement for the procurement, purchase and installation of two 140 kW cogeneration systems, for a client in Ontario, having a base contract price of \$1,210,500. Cogeneration through combined heat and power (CHP) is the simultaneous production of electricity with the recovery and utilization of heat generated therefrom. The new cogeneration systems will provide the client with more energy efficiency by providing both electricity and heat, and will be up to 35 percent more energy efficient than its existing electrical only system. Further the CHP qualifies under the Ontario energy efficiency rebate program for CHP systems. The term of the contract runs from April 21, 2016 to a planned completion date of October 30, 2016.

From January 1, 2015 to December 22, 2015 Kontrol Technologies operated as the trade name for 230842 Ontario Inc., a private corporation controlled by Mr. Lavereau. On December 23, 2015 230842 Ontario Inc. changed its name to Kontrol Technologies Inc. Prior to January 1, 2015 Mr. Lavereau operated as a sole proprietor under the business name "Scientific Energy Solutions".

The Marketplace

In Canada, there are approximately 700,000 multi-residential apartment units. Furthermore, there are approximately 300,000 government-owned or managed apartment suites across Canada. Based on an average energy efficiency retrofit of \$3,000 to \$3,500 per unit during the next five years, including lighting, heating, air-conditioning and other efficiency upgrades, the overall market potential for the energy efficiency retrofit business is estimated to be in the range of \$3 billion to \$3.5 billion. This does not include the commercial and non-residential market opportunity. Kontrol Technologies seeks to gain a 2% share of the potential revenue from this market over the next five years.

Customers

Kontrol Technologies' current customers include some of Canada's largest REITS and property management firms, such as Greenwin Inc., Skyline, Minto, DMS, 20VIC and CapREIT.

Business Vision

Kontrol Technologies' vision is to achieve high growth by implementing the most advanced energy retrofit solutions in the market, providing its clients with tangible savings and unparalleled service.

Regions of Operation

Kontrol Technologies currently markets its services and solutions primarily in Ontario but has recently undertaken projects in Alberta at the request of a national client. Kontrol Technologies anticipates further expansion into the western provinces in the second half of 2016.

Competitive Advantage

Kontrol Technologies' competitive advantage is its turn-key approach to deploying proven energy efficiency technology, experienced installation teams and on-going service and support for tenant engagement. Its business philosophy is to run a low overhead operation to be competitive in the market place.

The Energy Efficiency Sector

The business sector that Nuvo operates in is broadly defined as the energy efficiency sector. The energy efficiency sector is a broad term which is used in the context of those businesses delivering products and services focused on reducing the reliance on fossil fuels, reducing CO2 emissions and adding renewable energy power and storage to the electricity grid. Within the broad definition of the energy efficiency sector exists a number of distinct sub-sectors where the Issuer will be targeting acquisitions.

From the IEA report 2014, "Energy efficiency is the invisible powerhouse to improve our energy security, lower energy bills and move us closer to reaching our climate goals."

The Energy Efficiency Market Report 2015 (EEMR 2015) estimates that "avoided consumption from energy efficiency delivers sizeable financial returns; the avoided expenditure in IEA countries resulting from energy efficiency investments over the last 25 years can be valued at USD 5.7 trillion to energy consumers, more than the GDP in 2014 of Japan or Germany. In 2014 alone, these avoided energy expenditures totaled over USD 550 billion."

The EEMR 2015 further stated: "The ongoing, steady improvement in energy efficiency over the past four decades has been one of the most pronounced and significant changes to the global energy system, yet its impacts go largely unnoticed. Per capita energy consumption in IEA countries [which include Canada] has dropped to levels not seen since the 1980s yet income per capita is at its highest level and access to energy services is continually expanding. This is why energy efficiency is so important. It is improving prosperity with a domestic, clean "source" of energy.

Energy efficiency investments across the IEA since 1990 avoided USD 5.7 trillion of energy expenditure. But the benefits of improving energy efficiency extend well beyond financial savings, relating also to improved energy security, higher productivity for businesses and reduced greenhouse gas emissions. Approximately 40% of the emissions reductions required by 2050 to limit global temperature increase to less than 2 degrees centigrade would potentially come from energy efficiency.

In an era that is becoming increasingly framed by the rise of fast-developing countries such as the People's Republic of China and India, their efforts on energy efficiency will have a significant impact on the evolution of the global energy landscape. It is in these countries where energy efficiency markets may have the most promise and greatest importance. With significant unmet

energy demand in the developing world, energy efficiency markets offer the opportunity to fundamentally alter the trajectory of energy consumption growth. Many developing countries as well as industrialized economies are looking to energy efficiency to reap the multiple benefits that efficiency can provide, including improved air quality, better access to and improved reliability of their electricity systems, and overall greater prosperity for their citizens.”

Energy Efficiency part of the Climate Change Solution

The **Paris Agreement** (*French: L'accord de Paris*) is an agreement within the framework of the United Nations Framework Convention on Climate Change (UNFCCC) governing carbon dioxide reduction measures from 2020. The agreement was negotiated during the 21st Conference of the Parties of the UNFCCC in Paris and adopted by consensus on 12 December 2015. The aim of the convention is described as “enhancing the implementation” of the UNFCCC through:

- (a) Holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 °C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change;
- (b) Increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production;
- (c) Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.”

Countries furthermore aim to reach “global peaking of greenhouse gas emissions as soon as possible”. The contribution that each individual country should make in order to achieve the worldwide goal are determined by all countries individually and called “nationally determined contributions”. The Agreement requires them to be “ambitious” and set “with the view to achieving the purpose of this Agreement”. The contributions should be reported every five years and are to be registered by the UNFCCC Secretariat. Each further ambition should be more ambitious than the previous one. Countries can cooperate and pool their nationally determined contributions. The Intended Nationally Determined Contributions pledged during the 2015 Climate Change Conference serve, unless provided otherwise, as the initial nationally determined contribution.

United Nations Environment Programme Buildings Day

On December 9, 2015, the first ever United Nations Environment Programme Buildings Day was held at COP 21 Paris Climate Change summit. This included over 100 banks, managing a total of \$4 trillion in assets, calling for a doubling of energy efficiency by 2030; a global private-public alliance in the buildings sector that will use the 2°C climate target as an operating principle; and commitments by 150 companies to reduce energy use in their facilities by 50 percent.

The discussions of the day yielded a number of new commitments and actions, including:

- *The United Nations Environment Programme Financing Initiative*, together with the European Bank of Reconstruction and Development, mobilized over 100 banks and other investors, which collectively manage close to \$4 trillion, to endorse the G20 Energy

Efficiency Investor Statement. This mobilization aims to further embed energy efficiency in those institutions' operations and investment processes.

- *The Global Alliance for Buildings and Construction*, a new private-public partnership of organizations, companies, governments and financiers, is committing to assist countries and their building sectors with the implementation of projects and programs that prevent a global temperature increase of more than 2°C.
- *The Global Green Bank Network* was announced at an event hosted in Paris by the OECD and Bloomberg Philanthropies.
- *The World Green Building Council* announced that the green building councils of Canada, Australia and South Africa have begun work on zero-energy building certifications. There have been talks of further efforts to form a global approach to certifying bodies guiding and recognizing zero-energy buildings.
- *The World Business Council for Sustainable Development* announced the release of its Low Carbon Technology Partnerships initiative on Energy Efficiency in Buildings Action Plan. The plan commits WBCSD companies to reduce projected energy use by 50% in buildings by 2030 through actions on energy efficiency.
- *The Global Environment Facility* (GEF) will fund the formation of the Climate Aggregation Platform in 2016, focused on standards in developing economies, leveraging over \$100 million in co-financing from different partners, including from the Inter-American Development Bank.
- The GEF, in partnership with World Resources Institute and UNEP, announced the expansion of the Building Efficiency Accelerator and a commitment of new funding to catalyze energy-efficient buildings in the cities of developing countries. The new efforts engage 50 cities on issues of policy implementation, building codes, project development, and tracking and monitoring of building efficiency.

Source: GTM Research

Carbon Policy in Canada

Following the Paris Accord the Canadian government is reviewing various Cap and Trade and Carbon Tax policies to meet carbon reduction commitments. As energy is a provincial matter a number of Provinces are setting policy in advance of a Canadian Federal policy on the matter.

British Columbia

From www.fin.gov.bc.ca/tbs/tp/climate/carbontax

B.C. continues to be a leader in climate action by having a carbon tax. The revenue-neutral carbon tax was implemented on July 1, 2008, and the final scheduled increase took effect on July 1, 2012.

The initial tax rate was relatively low and has increased gradually to allow families and businesses time to reduce their emissions. The tax is also intentionally broadly based and paid by all those who consume fossil fuels in the province.

The tax puts a price on carbon to

- (i) encourage individuals, businesses, industry and others to use less fossil fuel and reduce their greenhouse gas emissions;
- (ii) send a consistent price signal
- (iii) ensure those who produce emissions pay for them; and
- (iv) make clean energy alternatives more attractive.

The carbon tax is revenue neutral, meaning every dollar generated by the tax is returned to British Columbians through reductions in other taxes.

The Minister of Finance is required by law to annually prepare a three-year plan for recycling carbon tax revenues through tax reductions. This plan is presented to the Legislative Assembly at the same time as the provincial Budget. The Revenue Neutral Carbon Tax Plan and Report presented in the Province's 2014 budget shows the tax reductions that return carbon tax revenues to individuals and businesses. Based on the revised forecast of revenue and tax reduction estimates, revenue neutrality was met for 2013/14.

After a review last year, B.C. confirmed it will keep its revenue-neutral carbon tax, the current carbon tax rates and tax base will be maintained, and revenues will continue to be returned through tax reductions.

The review covered all aspects of the carbon tax, including revenue neutrality, and considered the impact on the competitiveness of B.C. businesses such as those in the agriculture sector, and in particular, B.C.'s food producers.

The carbon tax applies to the purchase or use of fuels within the province. The amount of GHGs emitted when a unit of fuel is burned depends fundamentally on the chemical make-up of the fuel, particularly on the amount of carbon in the fuel. That fact allows for a relatively simple administrative process for applying the carbon tax.

Administratively, the carbon tax is applied and collected in essentially the same way that motor fuel taxes are currently applied and collected, except natural gas which is collected at the retail level. This minimizes the cost of administration to government and the compliance cost to those collecting the tax on government's behalf.

The tax rates on July 1, 2012 are based on \$30 per tonne of CO₂ equivalent emissions, increasing by \$5 per tonne from \$25 per tonne imposed since July 2011.

Since different fuels generate different amounts of GHG when burned, \$30 per tonne of CO₂ equivalent must be translated into tax rates for each specific type of fuel. For example, effective July 1, 2012 the rate for gasoline will be 6.67 cents per litre. The tax rate for diesel will be slightly higher at 7.67 cents per litre due to the higher carbon content of the fuel, while the tax on propane will be lower on a per litre basis.

According to the IPCC 4th Assessment - Synthesis Report, "an effective carbon-price signal could realize significant mitigation potential in all sectors." A preliminary estimate by an independent consulting company (MK Jaccard and Associates) suggests that in absence of all other GHG reduction strategies, the carbon tax alone could cause a reduction in B.C.'s emissions

in 2020 by up to three million tonnes of CO₂ equivalent annually. This is roughly the equivalent to the greenhouse gas emissions created by 787,000 cars per year.

Quebec Cap and Trade

Quebec implemented its cap-and-trade system in 2013 for companies that emit 25,000 tonnes of CO₂ eq. or more annually and fossil fuel distributors. It set a minimum auction price of \$10.75 for the first year, which increases five per cent plus inflation each year until 2020. It linked up its carbon market with California's in November 2014. The Government estimates the cap-and-trade system will raise \$2.8 billion by 2020, which will go into Quebec's Green Fund to finance projects outlined in its Climate Change Action Plan.

Quebec is one of the few provinces to have reduced its emissions from 1990 levels, largely because 97 % of the electricity it generates comes from renewable sources. While hydro power is its biggest strength, it has also invested heavily in wind power and aims to generate about 10% of its power through wind by this year.

Ontario Cap and Trade 2016

From *www.ontario.ca/climatechange*

The Ontario Feed in Tariff Program (FIT Program) which provided 20 year incentives to renewable energy producers will be phased out in 2016 with the version 4 of the FIT Program.

Following the FIT Program, Ontario plans to introduce a Cap and Trade Program which will focus on facilities that emit more than 25,000 tonnes of CO₂ equivalent. Pricing has yet to be determined for carbon but it is anticipated that Ontario will follow a system similar to Quebec.

Ontario closed its last coal-fired generating plant in 2014, completing its phase-out of coal, which was providing 25% of the province's energy as recently as 12 years ago.

Manitoba

Manitoba signed a Memorandum of Understanding to join Quebec and Ontario in the implementation of a Cap and Trade initiative which will be linked with the California Cap and Trade program.

Alberta

(From *www.alberta.ca/climatechange*)

Alberta is set to introduce a more aggressive carbon tax starting in 2017 and a cap on emissions from the oil sands. Alberta's plan features a phase-out of coal-fired power in the next 15 years, a 10-year goal to nearly halve methane emissions, as well as incentives for renewable energy.

The new carbon tax is expected to raise \$3-billion annually by 2018, but the government will not be cutting any provincial taxes. Some of the new revenue will be spent on technology to fight climate change and the NDP has committed to helping the lower-earning 60% of households cope with some of the increased transportation and heating costs through an "adjustment fund."

New measures include:

- A 100-megatonne cap on carbon emissions from the oil sands, Canada's fastest-growing source of emissions, once new rules are adopted. It currently emits 70 megatonnes annually.
- An economy-wide tax of \$20 per tonne on CO₂ emissions starting in 2017, rising to \$30 in 2018. Equal to seven cents per litre of gasoline, the average household will see heating and transportation costs increase by \$470 annually by 2018.
- Incentives to have nearly one-third of power generated from renewables such as wind and solar by 2030.

Benefits to the Energy Efficiency Industry

From the newclimateeconomyreport.com

The Energy Efficiency industry will benefit directly from the Paris Accord. Greater energy efficiency can benefit countries at all stages of development, but particularly fast-growing economies trying to achieve universal energy access with limited resources. In developed countries, while 2010 energy use was around 20% higher than in 1974, it would have almost doubled without the savings made by energy efficiency investments. By offering cost-effective opportunities to avoid new energy supply, energy efficiency is increasingly recognised as the “first fuel”.

Globally, enhanced energy efficiency investments could boost cumulative economic output by US\$18 trillion to 2035, increasing growth by 0.25–1.1% per year. Cooperation to raise energy efficiency standards for appliances, lighting, vehicles, buildings and industrial equipment can unlock energy and cost savings, expand global markets, reduce non-tariff barriers to trade, and reduce air pollution and GHG emissions.

Maximising output per unit of energy increases GDP and can provide other macroeconomic benefits, including job growth, a better trade balance, lower energy prices and greater security of supply. The uptake of economically viable energy efficiency investments would boost cumulative economic output to 2035 by US\$18 trillion. This has been assessed in macroeconomic models to increase growth by 0.25–1.1% per year, with associated increase in employment. Energy efficiency increases output because it frees up resources for other, more productive investments. Energy efficiency measures are typically more labour-intensive than equivalent investment in fossil fuel supply, and create up to three times the number of jobs per million dollars of investment.

A more energy-efficient economy is also less susceptible to price and supply shocks, and can help drive down energy prices. Energy markets have changed markedly in the last 25 years, becoming globalised and highly volatile, with large, frequent and unpredictable price fluctuations. While the large fall in oil prices in early 2015 offered welcome relief to consumers, medium-to long-term price uncertainties remain, and price volatility can have negative economic impacts. A more energy-efficient economy can help lower and stabilise prices. Energy efficiency also reduces energy supply investment needs. Meeting projected energy demand growth on the supply side alone would require spending US\$45 trillion by 2030 in new infrastructure. Yet energy efficiency can greatly narrow the gap between supply and demand.

Ashanti Solar PV Project

In addition to its strategy to acquire operating businesses and various technologies in the energy efficiency sector, Nuvo is a minority owner of a solar energy project in the Ashanti region of Ghana. On October 5, 2015 Nuvo entered into an Assignment and Assumption Agreement with Ghezzi Consulting Inc. (a related party) in relation to the 4% interest in the Ashanti Solar PV Energy Project in the Ashanti region of Ghana. The Ashanti Solar PV project is a solar energy project in Ghana developed by EnergyOne Ghana (a non-related solar developer) and is in the final stages of receiving a Power Purchase Agreement for 20 years, from the Government of Ghana, for the sale of electricity under a long term Power Purchase Agreement. It is anticipated that the Ashanti Solar PV project will be built and begin operation in 2016.

(a) *state the business objectives that the Issuer expects to accomplish in the forthcoming 12-month period*

Nuvo will be targeting acquisitions of operating businesses in 2016 in the energy efficiency sector that meet the following general criteria:

- (a) a history of profitable operations;
- (b) based in North America;
- (c) Forward Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”) of between \$100,000 and \$3,000,000;
- (d) based on current market conditions, purchase price multiples of 3.5 to 4.0x forward EBITDA;
- (e) Strong management team who will continue to operate the business as an operating subsidiary of NUVO; and
- (f) ownership position to exceed 50% of the equity of each business.

Where Nuvo determines that an acquisition opportunity is accretive and synergistic, but does not meet the above criteria, it may nevertheless choose to proceed with the acquisition.

(b) *describe each significant event or milestone that must occur for the business objectives in (a) to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event*

Some of the significant events or milestones that must occur for the Issuer and Nuvo to reach their above stated business objectives include:

1. Raise a minimum of \$1,000,000 to fund potential acquisitions.
2. Acquire operating businesses in the energy efficiency sector during the course of 2016.
3. Obtaining final Power Purchase Agreement and construction approvals for the Ashanti Solar PV Energy project. No further funds are required from Nuvo to complete this objective.

For any new acquisition which the Issuer may seek to make, the Issuer first must identify the opportunity, undertake due diligence to its satisfaction, negotiate satisfactory terms, and depending on the nature of the transaction, raise sufficient funds to complete the deal. There is

no guarantee any such transactions will be identified or that any business relationship may develop with any opportunity that is identified; and even if identified that the Issuer will be able to raise the necessary funding to complete the same.

In addition to the above, Kontrol will continue to expand its energy efficiency business so as to increase revenue and profit generation.

Principal Products

Please see above for a description of the Issuer's current business.

Method of Distribution and Principal Markets

Please see above for a description of the Issuers current methods of distribution and principal markets

Revenue

Kontrol Technologies, for the fiscal year ended December 31, 2015, had revenues of \$323,707.

Stage of Development

Please see above under the heading "*Product Development Plan and Timing*" for a description of the timing and stage of development of the Issuer's business.

With respect to lending operations of an Issuer's business, describe the investment policies and lending and investment restrictions.

Not applicable.

Disclose the nature and results of any bankruptcy, or any receivership or similar proceedings against the Issuer or any of its subsidiaries or any voluntary bankruptcy, receivership or similar proceedings by the Issuer or any of its subsidiaries, within the three most recently completed financial years or the current financial year.

Not applicable.

Disclose the nature and results of any material restructuring transaction of the Issuer within the three most recently completed financial years or completed during or proposed for the current financial year.

On April 9, 2014 the Issuer implemented a consolidation of its issued and outstanding share capital on the basis of one new share for every four (4) outstanding shares.

On October 30, 2014, in conjunction with its CSE listing, the Issuer undertook a shares-for-debt settlement of \$518,500 by way of the issuance of 4,200,000 common shares of the Issuer.

On October 30, 2014, the Issuer's common shares were delisted from trading on the TSX Venture Exchange and listed for trading on the CSE, all as described in the Issuer's Listing Statement dated September 25, 2014 posted to SEDAR.

On October 30, 2014, the Issuer closed a private placement in the amount of \$101,500 through issuance of an aggregate 1,268,750 units at a price of \$0.08 per unit. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share of the Issuer for the price of \$0.20 per share for a period of 24 months following the date of issuance.

On July 7, 2016 the Issuer completed a consolidation of its issued and outstanding common shares on a one post-consolidated common share for every six outstanding common shares, and changed its name to Kontrol Energy Corp. Effective July 8, 2016 it then acquired all of the shares of Nuvo in exchange for the issuance of 13,250,000 post-consolidated shares. See item 2.2 above.

If the Issuer has implemented social or environmental policies that are fundamental to the Issuer's operations, such as policies regarding the Issuer's relationship with the environment or with the communities in which the Issuer does business, or human rights policies, describe them and the steps the Issuer has taken to implement them.

Not applicable.

- 3.2 *For Issuers with asset-backed securities outstanding, disclose the prescribed information.*

Not applicable.

- 3.3 *For Issuers with a mineral project, disclose the prescribed information.*

Not applicable.

- 3.4 *For Issuers with Oil and Gas Operations disclose the prescribed information.*

Not applicable.

4. Selected Consolidated Financial Information

- 4.1 *Annual Information — Provide the following financial data for the Issuer in summary form for each of the last three completed financial years and any period subsequent to the most recent financial year end for which financial statements have been prepared, accompanied by a discussion of the factors affecting the comparability of the data, including discontinued operations, changes in accounting policies, significant acquisitions or significant dispositions and major changes in the direction of the Issuer's business:*
- (a) net sales or total revenues;*
 - (b) income from continuing operations, in total and on a per share basis and fully diluted per share basis, calculated in accordance with the Handbook;*
 - (c) net income or loss, in total and on a per share and fully diluted per share basis, calculated in accordance with the Handbook;*
 - (d) total assets;*
 - (e) total long-term financial liabilities as defined in the Handbook;*
 - (f) cash dividends declared per share for each class of share; and*
 - (g) such other information as would enhance an investor's understanding of the Issuer's financial condition and results of operations and would highlight other trends in financial condition and results of operations.*

The following table provides certain financial data as extracted from the Issuer's financial statements for the three fiscal years ended August 31, 2015, 2014 and 2013, and the three months ended November 30, 2015:

	Three Mos. Ended Nov. 30/15	Year Ended Aug 31/15	Year Ended Aug 31/14	Year Ended Aug 31/13
Revenues	\$nil	\$nil	\$nil	\$nil
G&A Expenses	\$16,798	\$131,078	\$356,880	\$406,783
Property Write-downs	-	\$2,496,145	\$148,000	-
Gain on Settlement of Debt	-	\$370,040	\$111,990	-
Unrealized Loss on Securities	\$137,000	\$51,190	\$269,140	\$80,490
Income/(loss)	(\$153,798)	(\$2,588,649)	(\$662,030)	(\$475,188)
Loss per share	(\$0.01)	(\$0.12)	(\$0.04)	(\$0.03)
Current Assets	\$80,228	\$86,424	\$123,771	\$447,867
Mineral Property Assets	-	-	\$2,946,145	\$2,692,646
Total Assets	\$80,228	\$86,424	\$2,646,861	\$3,238,059
Current Liabilities	\$59,057	\$48,455	\$588,712	\$517,880
Long-term liabilities	\$nil	\$nil	\$nil	\$nil
Shareholders' Equity	\$21,171	\$37,969	\$2,058,149	\$2,720,179

There were no factors affecting the comparability of the above data, including discontinued operations, changes in accounting policies, significant acquisitions or significant dispositions or major changes in the direction of the Issuer's business, other than:

1. The write-down of certain mineral property interests in the fiscal years ended August 31, 2015 (\$2,496,145), 2014 (\$148,000), 2013 (\$nil);
2. The unrealized or realized loss on marketable securities pertaining to certain shares in the capital of Tajiri Resources Corp. held by the Issuer, and reflecting the decreased value of such shares over the years; and
3. The gain of settlement of debt completed in fiscal 2014 and 2015, whereby the Issuer settled certain previously incurred debts for less than originally shown as payables in prior years (\$370,040 in 2015; and \$111,990 in 2014).

4.2 *Quarterly Information — For each of the eight most recently completed quarters ending at the end of the most recently completed financial year, provide the information required in paragraphs (a), (b) and (c) of Section 4.1.*

The table below sets out information of the Issuer for the eight quarters ended August 31, 2015:

	Q4 31-Aug-15	Q3 31-May-15	Q2 28-Feb-15	Q1 30-Nov-14	Q4 31-Aug-14	Q3 31-May-14	Q2 28-Feb-14	Q1 30-Nov-13
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Income (Loss)	(\$2,473,582) ¹	(\$40,955) ²	(\$71,127) ³	(\$2,985) ⁴	(\$188,609) ⁵	(\$137,125) ⁶	(\$48,868)	(\$287,428) ⁷
Income (Loss) per share	(\$0.12)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.01)	(\$0.01)	(\$0.00)	(\$0.02)

1. Includes \$38,603 of general and administrative expenses, \$49,923 of realized loss from the sale of marketable securities, and the write-down of exploration and evaluation assets of \$2,496,145.
2. Includes \$23,083 of general and administrative expenses, \$136,344 as a realized loss from the sale of marketable securities, and \$118,472 as an unrealized gain on investment.

3. Includes \$32,747 of general and administrative expenses, \$75,580 as a realized loss from the sale of marketable securities, and \$37,200 as an unrealized gain on investment.
4. Includes \$36,645 of general and administrative expenses, \$101,500 as a gain on the settlement of debt, and \$67,840 as an unrealized loss on marketable securities.
5. Includes \$118,679 of general and administrative expenses, \$111,990 as a gain on the settlement of debt, \$148,000 as a write-down of exploration and evaluation assets, and \$ 33,920 as an unrealized loss on marketable securities.
6. Includes \$103,205 of general and administrative expenses, and \$33,920 as an unrealized loss on investment.
7. Includes \$86,128 of general and administrative expenses, and \$201,300 as an unrealized loss on marketable securities.

4.3 *Dividends – disclose:*

- (a) *any restriction that could prevent the Issuer from paying dividends; and*

There are no restrictions in the Issuer's constating documents on its ability to pay dividends. However, (i) the Issuer has never paid a dividend nor made a distribution on any of its securities, (ii) the Issuer has no history of income or sources of funds from which to pay dividends, and (iii) given the stage of the Issuer's development, it could be a long period of time before the Issuer could be in a position to pay dividends or make distributions to its shareholders.

- (b) *the Issuer's dividend policy and, if a decision has been made to change the dividend policy, the intended change in dividend policy.*

The payment of any future dividends by the Issuer will be at the sole discretion of the Board. In this regard, the Issuer expects it will retain any earnings to finance further growth of the Issuer.

4.4 *Foreign GAAP — An Issuer may present the selected consolidated financial information required in this section on the basis of foreign GAAP if:*

- (a) *the Issuer's primary financial statements have been prepared using foreign GAAP; and*
- (b) *if the Issuer is required under applicable securities legislation to have reconciled its financial statements to Canadian GAAP at the time of filing its financial statements or the Issuer has otherwise done so, a cross reference to the notes to the financial statements containing the reconciliation of the financial statements to Canadian GAAP is included.*

Not applicable.

5. **Management's Discussion and Analysis**

Annual MD&A

5.1 *Date - Specify the date of the MD&A. The date of the MD&A must be no earlier than the date of the auditor's report on the financial statements for the Issuer's most recently completed financial year.*

The MD&A for the year ended August 31, 2015 was prepared as of December 21, 2015 and is attached as Appendix "D" hereto.

5.2 *Overall Performance - Provide an analysis of the Issuer's financial condition, results of operations and cash flows. Discuss known trends, demands, commitments, events or uncertainties that are reasonably likely to have an effect on the Issuer's business. Compare the Issuer's performance in the most recently completed financial year to the prior year's performance. The analysis should address at least the following:*

- (a) *operating segments that are reportable segments as those terms are used in the Handbook;*
- (b) *other parts of the business if*
 - (i) *they have a disproportionate effect on revenues, income or cash needs, or*

- (ii) *there are any legal or other restrictions on the flow of funds from one part of the Issuer's business to another;*
- (c) *industry and economic factors affecting the Issuer's performance;*
- (d) *why changes have occurred or expected changes have not occurred in the Issuer's financial condition and results of operations; and*
- (e) *the effect of discontinued operations on current operations.*

Please refer to the MD&A for the year ended August 31, 2015 attached as Appendix "D" hereto.

Selected Annual Financial Information

- 5.3 *Provide the following financial data derived from the Issuer's financial statements for each of the three most recently completed financial years:*

- (a) *net sales or total revenues;*
- (b) *income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis;*
- (c) *net income or loss, in total and on a per-share and diluted per-share basis;*
- (d) *total assets;*
- (e) *total long-term financial liabilities; and*
- (f) *cash dividends declared per-share for each class of share.*

The table set out in item 4.1 above provides a summary of selected financial information from the Issuer's annual audited financial statements for fiscal years ended August 31, 2015, 2014 and 2013.

- 5.4 *Variations - Discuss the factors that have caused period to period variations including discontinued operations, changes in accounting policies, significant acquisitions or dispositions and changes in the direction of the Issuer's business, and any other information the Issuer believes would enhance an understanding of, and would highlight trends in, financial condition and results of operations.*

Variations in period to period amounts are the result of one or more of the following factors:

1. *Expenditures toward work on mineral properties:* The amount expended by the Issuer on all of its mineral properties varied widely during the past three fiscal years. In fiscal 2015 the Issuer expended no amount toward work on its properties; in fiscal 2014 the Issuer expended a total of \$3,999; and in fiscal 2013 the Issuer expended \$59,526. The amounts expended in fiscal 2015 and 2014 dropped as a result of a decrease in available cash resources.
2. *Property Write-downs:* A material variation over the past three fiscal years pertains to the Issuer writing down its capitalized acquisition costs and exploration expenditures on certain of its mineral property interests. In fiscal 2015 the Issuer wrote off a total of \$2,496,145 of acquisition costs and exploration expenditures on certain of its properties; in fiscal 2014 it wrote-down \$148,000 of its mineral properties; and in fiscal 2013 it wrote-down \$nil on prior expenditures. As at August 31, 2015 the Issuer had written-down all its mineral properties interests to \$nil.
3. *Marketable Securities:* A material variation over the past three fiscal years is due to the Issuer having actual or unrealized losses on certain marketable securities held by it. In fiscal 2015 the Issuer realized a loss on the sale of marketable securities of \$261,847, and had an unrealized loss on marketable securities of \$51,190; in fiscal 2014 it had an unrealized loss on marketable securities of was \$269,140 (\$80,490 in fiscal 2013).

4. *Gain on Settlement of Debt:* In fiscal 2015 the Issuer settled certain debt for less than its face value, and realized a gain on settlement of debt of \$370,040 (\$111,990 in 2014).

5.5 *Results of Operations - Discuss management's analysis of the Issuer's operations for the most recently completed financial year.*

Please refer to the Issuer's MD&A attached as Appendix "D" hereto.

Summary of Quarterly Results - Provide the following information in summary form, derived from the Issuer's financial statements, for each of the eight most recently completed quarters:

- (a) *net sales or total revenues;*
- (b) *income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis; and*
- (c) *net income or loss, in total and on a per-share and diluted per-share basis.*

Discuss the factors that have caused variations over the quarters necessary to understand general trends that have developed and the seasonality of the business.

Please refer to the disclosure in item 4.2 above.

Please refer to the Issuer's MD&A attached as Appendix "D" hereto.

General and administrative expenses during each of the most recent eight completed quarters are relatively consistent, except for the write-down of past mineral property expenditures, the gain on settlement of debts, and the realized or unrealized loss on marketable securities (see item 5.4 above).

5.6 *Liquidity - Provide an analysis of the Issuer's liquidity, including:*

- (a) *its ability to generate sufficient amounts of cash and cash equivalents, in the short term and the long term, to maintain the Issuer's capacity, to meet the Issuer's planned growth or to fund development activities;*
- (b) *trends or expected fluctuations in the Issuer's liquidity, taking into account demands, commitments, events or uncertainties;*
- (c) *its working capital requirements;*
- (d) *liquidity risks associated with financial instruments;*
- (e) *if the Issuer has or expects to have a working capital deficiency, discuss its ability to meet obligations as they become due and how you expect it to remedy the deficiency;*
- (f) *balance sheet conditions or income or cash flow items that may affect the Issuer's liquidity;*
- (g) *legal or practical restrictions on the ability of subsidiaries to transfer funds to the Issuer and the effect these restrictions have had or may have on the ability of the Issuer to meet its obligations; and*
- (h) *defaults or arrears or anticipated defaults or arrears on*
 - (i) *dividend payments, lease payments, interest or principal payment on debt,*
 - (ii) *debt covenants during the most recently completed financial year, and*
 - (iii) *redemption or retraction or sinking fund payments; and**details on how the Issuer intends to cure the default or arrears.*

Please refer to the Issuer's MD&A attached as Appendix "D" hereto.

The Issuer's liquidity depends on its ability to raise equity or debt financing to finance its new business and for general and administrative expenses.

The Issuer's working capital as of August 31, 2015 was approximately \$37,969 (deficit of \$464,941 at August 31, 2014). Upon closing of the Acquisition, the Issuer had consolidated working capital of \$100,974. See Item 3.1 above.

5.7 *Capital Resources - Provide an analysis of the Issuer's capital resources, including*

- (a) *commitments for capital expenditures as of the date of the Issuer's financial statements including:*
 - (i) *the amount, nature and purpose of these commitments,*
 - (ii) *the expected source of funds to meet these commitments, and*
 - (iii) *expenditures not yet committed but required to maintain the Issuer's capacity, to meet the Issuer's planned growth or to fund development activities;*
- (b) *known trends or expected fluctuations in the Issuer's capital resources, including expected changes in the mix and relative cost of these resources; and*
- (c) *sources of financing that the Issuer has arranged but not yet used.*

Please refer to the Issuer's MD&A attached as Appendix "D" hereto.

The Issuer has no commitments for capital expenditures in the near future other than in accordance with Nuvo's business plan (see item 5.18 below).

The Issuer is committed to expending funds to implement Nuvo's business plan. See Item 3.1 above for expected use of available funds.

The Issuer will continue to rely on raising debt and equity financing to fund its ongoing operations. There is no assurance the Issuer will be successful in raising necessary funds on terms satisfactory to it, or at all.

5.8 *Off-Balance Sheet Arrangements - Discuss any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Issuer including, without limitation, such considerations as liquidity and capital resources. This discussion shall include their business purpose and activities, their economic substance, risks associated with the arrangements, and the key terms and conditions associated with any commitments.*

The Issuer does not have any off-balance sheet arrangements.

5.9 *Transactions with Related Parties - Discuss all transactions involving related parties as defined by the Handbook.*

Please refer to the Issuer's MD&A attached as Appendix "D" hereto. In summary, in each of the last two fiscal years, the Issuer has paid the following amounts to related parties:

- (a) Fiscal 2015 - \$nil (2014 - \$84,000) in management fees to the Issuer's president.
- (b) Fiscal 2015 - \$30,000 (2014 - \$50,000) in professional fees to the Issuer's CFO.
- (c) Fiscal 2015 - \$1,000 (2014 - \$65,500) in consulting fees to a director.
- (d) Fiscal 2015 - \$12,050 (2014 - \$42,000) for office rent and supplies to a private company controlled by two directors.
- (e) Fiscal 2015 - \$518,500 of debt was settled, being amounts owing to officers and directors, for an aggregate of 4,200,000 Shares (\$nil in 2014).

5.10 *Fourth Quarter - Discuss and analyze fourth quarter events or items that affected the Issuer's financial condition, cash flows or results of operations, including extraordinary items, year-end and other adjustments, seasonal aspects of the Issuer's business and dispositions of business segments.*

There were no material fourth quarter events or items in the fourth quarter of the fiscal year ended August 31, 2015 other than (i) the write-down of mineral property acquisition and explorations

costs pertaining to the Issuer's Guyana properties aggregating \$2,496,145; and (ii) realized loss on marketable securities of \$49,923.

- 5.11 *Proposed Transactions - Discuss the expected effect on financial condition, results of operations and cash flows of any proposed asset or business acquisition or disposition if the Issuer's board of directors, or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with the transaction. Include the status of any required shareholder or regulatory approvals.*

There are no proposed asset or business acquisitions or dispositions which have been negotiated by the Issuer or Nuvo as of the date of this Listing Statement. It is the Issuer's intention to investigate business opportunities, however none are at a stage of agreement of understanding; and there is no assurance any opportunities will be identified or that negotiations will be finalized that lead to any acquisition.

- 5.12 *Changes in Accounting Policies including Initial Adoption - Discuss and analyze any changes in the Issuer's accounting policies.*

Please refer to Notes 2, 3 and 4 of the Issuer's August 31, 2015 financial statements attached hereto as Appendix "C", and the MD&A attached hereto as Appendix "D".

- (b) *Discuss any accounting policies that management has initially adopted during the most recently completed financial year,*

Please refer to Notes 2, 3 and 4 of the Issuer's August 31, 2015 financial statements attached hereto in Appendix "C", and the MD&A attached hereto as Appendix "D".

- 5.13 *Financial Instruments and Other Instruments - For financial instruments and other instruments:*

- (a) *discuss the nature and extent of the Issuer's use of, including relationships among, the instruments and the business purposes that they serve;*
- (b) *describe and analyze the risks associated with the instruments;*
- (c) *describe how management manages the risks in paragraph (b), including a discussion of the objectives, general strategies and instruments used to manage the risks, including any hedging activities;*
- (d) *disclose the financial statement classification and amounts of income, expenses, gains and losses associated with the instrument; and*
- (e) *discuss the significant assumptions made in determining the fair value of financial instruments, the total amount and financial statement classification of the change in fair value of financial instruments recognized in income for the period, and the total amount and financial statement classification of deferred or unrecognized gains and losses on financial instruments.*

Please refer to Note 15 of the Issuer's August 31, 2015 financial statements attached hereto in Appendix "C", and the MD&A attached hereto as Appendix "D".

Interim MD&A

- 5.14 *Date - Specify the date of the interim MD&A.*

The Issuer's financial statements and accompanying MD&A for the three months ended November 30, 2015 are attached as part of Appendix "C" to this Listing Statement.

Updated Disclosure - Interim MD&A must update the Issuer's annual MD&A for all disclosure required by sections 5.2 to 5.13 except sections 5.3 and 5.4. This disclosure must include:

- (a) *a discussion of management's analysis of*

- (i) *current quarter and year-to-date results including a comparison of results of operations and cash flows to the corresponding periods in the previous year;*
- (ii) *changes in results of operations and elements of income or loss that are not related to ongoing business operations;*
- (iii) *any seasonal aspects of the Issuer's business that affect its financial condition, results of operations or cash flows; and*
- (b) *a comparison of the Issuer's interim financial condition to the Issuer's financial condition as at the most recently completed financial year-end.*

5.15 *Additional Disclosure for Issuers without Significant Revenue:*

- (a) *unless the information is disclosed in the financial statements to which the annual or interim MD&A relates, an Issuer that has not had significant revenue from operations in either of its last two financial years must disclose a breakdown of material components of:*
 - (i) *capitalized or expensed exploration and development costs,*
 - (ii) *expensed research and development costs,*
 - (iii) *deferred development costs,*
 - (iv) *general and administration expenses, and*
 - (v) *any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (i) through (iv);*
- (b) *if the Issuer's business primarily involves mining exploration and development, the analysis of capitalized or expensed exploration and development costs must be presented on a property-by-property basis; and*
- (c) *the disclosure in the annual MD&A must be for the two most recently completed financial years and the disclosure in the interim MD&A for the year-to-date interim period and the comparative period presented in the interim statements.*

Not applicable.

5.16 *Description of Securities:*

- (a) *disclose the designation and number or principal amount of:*
 - (i) *each class and series of voting or equity securities of the Issuer for which there are securities outstanding,*
 - (ii) *each class and series of securities of the Issuer for which there are securities outstanding if the securities are convertible into, or exercisable or exchangeable for, voting or equity securities of the Issuer, and*
 - (iii) *subject to subsection (b), each class and series of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer;*
- (b) *if the exact number or principal amount of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer is not determinable, the Issuer must disclose the maximum number or principal amount of each class and series of voting or equity securities that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer and, if that maximum number or principal amount is not determinable, the Issuer must describe the exchange or conversion features and the manner in which the number or principal amount of voting or equity securities will be determined; and*
- (c) *the disclosure under subsections (a) and (b) must be prepared as of the latest practicable date.*

As at the date of this Listing Statement, the Issuer has the following securities issued and outstanding:

1. 16,740,082 Common Shares; and
2. 211,333 share purchase warrants.

5.17 *Provide Breakdown:*

- (a) *if the Issuer has not had significant revenue from operations in either of its last two financial years, disclose a breakdown of material components of:*
 - (i) *capitalized or expensed exploration and development costs,*

- (ii) expensed research and development costs,
 - (iii) deferred development costs,
 - (iv) general and administrative expenses, and
 - (v) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (i) through (iv);
- (b) present the analysis of capitalized or expensed exploration and development costs required by subsection (a) on a property-by-property basis, if the Issuer's business primarily involves mining exploration and development; and
- (c) provide the disclosure in subsection (a) for the following periods:
 - (i) the two most recently completed financial years, and
 - (ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included, if any.

Subsection (a) does not apply if the information required under that subsection has been disclosed in the financial statements.

Please refer to item 5.4 above.

- 5.18 *Negative cash-flow - If the Issuer had negative operating cash flow in its most recently completed financial year for which financial statements have been included, disclose:*
- (a) the period of time the proceeds raised are expected to fund operations;
 - (b) the estimated total operating costs necessary for the Issuer to achieve its stated business objectives during that period of time; and
 - (c) the estimated amount of other material capital expenditures during that period of time.

As at August 31, 2015, the Issuer had approximately \$38,948 of available cash resources.

Upon completion of the Acquisition, the Issuer had approximately \$103,499 of cash resources, which is sufficient to sustain its general and administrative expenses for at least 12 months. The milestones and anticipated costs are disclosed above.

- 5.19 *Additional disclosure for Issuers with significant equity investees:*
- (a) if the Issuer has a significant equity investee
 - (i) summarized information as to the assets, liabilities and results of operations of the equity investee, and
 - (ii) the Issuer's proportionate interest in the equity investee and any contingent issuance of securities by the equity investee that might significantly affect the Issuer's share of earnings; and
 - (b) provide the disclosure in subsection (a) for the following periods
 - (i) the two most recently completed financial years, and
 - (ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included in the Listing Statement, if any.
 - (c) Subsection (a) does not apply if:
 - (i) the information required under that subsection has been disclosed in the financial statements included, or
 - (ii) the Issuer includes separate financial statements of the equity investee for the periods referred to in subsection (b).

Not applicable.

6. Market for Securities

- 6.1 *Identify the exchange(s) and quotation and trade reporting system(s) on which the Issuer's securities are listed and posted for trading or quoted.*

The Issuer's Common Shares are listed and posted for trading on the CSE under the symbol: "KNR".

7. Consolidated Capitalization

- 7.1 *Describe any material change in, and the effect of the material change on, the share and loan capital of the Issuer, on a consolidated basis, since the date of the comparative financial statements for the Issuer's most recently completed financial year contained in the Listing Statement.*

The Issuer is authorized to issue an unlimited number of Common Shares. The Issuer currently has 16,740,082 issued and outstanding Shares. The only changes in the Issuer's share capital since the most recently completed financial year pertain to (i) the consolidation of the Issuer's outstanding common shares, immediately prior to closing of the Acquisition, on a six for one basis; (ii) the Acquisition of Nuvo for 13,250,000 Shares, and (ii) the cancellation of all outstanding incentive stock options.

The following table is a summary of the change in the issued and outstanding Common Shares of the Issuer to date compared with the two most recently completed financial years:

	Date of Listing Statement	August 31, 2015	August 31, 2014¹
Common Shares	16,740,082 ²	20,940,494	15,471,744
Stock options	Nil ³	1,195,000	1,207,500
Warrants	211,333 ²	1,268,750	nil

1. Reflects a share consolidation on April 2, 2014 on the basis of one new share for every four old shares.
2. Reflects (i) a share consolidation on July 7, 2016 on the basis of one new Share for every six old shares (such that the number of outstanding Shares of Arrowhead was decreased from 20,940,494 Shares to 3,490,082 Shares; and the number of warrants was decreased from 1,268,750 warrants to 211,333 warrants); and (ii) 13,250,000 Shares issued pursuant to the Acquisition.
3. All options outstanding as of the date of closing the Acquisition were cancelled.

8. Options to Purchase Securities

- 8.1 *State, in tabular form, as at a specified date not more than 30 days before the date of the Listing Statement, information as to options to purchase securities of the Issuer or a subsidiary of the Issuer that are held by:*
- all executive officers and past executive officers of the Issuer as a group and all directors and past directors of the Issuer who are not also executive officers as a group, indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies, without naming them;*
 - all executive officers and past executive officers of all subsidiaries of the Issuer as a group and all directors and past directors of those subsidiaries who are not also executive officers of the subsidiary as a group, in each case, without naming them and excluding individuals referred to in paragraph (a), indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies;*
 - all other employees and past employees of the Issuer as a group, without naming them;*
 - all other employees and past employees of subsidiaries of the Issuer as a group, without naming them;*
 - all consultants of the Issuer as a group, without naming them; and*
 - any other person or company, including the underwriter, naming each person or company.*

The Issuer has adopted a stock option plan (the "Plan"), under which and as of the date hereof, no stock options to purchase Shares are issued and outstanding.

The following is a brief description of the principal terms of the Issuer's Plan:

Number of Shares Reserved. The maximum number of shares which may be issued pursuant to options granted under the Plan shall not exceed 10% of the issued and outstanding shares from time to time as at the date of grant.

Maximum Term of Options. The term of any options granted under the Plan is fixed by the board of directors and may not exceed 10 years from the date of grant. The options are non-assignable and non-transferable.

Exercise Price. The exercise price of options granted under the Plan is determined by the board of directors, provided that the exercise price is not less than the price permitted by the CSE or, if the Issuer's shares are no longer listed on the CSE, then such other exchange or quotation system on which the Issuer's shares are listed or quoted for trading.

Amendment. The terms of an option may not be amended once issued. If an option is cancelled prior to the expiry date, the Issuer shall not grant new options to the same person until 30 days have elapsed from the date of cancellation.

Vesting. Vesting, if any, and other terms and conditions relating to such options, shall be determined by the board of directors of the Issuer in accordance with CSE requirements.

Termination. Any options granted pursuant to the Plan will terminate generally within 90 days of the option holder ceasing to act as a director, officer, employee, management company or consultant of the Issuer or any of its affiliates, and generally within 30 days of the option holder ceasing to act as an employee engaged in investor relations activities, unless such cessation is on account of death. If such cessation is on account of death, the options terminate on the first anniversary of such cessation. If such cessation is on account of cause, or terminated by regulatory sanction or by reason of judicial order, the options terminate immediately.

Administration. The Plan is administered by the board of directors of the Issuer, or if the board of the Issuer so elects, by a committee, which committee consists of at least two board members.

Board Discretion. The Plan provides that, generally, the number of Shares subject to each option, the exercise price, the expiry time, the extent to which such option is exercisable, including vesting provisions, and other terms and conditions relating to such options shall be determined by the board of directors of the Issuer, all in accordance with CSE requirements.

General. Options that have been cancelled or that have expired without having been exercised shall continue to be issuable under the Plan. The Plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision or exchange of the Issuer's shares.

9. Description of the Securities

9.1 *General - State the description or the designation of each class of equity securities and describe all material attributes and characteristics, including:*

- (a) *dividend rights;*
- (b) *voting rights;*
- (c) *rights upon dissolution or winding-up;*

- (d) *pre-emptive rights;*
- (e) *conversion or exchange rights;*
- (f) *redemption, retraction, purchase for cancellation or surrender provisions,*
- (g) *sinking or purchase fund provisions;*
- (h) *provisions permitting or restricting the issuance of additional securities and any other material restrictions;*
- (i) *provisions requiring a securityholder to contribute additional capital.*

The Issuer is authorized to issue an unlimited number of Common Shares.

Each holder of a Common Share is entitled to: (i) one vote at all meetings of shareholders; (ii) a pro rata share of any dividends or other distributions declared payable by the Board; and (iii) a pro rata share of any distribution of the Issuer's assets on any winding up or dissolution of the Issuer. There are no pre-emptive rights; conversion or exchange rights; redemption, retraction, purchase for cancellation or surrender provisions; sinking or purchase fund provisions; provisions permitting or restricting the issuance of additional securities; or any other material restrictions provisions requiring a security holder to contribute additional capital, which are applicable to the Issuer's Common Shares.

- 9.2 *Debt securities - If debt securities are being listed, describe all material attributes and characteristics of the indebtedness and the security, if any, for the debt, including:*
- (a) *provisions for interest rate, maturity and premium, if any;*
 - (b) *conversion or exchange rights;*
 - (c) *redemption, retraction, purchase for cancellation or surrender provisions,*
 - (d) *sinking or purchase fund provisions;*
 - (e) *the nature and priority of any security for the debt securities, briefly identifying the principal properties subject to lien or charge;*
 - (f) *provisions permitting or restricting the issuance of additional securities, the incurring of additional indebtedness and other material negative covenants, including restrictions against payment of dividends and restrictions against giving security on the assets of the Issuer or its subsidiaries, and provisions as to the release or substitution of assets securing the debt securities;*
 - (g) *the name of the trustee under any indenture relating to the Issuer and*
 - (h) *any financial arrangements between the Issuer and any of its affiliates or among its affiliates that could affect the security for the indebtedness.*

Not Applicable.

- 9.3 *Other securities - If securities other than equity securities or debt securities are being listed, describe fully the material attributes and characteristics of those securities.*

Not applicable.

- 9.4 *Modification of terms:*
- (a) *describe provisions about the modification, amendment or variation of any rights attached to the securities being listed; and*
 - (b) *if the rights of holders of securities may be modified otherwise than in accordance with the provisions attached to the securities or the provisions of the governing statute relating to the securities, explain briefly.*

Not applicable.

- 9.5 *Other attributes:*
- (a) *if the rights attaching to the securities being listed are materially limited or qualified by the rights of any other class of securities, or if any other class of securities ranks ahead of or equally with the securities being listed, include information about the other securities that will enable investors to understand the rights attaching to the securities being listed; and*

- (b) if securities of the class being listed may be partially redeemed or repurchased, state the manner of selecting the securities to be redeemed or repurchased.

Not applicable.

- 9.6 *Prior Sales - State the prices at which securities of the same class as the securities to be listed have been sold within the 12 months before the date of the Listing Statement, or are to be sold, by the Issuer or any Related Person and the number of securities of the class sold or to be sold at each price.*

During the 12 months prior to the date of this Listing Statement, the following securities of the Issuer were issued:

Date of Issuance	Number and type of security issued ¹	Deemed Value	Purpose
July 8, 2016	13,250,000 Shares	\$0.18	Acquisition of Nuvo

9.6 (b) – Prior Sales of Nuvo Shares

The following shares were issued by Nuvo from and after the date of its incorporation (August 28, 2015):

Date	Quantity of Shares	Price per Share	Total Consideration
August 28, 2015	1,000	\$0.10	\$100
June 4, 2016 ¹	80	\$0.10	\$8.00
TOTAL:	1,080		

1. Issued to acquire Kontrol Technologies Inc.

- 9.7 *Stock Exchange Price:*

- (a) if shares of the same class as the shares to be listed were or are listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the Canadian stock exchange or market on which the greatest volume of trading generally occurs;
- (b) if shares of the same class as the shares to be listed were or are not listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the foreign stock exchange or market on which the greatest volume of trading generally occurs; and
- (c) information is to be provided on a monthly basis for each month or, if applicable, part month, of the current quarter and the immediately preceding quarter and on a quarterly basis for the next preceding seven quarters.

The Issuer's Shares are currently listed on the CSE (since October 30, 2014); and prior thereto, on the TSXV. The chart below chronicles the Issuer's trading history for the past two years:

Period Ended	High	Low	Volume
Dec 30, 2015 ¹	\$0.03	\$0.03	56,690
Nov 30, 2015	\$0.03	\$0.05	358,627
Oct. 31, 2015	\$0.03	\$0.05	988,650
Sept. 30, 2015	\$0.03	\$0.05	81,758

Period Ended	High	Low	Volume
Aug. 31, 2015	\$0.04	\$0.04	72,979
July 31, 2015	\$0.03	\$0.04	39,810
June 30, 2015	\$0.03	\$0.07	107,768
Mar. 1 – May 31, 2015	\$0.04	\$0.07	704,804
Dec. 1/14 – Feb. 28, 2015	\$0.05	\$0.08	1,344,107
Sept 1/14 – Nov. 30, 2014 ²	\$0.07	\$0.04	531,927
June 1/14 – Aug. 31, 2014	\$0.07	\$0.04	753,296
Mar. 1/14 – May 31, 2014 ³	\$0.14	\$0.04	6,243,457

1. The Issuer's Shares were halted from trading on the CSE on December 15, 2015 pending closing of the Acquisition.
2. The Issuer's shares were delisted from trading on the TSXV on October 29, 2014 and listed for trading on the CSE on October 30, 2014. All information relating to trading statistics prior to October 30, 2014 are with respect to trading on the TSXV; and thereafter with respect to trading on the CSE.
3. A consolidation of the Issuer's Shares on a four to one basis occurred on April 2, 2014.

10. Escrowed Securities

- 10.1 *State as of a specified date within 30 days before the date of the Listing Statement, in substantially the following tabular form, the number of securities of each class of securities of the Issuer held, to the knowledge of the Issuer, in escrow (which, for the purposes of this Form includes any securities subject to a pooling agreement) and the percentage that number represents of the outstanding securities of that class. In a note to the table, disclose the name of the depository, if any, and the date of and conditions governing the release of the securities from escrow.*

Prior to completion of the Issuer's acquisition of Nuvo; the Issuer had no Shares in escrow. Upon completion of the Acquisition, 13,250,000 Shares issued pursuant to the Acquisition were placed in escrow with the Issuer's Transfer Agent pursuant to the terms of an escrow agreement dated July 12, 2016; of which 10% (1,325,000 Shares) were released upon closing of the Acquisition, and the balance (11,925,000 Shares) will be released as to 15% (1,987,500 Shares) every six months thereafter over 36 months. The following persons hold Shares in escrow:

Shareholder	Number of Securities	Percentage¹
Paul Ghezzi	5,750,000	34.35%
The Ghezzi Family Trust	5,750,000	34.35%
Ed Blasiak	750,000	4.48%
Kristian Lavereau ²	500,000	2.99%
Patrizia Lavereau ²	500,000	2.99%
Total	13,250,000	79.15%

1. Based on there being 16,740,082 Shares outstanding upon closing of the Acquisition.
2. Former shareholder of Kontrol Technologies.

11. Principal Shareholders

- (1) Provide the following information for each principal shareholder of the Issuer as of a specified date not more than 30 days before the date of the Listing Statement:
 - (a) Name;
 - (b) The number or amount of securities owned of the class to be listed;
 - (c) Whether the securities referred to in subsection 0(b) are owned both of record and beneficially, of record only, or beneficially only; and
 - (d) The percentages of each class of securities known by the Issuer to be owned.
- (2) If the Issuer is requalifying following a fundamental change or has proposed an acquisition, amalgamation, merger, reorganization or arrangement, indicate, to the extent known, the holding of each person of company described in paragraph (1) that will exist after giving effect to the transaction.
- (3) If, to the knowledge of the Issuer, more than 10 per cent of any class of voting securities of the Issuer is held, or is to be held, subject to any voting trust or other similar agreement, disclose, to the extent known, the designation of the securities, the number or amount of the securities held or to be held subject to the agreement and the duration of the agreement. State the names and addresses of the voting trustees and outline briefly their voting rights and other powers under the agreement.
- (4) If, to the knowledge of the Issuer, any principal shareholder is an associate or affiliate of another person or company named as a principal shareholder, disclose, to the extent known, the material facts of the relationship, including any basis for influence over the Issuer held by the person or company other than the holding of voting securities of the Issuer.
- (5) In addition to the above, include in a footnote to the table, the required calculation(s) on a fully-diluted basis.

To the knowledge of the Issuer, as of the date of this Listing Statement, (i) the following persons beneficially own or exercise control or direction over Shares of the Issuer carrying more than 10% of the votes attached to the Issuer's Shares, (ii) no Shares are held, or are to be held, subject to any voting trust or other similar agreement; and (iii) no persons act jointly or in concert in connection with the voting or direction of their Shares:

Name	Number of Shares	Ownership	Percentage ¹
Paul Ghezzi	5,750,000	Direct	34.35%
The Ghezzi Family Trust	5,750,000	Direct	34.35%
Total	11,500,000		68.70%

1. Based on there being 16,740,082 Shares outstanding.

12. Directors and Officers

- 12.1 List the name and municipality of residence of each director and executive officer of the Issuer and indicate their respective positions and offices held with the Issuer and their respective principal occupations within the five preceding years.
- 12.2 State the period or periods during which each director has served as a director and when his or her term of office will expire.

12.3

Name, Municipality of Residence and Offices Held	Date Appointed¹	Principal Occupation
Paul Ghezzi King City, Ontario <i>CEO and Director</i>	July 8, 2016	CEO Nuvo Energy Grid Inc. Previously President and Director of Enerdynamic Hybrid Technologies Corp.
Claudio Del Vasto Vaughan, Ontario <i>CFO</i>	July 8, 2016	CFO Nuvo Energy Grid Inc. Previously Director of Structured Finance at Bombardier.
Andrew Bowerbank Richmond Hill, Ontario <i>Director</i>	July 8, 2016	Director of Sustainable Building Services at EllisDon Corporation. Formerly Executive Director/CEO of the World Green Building Council (2007-10).
Steve Smith Richmond, B.C. <i>Director</i>	January 15, 2007	CEO of Tangent Management. Director and officer of several publicly listed companies.
Kristian Lavereau Woodbridge, Ontario <i>COO</i>	July 8, 2016	Former founder and operator of Kontrol Technologies Inc.

1. Other than Mr. Smith, each of the above persons was appointed on closing of the Acquisition. Each director's term expires at the earliest of the next annual general meeting of shareholders, or when his successor has been elected, or upon resignation. The officers of the Issuer are appointed by the Issuer's board of directors and hold office until their death, resignation or removal from office.

12.4 *State the number and percentage of securities of each class of voting securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control or direction is exercised by all directors and executive officers of the Issuer as a group.*

The directors and officers of the Issuer as a group, beneficially own, directly or indirectly, or exercise control or direction over a total of 11,992,316 Common Shares, representing approximately 71.63% of the total votes attached to the Issuer's issued and outstanding Common Shares.

12.5 *Disclose the board committees of the Issuer and identify the members of each committee.*

The Issuer has one committee, being the Audit Committee which is comprised of Steve Smith (chair), Andrew Bowerbank and Paul Ghezzi.

If the principal occupation of a director or officer of the Issuer is acting as an officer of a person or company other than the Issuer, disclose the fact and state the principal business of the person or company.

See items 12.1 above and 12.10 below for information regarding the principal occupations of the Issuer's directors and officers.

12.6 *Disclose if a director or officer of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, is, or within 10 years before the date of the Listing Statement has been, a director or officer of any other Issuer that, while that person was acting in that capacity:*

- (a) *was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;*
- (b) *was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;*
- (c) *became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or*
- (d) *within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact.*

Not Applicable.

- 12.7 *Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, has:*
- (a) *been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or*
 - (b) *been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.*

Not Applicable.

- 12.8 *Despite section 12.7, no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be important to a reasonable investor in making an investment decision.*

Not Applicable.

- 12.9 *If a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of any such persons has, within the 10 years before the date of the Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer, state the fact.*

Not Applicable.

- 12.10 *Disclose particulars of existing or potential material conflicts of interest between the Issuer or a subsidiary of the Issuer and a director or officer of the Issuer or a subsidiary of the Issuer.*

The Issuer's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other companies and, to the extent that such other companies may participate in a venture in which the Issuer may participate, the directors of the Issuer may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Issuer's directors, a director who has such a conflict will abstain from voting for or against approval of such participation or such terms. The directors of the Issuer are required to act honestly in good faith and in the best interests of the Issuer.

The directors and officers of the Issuer are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosures by the directors of conflicts of interest and the Issuer will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be disclosed by such directors or officers in accordance with applicable laws and shall govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. The directors and officers of the Issuer are not aware of any such conflicts of interest.

12.11 *Management — In addition to the above provide the following information for each member of management:*

- (a) *state the individual's name, age, position and responsibilities with the Issuer and relevant educational background;*
- (b) *state whether the individual works full time for the Issuer or what proportion of the individual's time will be devoted to the Issuer;*
- (c) *state whether the individual is an employee or independent contractor of the Issuer;*
- (d) *state the individual's principal occupations or employment during the five years prior to the date of the Listing Statement, disclosing with respect to each organization as of the time such occupation or employment was carried on:*
 - (i) *its name and principal business,*
 - (ii) *if applicable, that the organization was an affiliate of the Issuer,*
 - (iii) *positions held by the individual, and*
 - (iv) *whether it is still carrying on business, if known to the individual;*
- (e) *describe the individual's experience in the Issuer's industry; and*
- (f) *state whether the individual has entered into a non-competition or non-disclosure agreement with the Issuer.*

The Issuer's management team is comprised of Paul Ghezzi (CEO and Director), Kristian Lavereau (COO), and Claudio Del Vasto (CFO).

Paul Ghezzi, Age 46, CEO and Director.

Mr. Ghezzi has been involved in the renewable energy sector since 2008. He created Canada's first Solar Energy Income Fund by securitizing cash flows from long term power purchase agreements. Most recently he has been the President of Enerdynamic Hybrid Technologies Corp., a publically traded company on the TSX-V.

Mr. Ghezzi has more than 20 years of corporate finance and M&A experience with a special focus on renewable energy development, renewable energy financing, solar project financing and distributed generation.

He has global experience in power generation projects under feed and tariff programs and power purchase agreement programs for both commercial and utility-scale projects. Mr. Ghezzi has developed more than 100 Megawatts of renewable energy projects globally. Mr. Ghezzi has been a Chartered Accountant (CPA) in good standing since 1995.

Mr. Ghezzi will devote 100% of his time to the Issuer. Mr. Ghezzi is working for the Issuer on a contractual basis and has entered into a non-competition agreement with the Issuer.

Claudio Del Vasto, Age 48, CFO

Mr. Del Vasto is a senior finance executive with an extensive background in Corporate Finance, Strategy and Business Development.

During his career in Structured Finance at Bombardier, Mr. Del Vasto provided customers around the globe with innovative financial solutions and was involved in arranging multi-billion dollar deal closings that involved equity, debt and capital markets funding.

Prior to his career in industry, he was a public accountant managing accounting, tax and assurance services.

His primary role is managing the overall finances of Nuvo, securing financing, assisting in acquisitions and financial reporting. He is also involved with investment oversight on all acquisitions.

Mr. Del Vasto will devote approximately 100% of his time to the Issuer. Mr. Del Vasto is working for the Issuer on a contractual basis and has not entered into a non-competition agreement with the Issuer.

Kristian Lavereau, Age 44, Chief Operating Officer.

Mr. Lavereau has more than 25 years of experience in the IT solutions (analytics and mobile computing), energy optimization and efficiency (intelligent control systems, solar PV, lighting) sectors. Mr. Lavereau has built solutions for such clients such as Greenwin, Minto, Oxford and the Toronto Catholic School Board. He has extensive experience with disruptive technology in the energy efficiency industry, especially when tenants and stakeholders are engaged in the process. Mr. Lavereau brings the vision and strategic direction to the Issuer, with a direct focus on growth and operational profitability, building empowered teams to facilitate consistent growth.

Mr. Lavereau will devote 100% of his time to the Issuer. Mr. Lavereau is working for the Issuer on a contractual basis and has entered into a non-competition agreement with the Issuer. As COO, Mr. Lavereau will be responsible for the day to day operations of the Issuer.

Andrew Bowerbank, Age 49, Director.

Mr. Bowerbank is Director of Sustainable Building Services at EllisDon Corporation. Mr. Bowerbank is the former Executive Director/CEO of the World Green Building Council (2007-10) representing over 60 member nations. During his tenure with the WorldGBC, he acted as the member representative at the United Nations Environmental Programme. In addition to his current work as Director, Sustainable Building Services at EllisDon, Mr. Bowerbank is a Council member at the Federation of Canadian Municipalities in Ottawa, a Board member at CDML, and a member of the BRE Global Standing Panel of Experts (UK).

Mr. Bowerbank will devote approximately 10% of his time to the Issuer.

Steve Smith, Age 59, Director

Mr. Smith is currently CEO of Arrowhead Gold Corp., and has more than 27 years' experience in the capital markets. Mr. Smith is also President of Tangent Management Corp, a consulting firm assisting public and private companies with corporate operations, capital development, corporate communications and regulatory compliance activities.

Mr. Smith will devote approximately 30% of his time to the Issuer.

13. Capitalization

13.1 Prepare and file the following chart for each class of securities to be listed:

Each of the tables in this section 13 refers only to the Issuer's Common Shares.

Issued Capital	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
<u>Public Float</u>				
Total outstanding (A)	16,740,082	16,951,415 ⁽¹⁾	100.0%	100.0%
Held by Related Persons ⁽²⁾ (B)	13,021,476	13,021,476	77.79%	76.82%
Total Public Float (A-B)	3,718,606	3,929,939	22.21%	23.18%
<u>Freely-Tradeable Float</u>				
Number of outstanding securities subject to resale restrictions ⁽³⁾ (C)	11,925,000	11,925,000	71.24%	70.35%
Total Tradeable Float (A-C)	4,815,082	5,026,415	28.76%	29.65%

(1) Includes 211,333 warrants.

(2) Related Persons or employees of the Issuer, or persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held). See below.

(3) Includes restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders. In this instance, means 11,925,000 Shares subject to escrow (see Item 10, "Escrowed Securities" above).

The following securities are held by Related Persons:

Name	Common Shares	Options	Warrants
Paul Ghezzi	5,750,000	NIL	NIL
The Ghezzi Family Trust	5,750,000	NIL	NIL
Claudio Del Vasto	29,160	NIL	NIL
Kristian Lavereau	500,000	NIL	NIL
Patrizia Lavereau	500,000	NIL	NIL
Steve Smith	492,316 ¹	NIL	NIL
Totals	13,021,476	NIL	NIL

1. Includes 58,363 Shares held by Tangent Management Corp., a private company controlled by Mr. Smith.

Public Securityholders (Registered) (as provided by the Transfer Agent)

Instruction: For the purposes of this report, “public securityholders” are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	26	35
100 – 499 securities	-	-
500 – 999 securities	1	836
1,000 – 1,999 securities	-	-
2,000 – 2,999 securities	-	-
3,000 – 3,999 securities	-	-
4,000 – 4,999 securities	-	-
5,000 or more securities	9	2,996,895
	36	2,997,766

Public Securityholders (Beneficial)

Instruction: Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	710	8,853
100 – 499 securities	-	-
500 – 999 securities	-	-
1,000 or more securities	394	3,488,098
Unable to confirm	-	221,655
Totals	1,093	3,718,606

Non-Public Securityholders (Registered)

Instruction: For the purposes of this report, “non-public securityholders” are those Related Persons enumerated in section (B) of the issued capital chart.

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	-	-
100 – 499 securities	-	-
500 – 999 securities	-	-
1,000 – 1,999 securities	-	-
2,000 – 2,999 securities	-	-
3,000 – 3,999 securities	-	-
4,000 – 4,999 securities	-	-
5,000 or more securities	5	13,021,476
	5	13,021,476

- 13.2 Provide the following details for any securities convertible or exchangeable into any class of Common Shares.

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of Common Shares upon conversion / exercise
Warrants (exercisable at \$1.20 per Share until Dec. 3/16)	211,333	211,333

- 13.3 Provide details of any listed securities reserved for issuance that are not included in section 13.2.

There are no other Shares reserved for issuance other than as described above.

14. Executive Compensation

- 14.1 Attach a Statement of Executive Compensation from Form 51-102F6 or any successor instrument and describe any intention to make any material changes to that compensation.

See “Statement of Executive Compensation” in Appendix B hereto.

15. Indebtedness of Directors and Executive Officers

- 15.1 Aggregate Indebtedness

- (1) Disclose the aggregate indebtedness outstanding as at a date within 30 days before the date of the Listing Statement in connection with a purchase of securities, or all other indebtedness.
- (2) Report separately the indebtedness to the Issuer or any of its subsidiaries; and another entity if the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or any of its subsidiaries, of all officers, directors, employees and former officers, directors and employees of the Issuer or any of its subsidiaries.

No officer, director, employees or former officer, director or employee of the Issuer or Nuvo (i) has been indebted to the Issuer or Nuvo at any time during the most recently completed financial year or is currently indebted to the Issuer or Nuvo, for any purpose, or (ii) is the subject of a guarantee, support agreement (including, but is not limited to, an agreement to provide assistance in the maintenance or servicing of any indebtedness and an agreement to provide compensation for the purpose of maintaining or servicing any indebtedness of the borrower), letter of credit or other similar arrangement or understanding.

- 15.2 Indebtedness of Directors and Executive Officers under (1) Securities Purchase and (2) Other Programs
- Disclose for each individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Issuer, each proposed nominee for election as a director of the Issuer, and each associate of any such director, executive officer or proposed nominee,
- (a) who is, or at any time since the beginning of the most recently completed financial year of the Issuer has been, indebted to the Issuer or any of its subsidiaries, or
 - (b) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or any of its subsidiaries, and separately disclose the indebtedness for security purchase programs and all other programs.

Not applicable.

16. Risk Factors

- 16.1 *Disclose risk factors relating to the Issuer and its business, such as cash flow and liquidity problems, if any, experience of management, the general risks inherent in the business carried on by the Issuer, environmental and health risks, reliance on key personnel, regulatory constraints, economic or political conditions and financial history and any other matter that would be likely to influence an investor's decision to purchase securities of the Issuer.*

The Issuer's business, operating results and financial condition could be adversely affected by any of the risks outlined below. These risks and uncertainties are not the only ones facing the Issuer. Additional risks and uncertainties not currently known to the Issuer, or that the Issuer currently deems immaterial, may also impair the operations of the Issuer. If any such risks actually occur, the financial condition, liquidity and results of operations of the Issuer could be materially adversely affected and the ability of the Issuer to implement its growth plans could be adversely affected.

An investment in the Issuer's Shares is speculative and will be subject to certain material risks and investors should not invest in securities of the Issuer unless they can afford to lose their entire investment.

Failure to Effectively Develop and Commercialize New Products

The energy efficiency market is developing rapidly and related technology trends are constantly evolving. This results in frequent introduction of new products, short product life cycles and significant price competition. Consequently, the Issuer's future success depends on its ability to anticipate technology development trends and identify, acquire and operate new products and related services that its customers demand. New products may not contribute significantly to its revenues.

Moreover, it may take an extended period of time for the Issuer's new products to gain market acceptance, if at all. Furthermore, as the life cycle for a product matures, the average selling price generally decreases. Lastly, during a product's life cycle, problems may arise regarding regulatory, intellectual property, product liability or other issues which may affect its continued commercial viability.

High Degree of Government Regulation

The Issuer will be subject to various government regulations with respect to the sales and marketing of its products in various countries around the world, some of which may be prohibitive.

Failure to Obtain or Maintain Applicable Regulatory Clearances or Approvals of Products

The development of the Issuer's products may involve the development of new and innovative technologies. Consequently, the testing of the products may yield negative results, requiring reengineering of the products. If the Issuer is unable to address the negative tests, it will be unable to obtain regulatory approval and generate sales.

If the Issuer is unable to obtain clearances or approvals needed to market existing or new products, or obtain such clearances or approvals in a timely fashion, its business would be significantly disrupted, and its sales and profitability could be materially and adversely affected.

Product Liability Exposure and Insurance Coverage

Nuvo currently maintains no product liability insurance to cover potential product liability arising from the use of its products. The Issuer will eventually obtain this coverage, but there is no guarantee as to when. Product liability insurance may offer limited coverage. As a result, future liability claims could be excluded or exceed the coverage limits of the Issuer's policy. A product liability claim or potential safety-related regulatory action, with or without merit, could result in significant negative publicity and materially and adversely affect the marketability of the Issuer's products and its reputation, as well as its business, financial condition and results of operations.

Moreover, a material design, manufacturing or quality failure or defect in the Issuer's products, other safety issues or heightened regulatory scrutiny could each warrant a product recall by the Issuer and result in increased product liability claims. Also, if these products are deemed by the authorities where the Issuer sells its products to fail to conform to product quality and safety requirements, the Issuer could be subject to regulatory action. Furthermore, if the violation is determined to be serious, the Issuer's business license to manufacture or sell such products could be suspended or revoked.

Domestic and International Competition

The Issuer will face competition in the domestic and international markets in which it intends to operate. The Issuer's ability to compete will depend on, among other things, knowledgeable personnel, high product quality, competitive pricing and range of product offerings. Increased competition may require the Issuer to reduce prices or increase costs and may have a material adverse effect on its financial condition and results of operations.

Capital Requirements and Liquidity

The Issuer may be required from time to time to raise additional funds for its development activities and operations. The Issuer may attempt to raise such funds through public or private equity or debt financing, collaborations with other companies and/or from other sources. There can be no assurance that additional funding or partnerships will be available on terms acceptable to the Issuer and which would foster successful commercialization of the Issuer's products. The Issuer presently has no cash flow from its operations. Revenues, taxes, capital expenditures and operating expenses are all factors which will have an impact on the amount of additional capital that may be required. Any additional equity financings may be dilutive to shareholders. Debt financing, if undertaken, may also involve restrictions on financing and operating activities.

There is no assurance that additional financing will be available on terms acceptable to the Issuer or at all. If the Issuer is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion and pursue only those development plans that can be funded through cash flows generated from its existing operations.

Significant Development and Marketing Required

The Issuer's products may require significant development, testing and investment prior to any final commercialization. There can be no assurance that such products will be successfully developed, prove to be effective, receive applicable regulatory approvals, be capable of being produced in commercial quantities at reasonable costs, or be successfully marketed.

Reliance on Management and Dependence on Key Personnel

The success of the Issuer will be largely dependent upon the performance of the directors and officers and their ability to attract and retain key personnel on an ongoing basis. The loss of the services of these persons may have a material adverse effect on the Issuer's business and prospects. The Issuer will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Issuer can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Issuer and its prospects. The Issuer does not have employment contracts with its key personnel and does not have any key man insurance.

Conflicts of Interest

Certain of the directors and officers of the Issuer may be engaged in, and may continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of the Issuer may become subject to conflicts of interest. Canadian corporate law provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the company, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the applicable law. To the extent that such conflicts arise, such conflicts will be resolved in accordance with the provisions of corporate law.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in Canada, as well as in other countries around the world, have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Issuer's Shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Issuer in developing its products, gaining commercialization, or creating revenues, cash flows or earnings. The value of securities will be affected by market volatility. An active public market for the Issuer's Shares might not develop or be sustained. If an active public market for the Shares does not develop or continue, the liquidity of a shareholder's investment may be limited and the price of the Shares may decline.

Announcements of technological innovations or new commercial products by the Issuer or its competitors, developments or disputes concerning patent or proprietary rights, actual or potential results relating to products under development by the Issuer or its competitors, regulatory developments in domestic and foreign countries, public concern as to the safety of energy products and economic and other external factors, as well as period to period fluctuations in financial results, may have a significant impact on the market price of the Shares.

Potential Dilution of Present and Prospective Shareholdings

In order to finance future operations and development efforts, the Issuer may raise funds through the issue of Common Shares or the issue of securities convertible into or exercisable for Common Shares. The Issuer cannot predict the size of future issues of Common Shares or convertible securities or the effect, if any, that future issues and sales of such securities will have on the

market price of the Issuer's Shares outstanding prior to such events. Any transaction involving the issue of previously unissued Shares, or securities convertible into or exercisable for Shares, would result in dilution, which may be substantial, to existing holders of Common Shares.

Competition

The Issuer competes with other entities that develop and produce energy efficient products. Many of the Issuer's competitors have more financial and other resources. The Issuer's competitors may succeed in developing, obtaining patent protection for, receiving other regulatory approvals for, or commercializing, products more rapidly than the Issuer.

Rapidly Changing Technology

Rapid changes and developing technologies in the energy industry could render the Issuer's products obsolete at any time and thereby adversely affect the financial condition and future prospects of the Issuer. There can be no assurance that the Issuer will keep pace with technological developments. Competitors have developed or are developing technologies that could be the basis for competitive products.

Patent Protection and Infringement

The energy technology industry is heavily reliant on patented technology, and it is not always clear to industry participants which patents cover which types of products, processes or methods of use. The coverage of patents is subject to interpretation by the courts, and this interpretation is not always uniform. As a result, the industry is litigious by nature as products and processes may be subject to patent infringement and to claims of infringement upon the patents of others.

The technologies, products and processes of the Issuer may be subject to claims of infringement upon the patents of others and, if such claims are successful, could result in the requirement to access such technology by license agreement. There can be no assurance that such licenses would be available on commercially acceptable terms or at all. If the Issuer is required to acquire rights to valid and enforceable patents but cannot do so at a reasonable cost, its ability to manufacture or market its products would be materially adversely affected. The cost of the Issuer's defense against infringement claims by other patent holders may be significant and could negatively impact the Issuer's operations.

Fluctuations in Revenue

The Issuer's quarterly and annual revenues may fluctuate due to several factors, including variations in demand, competitive pressure on selling prices, customer order patterns, the rate of acceptance of the Issuer's products, product delays or production inefficiencies, regulatory uncertainties or delays, timing associated with business development activities, potential licensing of technologies and international market conditions. The impact of one, or a combination of several of these factors, could have a significant adverse effect on the operations of the Issuer.

Changes in Laws and Regulations

The government and regulatory authorities in the countries in which Nuvo may sell its products may propose and adopt new legislation and regulatory requirements relating to product approval criteria and manufacturing requirements. In addition, new legislation or changes to existing legislation affecting the Issuer and its potential customers could decrease demand for the Issuer's products and adversely affect its operations and financial condition.

Effects of Foreign Currency Fluctuations

A significant portion of the Issuer's revenues are expected to be denominated in US dollars, and therefore, are subject to fluctuations in exchange rates. There is a risk that significant fluctuations in exchange rates may impact the Issuer's operating margins and may therefore have an adverse impact on the Issuer's results of operations.

Reliance on Key Distributors to Market the Issuer's Products

The Issuer may establish one or more arrangements with other companies for the marketing, distribution and sale of its products. Revenues may become dependent on the sales and marketing efforts of such third parties and there can be no assurance that their efforts will be successful. Failure to establish sustainable and successful sales and marketing programs may have a material adverse effect on the Issuer's operations.

Growth Management

The Issuer may decide to add or acquire new products, services or businesses or expand internationally. There can be no assurances that the addition of new products, services or business or expansion internationally, if any, will prove successful. Future growth may cause a strain on the Issuer's management and its operational and financial resources. There can be no assurance that the Issuer will be able to effectively manage such growth; and the Issuer's failure to do so could have a material adverse effect upon its business, prospects, results of operation and financial condition.

No Key Man Insurance

The Issuer does not have key man insurance in place in respect of any of its senior officers or personnel. Therefore, there is a risk that the unexpected loss of the services of any of its senior officers or key personnel (through serious injury, death or resignation) could have a material adverse effect on the Issuer's operations.

Shareholder Control

If certain of the Issuer's shareholders act together, they may be able to exert a significant degree of influence over the Issuer's management and affairs and over matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions. This concentration of ownership may facilitate or delay or prevent a change in control of the Issuer and might affect the market price of its Shares. The interests of controlling shareholders may not always coincide with the Issuer's interests or the interests of other shareholders. In addition, if such a shareholder or group of shareholders holds its Shares for the purpose of investment, and if it were to sell those Shares in the market in the future, it could have significant influences on the market price of the Shares, depending on the market environment at the time of such sale.

Legal Proceedings

The Issuer may become, in the ordinary course of its business, a party to litigation including, among others, claims in respect of indemnifications the Issuer has extended to third parties in the normal course of business; matters alleging employment discrimination, product liability, patent or other intellectual property rights infringement, patent invalidity or breach of commercial contract. In general, litigation claims can be expensive and time consuming to bring and to

defend against and could result in settlements for damages that could significantly and adversely impact the Issuer's results of operations and financial condition.

Dividends

The Issuer has not paid dividends since its incorporation and currently has no intention to change its dividend policy in the near future.

- 16.2 *If there is a risk that security holders of the Issuer may become liable to make an additional contribution beyond the price of the security, disclose that risk.*

There is no such risk.

- 16.3 *Describe any risk factors material to the Issuer that a reasonable investor would consider relevant to an investment in the securities being listed and that are not otherwise described under section 16.1 or 0.*

There are no additional risk factors which the Issuer considers relevant at this time.

17. Promoters

- 17.1 *For a person or company that is, or has been within the two years immediately preceding the date of the Listing Statement, a promoter of the Issuer or of a subsidiary of the Issuer, state:*

- (a) the person or company's name;*
- (b) the number and percentage of each class of voting securities and equity securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control is exercised;*
- (c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from the Issuer or from a subsidiary of the Issuer, and the nature and amount of any assets, services or other consideration therefor received or to be received by the Issuer or a subsidiary of the Issuer in return; and*
- (d) for an asset acquired within the two years before the date of the Listing Statement or thereafter, or to be acquired, by the Issuer or by a subsidiary of the Issuer from a promoter:*
 - (i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,*
 - (ii) the person or company making the determination referred to in subparagraph (i) and the person or company's relationship with the Issuer, the promoter, or an associate or affiliate of the Issuer or of the promoter, and*
 - (iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.*

Steve Smith, the former CEO, President and a director of the Issuer, may be considered to have been a promoter of the Issuer. Mr. Smith owns 492,316 common shares or 2.99% of the Issuer's current issued and outstanding common shares. In the two years preceding the date of this Listing Statement, Mr. Smith has: (i) received the salary and stock options as set out in the Executive Compensation disclosure hereto, and (ii) not sold or transferred any property or assets to the Issuer.

Paul Ghezzi, the current CEO and a director of the Issuer, may be considered to be a promoter of the Issuer. Mr. Ghezzi owns or controls 11,500,000 common shares or 68.70% of the Issuer's current issued and outstanding common shares. Mr. Ghezzi has had no involvement with the Issuer prior to closing of the Acquisition. Mr. Ghezzi is entitled to the salary and stock options as set out in the Executive Compensation disclosure hereto; and he did locate and assign the Ghana project interest to Nuvo (for no additional consideration).

- 17.2 (1) *If a promoter referred to in section 17.1 is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer, or chief financial officer of any person or company that:*
- (a) *was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer; or*
 - (b) *was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer,*
state the fact and describe the basis on which the order was made and whether the order is still in effect.
- (2) *For the purposes of section 17.2(1), "order" means:*
- (a) *a cease trade order;*
 - (b) *an order similar to a cease trade order; or*
 - (c) *an order that denied the relevant person or company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.*
- (3) *If a promoter referred to in section 17.2(1):*
- (a) *is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or*
 - (b) *has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.*
- (4) *Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter referred to in section 17.2(1) has been subject to:*
- (a) *any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory authority; or*
 - (b) *any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.*
- (5) *Despite section 17.2(4), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered important to a reasonable investor in making an investment decision.*

Mr. Smith was CEO, President and a director of the Issuer during the period January 8, 2009 to February 5, 2009 when the Issuer was cease-traded for failure to file financial statements.

Neither Mr. Smith nor Mr. Ghezzi has been subject to any penalties or sanctions (i) imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority, or (ii) imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

Neither Mr. Smith nor Mr. Ghezzi has, within the 10 years preceding the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

18. Legal Proceedings

- 18.1 *Describe any legal proceedings material to the Issuer to which the Issuer or a subsidiary of the Issuer is a party or of which any of their respective property is the subject matter and any such proceedings known to the Issuer to be contemplated, including the name of the court or agency, the date instituted, the principal parties to the proceedings,*

the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

Neither the Issuer nor any of its subsidiaries is a party to any legal proceedings.

18.2 *Regulatory actions - Describe any:*

- (a) penalties or sanctions imposed against the Issuer by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof;*
- (b) other penalties or sanctions imposed by a court or regulatory body against the Issuer necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed; and*
- (c) settlement agreements the Issuer entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date hereof.*

Not applicable.

19. Interest of Management and Others in Material Transactions

19.1 *Describe, and state the approximate amount of any material interest, direct or indirect, of any of the following persons or companies in any transaction within the three years before the date of the Listing Statement, or in any proposed transaction, that has materially affected or will materially affect the Issuer or a subsidiary of the Issuer:*

- (a) any director or executive officer of the Issuer;*
- (b) a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of your outstanding voting securities; and*
- (c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).*

Not Applicable.

20. Auditors, Transfer Agents and Registrars

20.1 *State the name and address of the auditor of the Issuer.*

The Issuer's auditor is De Visser Gray LLP, Chartered Accountants, of 401 - 905 West Pender Street, Vancouver, B.C. V7Y 1G6.

20.2 *For each class of securities, state the name of any transfer agent, registrar, trustee, or other agent appointed by the Issuer to maintain the securities register and the register of transfers for such securities and indicate the location (by municipality) of each of the offices of the Issuer or transfer agent, registrar, trustee or other agent where the securities register and register of transfers are maintained or transfers of securities are recorded.*

The Issuer's transfer agent and registrar of its Common Shares is Computershare Trust Company of Canada at 3rd Floor, 510 Burrard Street, Vancouver, B.C. V6C 3B9.

21. Material Contracts

21.1 *Give particulars of every material contract, other than contracts entered into in the ordinary course of business that was entered into within the two years before the date of Listing Statement by the Issuer or a subsidiary of the Issuer.*

During the two years preceding the date of this Listing Statement, other than contracts entered into in the ordinary course of business or the agreements described elsewhere in this Listing Statement, the Issuer has not entered into any other material agreements except:

- Share Exchange Agreement dated March 24, 2016 pertaining to the Issuer's acquisition of Nuvo.
- Escrow Agreement dated July 12, 2016 pertaining to 13,250,000 Shares issued in connection with the Acquisition.
- Stock Option Plan (effective June 1, 2015).

21.2 *If applicable, attach a copy of any co-tenancy, unitholders' or limited partnership agreement.*

Not applicable.

22. Interest of Experts

22.1 *Disclose all direct or indirect interests in the property of the Issuer or of a Related Person of the Issuer received or to be received by a person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of the Listing Statement or prepared or certified a report or valuation described or included in the Listing Statement.*

Not applicable.

22.2 *Disclose the beneficial ownership, direct or indirect, by a person or company referred to in section 22.1 of any securities of the Issuer or any Related Person of the Issuer.*

Not applicable.

22.3 *For the purpose of section 22.2, if the ownership is less than one per cent, a general statement to that effect shall be sufficient.*

22.4 *If a person, or a director, officer or employee of a person or company referred to in section 22.1 is or is expected to be elected, appointed or employed as a director, officer or employee of the Issuer or of any associate or affiliate of the Issuer, disclose the fact or expectation.*

No director, officer, partner, associate, employee or consultant of DeVisser Gray LLP, Chartered Accountants, is or is expected to be elected, appointed or employed as a director, officer or employee of the Issuer or Nuvo.

23. Other Material Facts

23.1 *Give particulars of any material facts about the Issuer and its securities that are not disclosed under the preceding items and are necessary in order for the Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its securities.*

There are no other material facts that are not disclosed under the preceding items and that are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its securities.

24. Financial Statements

24.1 *Provide the following audited financial statement for the Issuer:*

- (a) *copies of all financial statements including the auditor's reports required to be prepared and filed under applicable securities legislation for the preceding three years as if the Issuer were subject to such law; and*
- (b) *a copy of financial statements for any completed interim period of the current fiscal year.*

Attached hereto as Appendix C are the Issuer's audited financial statements for the fiscal years ended August 31, 2015, 2014 and 2013; together with the Issuer's unaudited interim financial statements for the three months ended November 30, 2015.

Additional historical financial statements for the Issuer can be found under the Issuer's profile on SEDAR.

24.2 *For Issuers re-qualifying for listing following a fundamental change provide*

- (a) *the information required in sections 4.1 to 4.3 for the target;*
- (b) *financial statement for the target prepared in accordance with the requirements of National Instrument 41-101 General Prospectus Requirements as if the target were the Issuer;*
- (c) *pro-forma consolidated financial statements for the Issuer giving effect to the transaction for:*
 - (i) *the last full fiscal year of the Issuer, and*
 - (ii) *any completed interim period of the current fiscal year.*

- (a) The information required in sections 5.1 to 5.3 for Nuvo is as below:

	Period from Incorporation (August 28, 2015) to December 31, 2015
Revenue	\$Nil
Total Expenses	\$15,562
Income/(loss)	\$(15,562)
Loss per share	\$(16)
Current Assets	\$10,048
Total Assets	\$10,049
Current Liabilities	\$11,227
Long-term liabilities	\$14,284
Shareholders' Equity	\$(15,462)

- (b) The information required in sections 5.1 to 5.3 for Kontrol Technologies is as below:

	Period January 1, 2015 to December 31, 2015
Revenue	\$323,707
Total Expenses	\$319,724
Income/(loss)	\$3,983
Income per share	\$80
Current Assets	\$8,024
Total Assets	\$8,024
Current Liabilities	\$4,016
Long-term liabilities	\$Nil
Shareholders' Equity	\$4,008

Quarter Information

Each of Nuvo and Kontrol Technologies is a private company and neither has prepared quarterly information since inception.

Dividends

Not applicable

- (c) The audited financial statements of Nuvo for the period from incorporation on August 28, 2015 until December 31, 2015 are attached as Appendix E to this Listing Statement.

The audited financial statements of Kontrol Technologies for the period from January 1, 2015 to December 31, 2015 are attached as Appendix F to this Listing Statement.

- (d) A pro-forma consolidated statement of financial position of the Issuer for the period ended December 31, 2015 is attached as Appendix G to this Listing Statement. The pro-forma statement reflects only the aggregation of the accounts of the Issuer, Nuvo and Kontrol Technologies as of December 31, 2015, without application of any consolidation accounting. A summary of the pro-forma statement of financial position follows:

	As at December 31, 2015
Cash and Cash Equivalents	\$98,856
Total Current Assets	\$148,300
Intangible and Other Assets	\$1
Total Assets	\$148,301
Current Liabilities	\$74,300
Long-term liabilities	\$64,284
Working Capital	\$74,000
Shareholders' Equity	\$9,717

Consolidated financial statements of the Issuer, Nuvo and Kontrol Technologies which disclose all consolidated accounting pursuant to IFRS will be reflected in the Issuer's consolidated financial statements for the nine months ended May 31, 2016.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, **Kontrol Energy Corp.** (the “Issuer”) hereby applies for the listing of its common shares on the CSE. The foregoing contains full, true and plain disclosure of all material information relating to the Issuer. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, this 22nd day of July, 2016.

“Paul Ghezzi”

Paul Ghezzi
Chief Executive Officer

“Claudio Del Vasto”

Claudio Del Vasto
Chief Financial Officer

“Andrew Bowerbank”

Andrew Bowerbank
Director

“Steve Smith”

Steve Smith
Director

CERTIFICATE OF NUVO ENERGY GRID INC.

The foregoing contains full, true and plain disclosure of all material information relating to **Nuvo Energy Grid Inc.** It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, this 22nd day of July, 2016.

"Paul Ghezzi"

Paul Ghezzi
Chief Executive Officer

"Claudio Del Vasto"

Claudio Del Vasto
Chief Financial Officer

APPENDIX A

GLOSSARY OF TERMS

Unless otherwise indicated or the context otherwise indicates, the following definitions are used in this Listing Statement. In the event of a conflict between a term defined herein and a term defined in the CSE Policies, the CSE definition will govern.

“**Acquisition**” means the Issuer’s purchase of all the outstanding shares of Nuvo in exchange for 13,250,000 Shares.

“**Board**” means the board of directors of the Issuer.

“**BCBCA**” means the *Business Corporations Act* (British Columbia).

“**Common Share**” or “**Share**” means a common share in the capital of the Issuer as exists as of the date of this Listing Statement.

“**CSE**” means the Canadian Stock Exchange.

“**GHG**” means greenhouse gases.

“**Issuer**” means Kontrol Energy Corp., a company incorporated under the provisions of the BCBCA; and formerly known as Arrowhead Gold Corp.

“**Kontrol Technologies**” means Kontrol Technologies Inc., a wholly owned subsidiary of Nuvo.

“**Listing Statement**” means this CSE listing statement dated July 22, 2016.

“**MD&A**” means Management’s Discussion and Analysis of the Issuer’s financial statements, as filed on SEDAR under the Issuer’s profile.

“**MI 61-101**” means Multilateral Instrument 61-101, *Protection of Minority Security Holders in Special Transactions*.

“**Nuvo**” means Nuvo Energy Grid Inc., a wholly owned subsidiary of the Issuer.

“**Optionee**” means the Eligible Person to whom an option to acquire Common Shares was granted in accordance with the terms of the Issuer’s Stock Option Plan.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval developed by Canadian Securities Administrators which is accessible at www.sedar.com.

“**Shareholder**” means a registered or beneficial holder of Common Shares or, if the context requires, other securities of the Issuer.

“**Stock Option Plan**” means the Issuer’s stock option plan as adopted by the Board and approved by its Shareholders, as amended from time to time.

“**Transfer Agent**” means Computershare Trust Company of Canada.

APPENDIX “B”

STATEMENT OF EXECUTIVE COMPENSATION

This Appendix sets forth:

- (i) the compensation paid by the Issuer to its Named Executive Officers and directors during the past two fiscal years;
- (ii) the compensation paid by Nuvo to its Named Executive Officers and directors from the date of its incorporation on August 28, 2015 to the date of closing the Acquisition; and
- (iii) the projected compensation for the Issuer in the 12 months following the date of this Listing Statement.

In this Appendix “Named Executive Officers” or “NEOs” mean (a) the Chief Executive Officer (or an individual who acted in a similar capacity), (b) the Chief Financial Officer (or an individual who acted in a similar capacity), (c) the other most highly compensated executive officer whose total salary and bonus exceeded \$150,000, and (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was not an executive officer, and was not acting in a similar capacity, at the end of the applicable fiscal period.

Executive Compensation - Issuer

Executive compensation was based upon the need to provide a compensation package that would allow the Issuer to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy and recognition of the Issuer’s limited financial resources. Compensation has historically been based upon a negotiated fee, with stock options and bonuses potentially being issued or paid as an incentive for performance. The Issuer did not have a Compensation Committee; rather all decisions were made at the board level.

During the year ended August 31, 2015, the Issuer did not have any agreements in place with its NEOs.

Director and NEO Compensation, Excluding Compensation Securities

The following table sets forth all annual and long-term compensation for services paid to or earned by the Issuer’s NEOs and directors for the two fiscal years ended August 31, 2015 and 2014:

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer, commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Steve Smith CEO, President, Director	2015	nil	nil	nil	nil	\$6,025	\$6,025
	2014	\$84,000	nil	nil	nil	\$21,000 ³	\$105,000
Iqbal Boga ¹ Former CFO	2015	n/a	n/a	n/a	n/a	n/a	n/a
	2014	\$25,000	nil	nil	nil	nil	\$25,000
Bilal Bhamji ² CFO	2015	\$30,000	nil	nil	nil	nil	\$30,000
	2014	n/a	nil	nil	nil	nil	n/a

Zachery Dingsdale <i>Director</i>	2015 2014	nil \$60,000	nil nil	nil nil	nil nil	\$6,025 \$21,000 ³	\$6,025 \$81,000
Derrick Strickland <i>Director</i>	2015 2014	\$1,000 \$5,500	nil nil	nil nil	nil nil	nil nil	\$1,000 \$5,500

1. Mr. Boga resigned as CFO in December 2013.
2. Mr. Bhamji was appointed as CFO January 2014
3. \$12,050 (2014 - \$42,000) was paid by the Issuer for rent and office administration to Tangent Management Corp., a private company controlled by Steve Smith and Zachary Dingsdale.

Stock Options and Other Compensation Securities

The following table discloses all compensation securities granted or issued to each NEO and directors by the Issuer during the financial year ended August 31, 2015 for services provided or to be provided, directly or indirectly, to the Issuer:

Compensation Securities							
Name and position	Type of compensation security ⁴	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Steve Smith <i>CEO, President, Director</i>	Stock options	nil	n/a	n/a	n/a	n/a	n/a
Bilal Bhamji ¹ <i>CFO</i>	Stock options	nil	n/a	n/a	n/a	n/a	n/a
Zachery Dingsdale <i>Director</i>	Stock Options	nil	n/a	n/a	n/a	n/a	n/a
Derrick Strickland <i>Director</i>	Stock options	nil	n/a	n/a	n/a	n/a	n/a

1. Mr. Bhamji was appointed as CFO in January 2014.

The following table discloses each exercise by a director or NEO of compensation securities during the most recently completed financial year ended August 31, 2015:

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date ¹ (\$)
Steve Smith <i>CEO, President, Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Bilal Bhamji ² <i>CFO</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Zachery Dingsdale <i>Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Derrick Strickland <i>Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil

1. Total value on exercise date is calculated by multiplying the number in the column entitled “Number of underlying securities exercised” by the number in the column entitled “Difference between exercise price and closing price on date of exercise”.
2. Mr. Bhamji was appointed as CFO in January 2014.

As at August 31, 2015, the directors and NEOs of the Issuer held the following incentive stock options: Steve Smith – 273,750 options; Bilal Bhamji – nil options; Zachery Dingsdale – 252,500 options; and Derrick Strickland – nil options.

During the fiscal year ended August 31, 2015, no stock options were re-priced, cancelled and replaced, had their term extended or were otherwise materially modified.

None of the stock options held by the directors and NEOs as listed above were subject to any vesting provisions or any restrictions or conditions for converting, exercising or exchanging the options.

Stock Option Plans and Other Incentive Plans

The only stock option plan or other incentive plan the Issuer had in place prior to closing the Acquisition and currently has in place is a 10% “rolling” stock option plan (the “Plan”). The underlying purpose of the Plan is to attract and motivate the directors, officers, employees and consultants of the Issuer and to advance the interests of the Issuer by affording such persons with the opportunity to acquire an equity interest in the Issuer through rights granted under the Plan.

The material terms of the Plan are as follows:

1. The aggregate maximum number of options which may be granted under the Plan at any one time is 10% of the number of common shares the Issuer has outstanding at the time of grant.
2. The term of any options granted under the Plan will be fixed by the board of directors at the time such options are granted, provided that options will not be permitted to exceed a term of ten years.
3. The exercise price of any options granted under the Plan will be determined by the board of directors, in its sole discretion, but shall not be less than the closing price of the Issuer’s common shares on the day preceding the day on which the directors grant such options, less any discount permitted by the CSE to a minimum of \$0.05 per share.

4. No vesting requirements will apply to options granted thereunder, save for options granted to an employee performing investor relations activities for the Issuer.
5. All options will be non-assignable and non-transferable.
6. No more than (i) 5% of the issued shares may be granted to any one individual in any 12 month period; and (ii) no more than 2% of the issued shares may be granted to a consultant, or an employee performing investor relations activities, in any 12 month period.
7. If the option holder ceases to be a director of the Issuer (other than by reason of death), then the option granted shall expire on no later than the 90th day following the date that the option holder ceases to be a director of the Issuer, subject to the terms and conditions set out in the Plan. If the option holder is engaged in investor relations activities or ceases to be an employee, consultant or management company employee of the Issuer (other than by reason of death), then the option granted shall expire on no later than the 30th day following the date that the option holder ceases to be employed or contracted by the Issuer, subject to the terms and conditions set out in the Plan.
8. Disinterested shareholder approval must be obtained for (i) any reduction in the exercise price of an outstanding option, if the option holder is an insider; (ii) any grant of options to insiders, within a 12 month period, exceeding 10% of the Issuer's issued shares; and (iii) any grant of options to any one individual, within a 12 month period, exceeding 5% of the Issuer's issued shares.
9. Options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Issuer's common shares.

The Issuer has no other plan providing for the grant of stock appreciation rights, deferred share units or restricted stock units or any other incentive plan or portion of a plan under which awards are granted.

As of the end of the fiscal year on August 31, 2015, there were 1,207,500 options outstanding.

During the fiscal year ended August 31, 2015, the Issuer granted an aggregate nil stock options to its directors and consultants.

The following table sets forth information with respect to the Issuer's stock option plan as at the fiscal year ended August 31, 2015:

Plan category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by securityholders	1,195,000	\$0.76	899,049
Equity compensation plans not approved by securityholders	n/a	n/a	n/a
<i>Total</i>	1,195,000		899,049

1. Calculated as the total number of shares authorized for issuance under the Issuer's stock option plan as August 31, 2015 (being 10% of 20,940,494 outstanding shares, or 2,094,049 options), less the number of stock options outstanding as at such date.

Employment, Consulting and Management Agreements

There were no agreements or arrangements in place under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the Issuer that were:

- (a) performed by a director or named executive officer, or
- (b) performed by any other party but are services typically provided by a director or a named executive officer,

other than the grant of options under the Plan, and the reimbursement of expenses any director or NEO may have incurred on behalf of the Issuer, and the following:

- (i) The Issuer and Mr. Steve Smith, CEO, are parties to a management agreement dated effective January 29, 2007 pursuant to which Mr. Smith is paid a fee of \$7,000 per month for acting as CEO of the Issuer. The agreement was for a term of one year with automatic renewal terms, and could be terminated upon notice in writing and payment of \$42,000.
- (ii) Pursuant to a consulting agreement dated effective January 1 2014, Bilal Bhamji is paid a fee of \$2,500 per month, for acting as CFO of the Issuer. The agreement is for an initial term of one year with automatic renewal terms.

Pension disclosure

The Issuer did not provide any form of pension to any of its directors or Named Executive Officers.

Other than as disclosed herein, the Issuer does not have any pension or retirement plan which is applicable to the NEOs. The Issuer has not provided compensation, monetary or otherwise, to any person who now or previously has acted as an NEO of the Issuer, in connection with or related to the retirement, termination or resignation of such person, and the Issuer has provided no compensation to any such person as a result of a change of control of the Issuer.

Executive Compensation – Nuvo

Summary of Compensation

No compensation, of any type, was paid by Nuvo to, or earned by, Nuvo's NEOs and directors for the period from its incorporation on August 28, 2015 until the date the Issuer's Acquisition of Nuvo was closed.

Nuvo does not have a stock option plan; and no compensation securities were granted or issued to any NEO or director by Nuvo, during the period from its incorporation on August 28, 2015 until the date the Issuer's Acquisition of Nuvo was closed, for services provided or to be provided, directly or indirectly, to Nuvo.

Management Contracts

[are there any management contracts]

Executive Compensation – Issuer – Pro Forma

The Issuer anticipates paying or incurring the following annual and long-term compensation for services of the Issuer's and Nuvo's executive officers and directors for the 12 months following the date of closing the Acquisition:

Table of compensation including compensation securities							
Name and position	Year	Salary, consulting fee, retainer, commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of stock options (\$)	Value of all other compensation (\$)	Total compensation (\$)
Paul Ghezzi <i>CEO and Director</i>	2016	\$135,000	nil	nil	•	nil	\$135,000
Claudio Del Vasto <i>CFO and Director</i>	2016	\$135,000	nil	nil	•	nil	\$135,000
Kristian Lavereau <i>COO</i>	2016	\$135,000	nil	nil	•	nil	\$135,000
Andrew Bowerbank <i>Director</i>	2016	nil	nil	\$16,000	•	nil	\$16,000
Steve Smith <i>Director</i>	2016	nil	nil	\$16,000	•	nil	\$16,000

APPENDIX “C”

**AUDITED FINANCIAL STATEMENTS OF THE ISSUER
FOR THE FISCAL YEARS ENDED AUGUST 31, 2015, 2014 and 2013
and
UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE ISSUER
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2015**

Condensed Consolidated Interim Financial Statements

ARROWHEAD GOLD CORP.

Three months ended November 30, 2015 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	November 30, 2015	August 31, 2015
ASSETS			
Current assets			
Cash	5	\$ 46,619	\$ 38,948
Accounts receivable	6	29,609	33,476
Marketable securities	7	4,000	14,000
		80,228	86,424
Non-current assets			
Machinery, equipment and furniture	8	-	-
Exploration and evaluation assets	9	-	-
		-	-
TOTAL ASSETS		\$ 80,228	\$ 86,424
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	10	\$ 59,057	\$ 48,455
TOTAL LIABILITIES		59,057	48,455
SHAREHOLDERS' EQUITY			
Share capital	12	17,424,645	17,424,645
Reserves	13	1,615,981	1,478,981
Deficit		(19,019,455)	(18,865,657)
TOTAL EQUITY		21,171	37,969
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 80,228	\$ 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 November 30 2015	Three Months Period Ended November 30 2014
Expenses				
Amortization		\$	-	\$ 7,876
Consulting fees	14		-	1,000
Management fees	14		-	-
Office and miscellaneous			216	82
Professional fees	14		7,888	17,500
Rent	14		750	-
Shareholder information, transfer agent and filing fee			7,944	757
			16,798	36,645
Loss before other items			(16,798)	(36,645)
Gain on settlement of debt			-	101,500
Net (loss) income for the period			(16,798)	64,855
Other comprehensive loss				
Unrealized loss on marketable securities			-	(67,840)
Realized loss on marketable securities			137,000	-
Comprehensive loss for the period		\$	(153,798)	\$ (2,985)
Loss per share – basic and diluted	12	\$	(0.00)	\$ (0.00)

Arrowhead Gold Corp.

Consolidated statements of changes in shareholders' equity

(Expressed in Canadian dollars)

	Share capital		Reserves			Total
	Number of shares	Amount	Available for sale marketable securities	Contributed surplus	Deficit	
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	-	-	-	-	(153,798)	(153,798)
Transfer of reserves on sale of Tajiri shares	-	-	137,000	-	-	137,000
Balance at November 30, 2015	20,940,494	\$17,424,645	\$ (50,601)	\$ 1,666,582	\$ (19,019,455)	\$ 21,171

	Share capital		Reserves			Total
	Number of shares	Amount	Available for sale marketable securities	Contributed surplus	Deficit	
Balance at September 1, 2013	61,887,043	\$17,113,145	\$ (124,240)	\$ 1,666,582	\$ (15,935,308)	\$ 2,720,179
Net loss for the period	-	-	-	-	(86,128)	(86,128)
Comprehensive income (loss)	-	-	(201,300)	-	-	(201,300)
Balance at November 30, 2013	61,887,043	\$17,113,145	\$ (325,540)	\$ 1,666,582	\$ (16,021,436)	\$ 2,432,751

See accompanying notes to the consolidated financial statements

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

	Three month periods ended	
	November 30, 2015	November 30, 2014
Operating activities		
Net loss for the period	\$ (153,798)	\$ (2,985)
Adjustments for:		
Amortization	-	7,876
Unrealized loss/gain on investments	-	67,840
Gain on settlement of debt	-	(101,500)
Realized loss on investment	137,000	-
Changes in non-cash working capital items:		
Accounts receivable	3,867	(41,416)
Investment	10,000	-
Trade payables and accrued liabilities	10,602	(444,440)
Net cash flows used in operating activities	7,671	(514,625)
Investing activities		
Expenditures on exploration and evaluation assets	-	-
Net cash flows used in investing activities	-	-
Financing activities		
Proceeds on issuance of common shares	-	518,500
Share issue costs	-	-
Net cash flows from financing activities	-	518,500
increase in cash	7,671	3,875
Cash, beginning of the year	38,948	4,571
Cash, ending of the year	\$ 46,618	\$ 8,446

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 November 30, 2015, the Company had not yet achieved profitable operations, had a working capital of \$21,171 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 January 28, 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:

	Country of incorporation	Percentage owned	
		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.

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:

	November 30, 2015	August 31, 2015
Cash at bank	\$ 46,618	\$ 38,948

6. Accounts receivable

	November 30, 2015	August 31, 2015
Goods and services taxes	\$ 2,609	\$ 6,476
Accounts receivable	27,000	27,000
	\$ 29,609	\$ 33,476

7. Marketable securities

The Company has the following marketable securities:

	November 30, 2015		August 31, 2015	
	Number of shares	Fair value	Number of shares	Fair value
Tajiri Resources Corp. (Note 14)	400,000	\$ 4,000	1,400,000	\$ 14,000

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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.

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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.

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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

	November 30, 2015	August 31, 2015
Trade payables and accrued liabilities	\$ 21,557	\$ 18,130
Amounts due to related parties (Note 14)	37,500	30,325
	\$ 59,057	\$ 48,455

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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:

	Three month period Ended November 30, 2015	Year ended August 31, 2015
Net loss	\$ (153,798)	\$ (2,537,459)
Statutory tax rate	26.1%	26.1%
Expected income tax recovery at the statutory tax rate	\$ 40,000	\$ 664,000
Differences due to recognition of items for tax purposes		
Non-deductible items and other	(12,000)	(636,000)
Share issue costs	1,000	4,000
Change in valuation allowance	(29,000)	(32,000)
Income tax recovery	\$ -	\$ -

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

	November 30, 2015	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 November 30, 2015, 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.

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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 November 30, 2015 are as follows:

Expiry	Price (\$)	Weighted Average Remaining Life (years)	Outstanding September 1, 2015	Granted	Exercised	Cancelled/ Forfeited	Outstanding November 30, 2015
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 August 31, 2015 is 0.32 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 November 30, 2015 and 2014, the Company did not grant any incentive stock options.

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12. Share capital (cont'd)

g. Share purchase warrants:

Outstanding share purchase warrants at November 30, 2015 were as follows:

Expiry	Price (\$)	Outstanding September 1, 2015	Issued	Exercised	Expired	Outstanding November 30, 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 1.00 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:

	November 30, 2015	August 31, 2015
Directors or companies controlled by directors of the Company	\$ 37,500	\$ 30,325

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

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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:

	Three month ended	
	November 30, 2015	November 30, 2014
Consulting	\$ -	\$ -
Management fees	-	-
Professional fees	7,500	7,500
Rent	700	-
	<u>\$ 8,200</u>	<u>\$ 7,500</u>

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

- The Company paid \$Nil (2014 - \$NIL) in management fees to its President and paid \$7,500 (2014 - \$7,500) in professional fees to its CFO.
- \$NIL (2014 - \$NIL) paid in consulting fees for administration to a director of the Company.
- \$700 (2014 - \$NIL) paid in rent to a company controlled by two directors of the Company.
- See Note 9(c) for transactions with Tajiri Resources Corp., a Company with common directors.
- 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	\$ 59,057	\$ -	\$ -

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 \$590.

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.

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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 November 30, 2015			
	Level 1	Level 2	Level 3	
Cash	\$ 46,618	\$ -	\$ -	
Investments	4,000	-	-	
	\$ 50,618	\$ -	\$ -	
		-		

	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:

	November 30, 2015	August 31, 2015
Cash	\$ 46,618	\$ 38,948
Loans and receivables:		
Accounts receivables	29,609	33,476
Available-for-sale financial instruments:		
Short-term investments	4,000	14,000
	\$ 80,227	\$ 86,424

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

	November 30, 2015	August 31, 2015
Non-derivative financial liabilities:		
Trade payables	\$ 59,057	\$ 48,455
	\$ 59,057	\$ 48,455

Consolidated Financial Statements
(Expressed in Canadian dollars)

ARROWHEAD GOLD CORP.

Years ended August 31, 2015 and 2014

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Arrowhead Gold Corp.,

We have audited the accompanying consolidated financial statements of Arrowhead Gold Corp ("the Company"), which comprise the consolidated statements of financial position as at August 31, 2015 and 2014, and the consolidated statements of comprehensive loss, changes in shareholders' 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Arrowhead Gold Corp. 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 doubt about the Company's ability to continue as a going concern.



CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
December 21, 2015

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

	Notes	August 31, 2015	August 31, 2014
ASSETS			
Current assets			
Cash	5	\$ 38,948	\$ 4,571
Accounts receivable	6	33,476	17,440
Marketable securities	7	14,000	101,760
		86,424	123,771
Non-current assets			
Machinery, equipment and furniture	8	-	26,945
Exploration and evaluation assets	9	-	2,496,145
		-	2,523,900
TOTAL ASSETS		\$ 86,424	\$ 2,646,861
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	10	\$ 48,455	\$ 588,712
TOTAL LIABILITIES		48,455	588,712
SHAREHOLDERS' EQUITY			
Share capital	12	17,424,645	17,113,145
Reserves	13	1,478,981	1,273,202
Deficit		(18,865,657)	(16,328,198)
TOTAL EQUITY		37,969	2,058,149
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 86,424	\$ 2,646,861

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)

	Notes	Years ended	
		August 31, 2015	August 31, 2014
Expenses			
Amortization		\$ 23,516	\$ 70,601
Consulting fees	14	1,000	65,500
Management fees	14	-	84,000
Office and miscellaneous		6,531	530
Professional fees	14	68,128	69,100
Rent	14	12,050	42,000
Shareholder information, transfer agent and filing fee		18,110	25,149
Travel and promotion		1,743	-
		131,078	356,880
Loss before other items		(131,078)	(356,880)
Gain on settlement of debt		370,040	111,990
Write-down of exploration and evaluation assets	9	(2,496,145)	(148,000)
Write-down of machinery, equipment and furniture	8	(3,429)	-
Write-off of uncollectible accounts receivable		(15,000)	-
Realized loss on sale of marketable securities		(261,847)	-
Net loss for the year		(2,537,459)	(392,890)
Other comprehensive loss			
Unrealized loss on marketable securities		(51,190)	(269,140)
Comprehensive loss for the year		\$ (2,588,649)	\$ (662,030)
Loss per share – basic and diluted	12	\$ (0.12)	\$ (0.04)

See accompanying notes to the consolidated financial statements

Arrowhead Gold Corp.

Consolidated statements of changes in shareholders' equity

(Expressed in Canadian dollars)

	Share capital		Reserves			Total
	Number of shares	Amount	Available for sale marketable securities	Contributed surplus	Deficit	
Balance at September 1, 2014	15,471,744	\$17,113,145	\$ (393,380)	\$ 1,666,582	\$ (16,328,198)	\$ 2,058,149
Net loss for the year	-	-	-	-	(2,537,459)	(2,537,459)
Comprehensive loss for the year	-	-	(51,190)	-	-	(51,190)
Transfer of reserves on sale of Tajiri shares	-	-	256,969	-	-	256,969
Shares issued for debt settlement	4,200,000	210,000	-	-	-	210,000
Shares issued for private placement	1,268,750	101,500	-	-	-	101,500
Balance at August 31, 2015	20,940,494	\$17,424,645	\$ (187,601)	\$ 1,666,582	\$ (18,865,657)	\$ 37,969

	Share capital		Reserves			Total
	Number of shares	Amount	Available for sale marketable securities	Contributed surplus	Deficit	
Balance at September 1, 2013	15,471,744	\$17,113,145	\$ (124,240)	\$ 1,666,582	\$ (15,935,308)	\$ 2,720,179
Net loss for the year	-	-	-	-	(392,890)	(392,890)
Comprehensive loss for the year	-	-	(269,140)	-	-	(269,140)
Balance at August 31, 2014	15,471,744	\$17,113,145	\$ (393,380)	\$ 1,666,582	\$ (16,328,198)	\$ 2,058,149

See accompanying notes to the consolidated financial statements

Arrowhead Gold Corp.
Consolidated Statements of Cash Flows
For the years ended August 31, 2015 and 2014
(Expressed in Canadian dollars)

	Years ended	
	August 31, 2015	August 31, 2014
Operating activities		
Net loss for the year	\$ (2,537,459)	\$ (392,890)
Adjustments for:		
Amortization	23,516	70,601
Write-down of exploration and evaluation assets	2,496,145	148,000
Write-down of machinery, equipment and furniture	3,429	-
Loss on sale of marketable securities	261,847	-
Loss on write-off of uncollectible accounts receivable	15,000	-
Gain on settlement of debt	(370,040)	(111,990)
Changes in non-cash working capital items:		
Accounts receivable	(31,035)	47,537
Trade payables and accrued liabilities	39,782	182,822
Net cash flows used in operating activities	(98,815)	(55,920)
Investing activities		
Expenditures on exploration and evaluation assets	-	(3,999)
Proceeds from sale of marketable securities	31,692	-
Net cash flows provided by (used in) investing activities	31,692	(3,999)
Financing activities		
Proceeds from private placement	101,500	-
Net cash flows provided by financing activities	101,500	-
Increase (decrease) in cash	34,377	(59,919)
Cash, beginning of the year	4,571	64,490
Cash, end of the year	\$ 38,948	\$ 4,571
Supplementary cash flow information		
Non-cash investing and financing activities include:		
Shares received in lieu of cash payment	\$ -	\$ 50,000

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 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 August 31, 2015, the Company had not yet achieved profitable operations, had a working capital of \$37,969 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 December 21, 2015.

Statement of compliance to International Financial Reporting Standards

The 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").

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.

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.

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

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:

	Country of incorporation	Percentage owned	
		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.

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:

	August 31, 2015	August 31, 2014
Cash at bank	\$ 38,948	\$ 4,571

6. Accounts receivable

	August 31, 2015	August 31, 2014
Goods and services taxes	\$ 6,476	\$ 2,440
Accounts receivable	27,000	15,000
	\$ 33,476	\$ 17,440

7. Marketable securities

The Company has the following marketable securities:

	August 31, 2015		August 31, 2014	
	Number of shares	Fair value	Number of shares	Fair value
Tajiri Resources Corp. (Note 14)	1,400,000	\$ 14,000	3,392,000	\$ 101,760

Arrowhead Gold Corp.
Consolidated Statements of Cash Flows
For the years ended August 31, 2015 and 2014
(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.

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.

Arrowhead Gold Corp.
Consolidated Statements of Cash Flows
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(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

	August 31, 2015	August 31, 2014
Trade payables and accrued liabilities	\$ 18,130	\$ 64,712
Amounts due to related parties (Note 14)	30,325	524,000
	\$ 48,455	\$ 588,712

Arrowhead Gold Corp.
Consolidated Statements of Cash Flows
For the years ended August 31, 2015 and 2014
(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:

	Year ended August 31, 2015	Year ended August 31, 2014
Net loss	\$ (2,537,459)	\$ (392,890)
Statutory tax rate	26.1%	30.0%
Expected income tax recovery at the statutory tax rate	\$ 664,000	\$ 112,000
Differences due to recognition of items for tax purposes		
Non-deductible items and other	(636,000)	(49,000)
Share issue costs	4,000	8,000
Change in valuation allowance	(32,000)	(71,000)
Income tax recovery	\$ -	\$ -

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

	August 31, 2015	August 31, 2014
Exploration and evaluation assets	\$ 3,384,074	\$ 3,384,074
Loss carry-forwards	4,444,658	4,333,011
Share issuance and financing costs	9,372	26,769
Machinery, equipment and furniture	49,921	49,921
Unrecognized deductible temporary differences	\$ 7,888,025	\$ 7,793,775

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 August 31, 2015, there were 20,940,494 issued and fully paid common shares (August 31, 2014 – 15,471,744).

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.

12. Share capital (cont'd)

d. Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended August 31, 2015 was based on the loss attributable to common shareholders of \$2,537,459 (August 31, 2014 –\$392,890) and the weighted average number of common shares outstanding of 19,935,566 (August 31, 2014 – 15,471,744). Diluted loss per share did not include the effect of 1,195,000 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 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

*Subsequent to year-end options expired unexercised

The weighted average contractual life remaining of all stock options at August 31, 2015 is 0.32 years.

The changes in options during the year ended August 31, 2014 are as follows:

Expiry	Price (\$)	Weighted Average Remaining Life (years)	Outstanding September 1, 2013	Granted	Exercised	Cancelled/ Forfeited	Outstanding August 31, 2014
January 12, 2015	0.40	0.37	12,500	-	-	-	12,500
September 29, 2015	0.76	1.08	637,500	-	-	-	637,500
April 7, 2016	0.76	1.60	557,500	-	-	-	557,500
			1,207,500	-	-	-	1,207,500

f. Stock-based compensation

During the years ended August 31, 2015 and 2014, the Company did not grant any incentive stock options.

Arrowhead Gold Corp.
Consolidated Statements of Cash Flows
For the years ended August 31, 2015 and 2014
(Expressed in Canadian dollars)

12. Share capital (cont'd)

g. Share purchase warrants:

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.

Outstanding share purchase warrants at August 31, 2014 were as follows:

Expiry	Price (\$)	Outstanding September 1, 2013	Issued	Exercised	Expired	Outstanding August 31, 2014
December 12, 2013	1.00	625,000	-	-	(625,000)	-
December 12, 2013	0.60	33,813	-	-	(33,813)	-
		658,813	-	-	(658,813)	-

The weighted average contractual life remaining of all warrants is 0.28 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:

	August 31, 2015	August 31, 2014
Directors or companies controlled by directors of the Company	\$ 30,325	\$ 524,000

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:

	Year ended	
	August 31, 2015	August 31, 2014
Consulting	\$ 1,000	\$ 65,500
Management fees	-	84,000
Professional fees	30,000	50,000
Rent	12,050	42,000
	\$ 43,050	\$ 241,500

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

- The Company paid \$Nil (2014 - \$84,000) in management fees to its President and paid \$30,000 (2014 - \$50,000) in professional fees to its CFO.
- \$1,000 (2014 - \$65,500) paid in consulting fees for administration to a director of the Company.
- \$12,050 (2014 - \$42,000) paid in rent to a company controlled by two directors of the Company.
- See Note 9(c) for transactions with Tajiri Resources Corp., a Company with common directors.
- 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 August 31, 2015:

	Within one year	Between one and five years	More than five years
Trade payables	\$ 48,455	\$ -	\$ -

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 \$485.

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.

Arrowhead Gold Corp.
Consolidated Statements of Cash Flows
For the years ended August 31, 2015 and 2014
(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 August 31, 2015 and August 31, 2014:

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

	As at August 31, 2014		
	Level 1	Level 2	Level 3
Cash	\$ 4,571	\$ -	\$ -
Investments	101,760	-	-
	\$ 106,331	\$ -	\$ -

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:

	August 31, 2015	August 31, 2014
Cash	\$ 38,948	\$ 4,571
Loans and receivables:		
Accounts receivables	33,476	17,440
Available-for-sale financial instruments:		
Short-term investments	14,000	101,760
	\$ 86,424	\$ 123,772

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

	August 31, 2015	August 31, 2014
Non-derivative financial liabilities:		
Trade payables	\$ 48,455	\$ 588,712
	\$ 48,455	\$ 588,712

16. Subsequent events

Subsequent to year-end, 637,500 share purchase options expired unexercised (Note 12 e).

On October 16, 2015, the Company announced it has signed a Letter of Intent (LOI) to acquire 100% of the outstanding shares of NuVo Energy Grid Inc. ("NuVo"), a private Canadian company, with its headquarters in Toronto, Ontario. NuVo is focused on acquiring companies in the Energy Efficiency and Technology sectors. Pursuant to the LOI, the Company will acquire all shares of NuVo from the NuVo shareholders in exchange for 13.25 million post consolidated common shares of the Company.

Consolidated Financial Statements
(Expressed in Canadian dollars)

ARROWHEAD GOLD CORP.

Years ended August 31, 2014 and 2013

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Arrowhead Gold Corp.,

We have audited the accompanying consolidated financial statements of Arrowhead Gold Corp ("the Company"), which comprise the consolidated statements of financial position as at August 31, 2014 and 2013, and the consolidated statements of comprehensive loss, changes in shareholders' 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Arrowhead Gold Corp. as at August 31, 2014 and 2013 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 doubt about the Company's ability to continue as a going concern.



CHARTERED ACCOUNTANTS

Vancouver, Canada

December 23, 2014

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

	Notes	August 31, 2014	August 31, 2013
ASSETS			
Current assets			
Cash	5	\$ 4,571	\$ 64,490
Accounts receivable	6	17,440	114,977
Marketable securities	7	101,760	268,400
		123,771	447,867
Non-current assets			
Machinery, equipment and furniture	8	26,945	97,546
Exploration and evaluation assets	9	2,496,145	2,692,646
		2,523,090	2,790,192
TOTAL ASSETS		\$ 2,646,861	\$ 3,238,059
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	10	\$ 588,712	\$ 517,880
TOTAL LIABILITIES		588,712	517,880
SHAREHOLDERS' EQUITY			
Share capital	12	17,113,145	17,113,145
Reserves	13	1,273,202	1,542,342
Deficit		(16,328,198)	(15,935,308)
TOTAL EQUITY		2,058,149	2,720,179
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 2,646,861	\$ 3,238,059

Nature and continuance of operations (Note 1)
Contingency (Note 17)

APPROVED ON BEHALF OF THE BOARD:

Director:	<u>"Bilal Bhamji"</u>	Director:	<u>"Steve Smith"</u>
	Bilal Bhamji		Steve Smith

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

	Notes	Years ended	
		August 31, 2014	August 31, 2013
Expenses			
Amortization		\$ 70,601	\$ 92,430
Consulting fees	14	65,500	65,049
Management fees	14	84,000	84,000
Office and miscellaneous		530	10,301
Professional fees	14	69,100	93,720
Rent	14	42,000	42,000
Shareholder information, transfer agent and filing fee		25,149	18,787
Travel and promotion		-	496
		356,880	406,783
Loss before other items		(356,880)	(406,783)
Gain on settlement of debt		111,990	-
Write-down of exploration and evaluation assets		(148,000)	-
Other income		-	11,835
Realized gain on sale of marketable securities		-	250
Net loss for the year		(392,890)	(394,698)
Other comprehensive loss			
Unrealized loss on marketable securities		(269,140)	(80,490)
Comprehensive loss for the year		\$ (662,030)	\$ (475,188)
Loss per share – basic and diluted	12	\$ (0.04)	\$ (0.03)

Arrowhead Gold Corp.

Consolidated statements of changes in shareholders' equity

(Expressed in Canadian dollars)

	Share capital		Reserves			Total
	Number of shares	Amount	Available for sale marketable securities	Contributed surplus	Deficit	
Balance at September 1, 2013	15,471,744	\$17,113,145	\$ (124,240)	\$ 1,666,582	\$ (15,935,308)	\$ 2,720,179
Net loss for the year	-	-	-	-	(392,890)	(392,890)
Comprehensive loss for the year	-	-	(269,140)	-	-	(269,140)
Balance at August 31, 2014	15,471,744	\$17,113,145	\$ (393,380)	\$ 1,666,582	\$ (16,328,198)	\$ 2,058,149

	Share capital		Reserves			Total
	Number of shares	Amount	Available for sale marketable securities	Contributed surplus	Deficit	
Balance at September 1, 2012	15,471,744	\$17,113,145	\$ (43,750)	\$ 1,666,582	\$ (15,540,610)	\$ 3,195,367
Net loss for the year	-	-	-	-	(394,698)	(394,698)
Comprehensive loss for the year	-	-	(80,490)	-	-	(80,490)
Balance at August 31, 2013	15,471,744	\$17,113,145	\$ (124,240)	\$ 1,666,582	\$ (15,935,308)	\$ 2,720,179

See accompanying notes to the consolidated financial statements

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

	Years ended	
	August 31, 2014	August 31, 2013
Operating activities		
Net loss for the year	\$ (392,890)	\$ (394,698)
Adjustments for:		
Amortization	70,601	92,430
Write-down of exploration and evaluation assets	148,000	-
Gain on sale of shares	-	(250)
Gain on settlement of debt	(111,990)	-
Changes in non-cash working capital items:		
Accounts receivable	47,537	(66,571)
Trade payables and accrued liabilities	182,822	273,437
Net cash flows used in operating activities	(55,920)	(95,652)
Investing activities		
Expenditures on exploration and evaluation assets	(3,999)	(6,695)
Option payments received	-	50,000
Proceeds from sale of shares	-	2,610
Purchase of equipment and machinery	-	(28,680)
Net cash flows provided by (used in) investing activities	(3,999)	17,235
Decrease in cash	(59,919)	(78,417)
Cash, beginning of the year	64,490	142,907
Cash, end of the year	\$ 4,571	\$ 64,490
Supplementary cash flow information		
Non-cash investing and financing activities include:		
Shares received in lieu of cash payment	\$ 50,000	\$ -

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. At August 31, 2014, the Company's principal exploration and evaluation asset interests are located in Guyana.

The Company is currently exploring its exploration and evaluation assets and has not yet determined the existence of economically recoverable reserves. The recoverability of the amounts shown for interests in mineral properties is dependent upon the discovery of economically recoverable reserves or proceeds from the disposition thereof, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to complete development of the properties and on future profitable operations.

These 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 August 31, 2014, the Company had not yet achieved profitable operations, had a working capital deficiency of \$464,941 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 on by the directors of the Company on December 23, 2014.

Statement of compliance to International Financial Reporting Standards

The 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").

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)

Going Concern of Operations

The Company has not generated revenue from operations. The Company incurred a net loss of \$392,890 during the year ended August 31, 2014 and, as of that date the Company's accumulated deficit was \$16,328,198. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

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 expectations 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:

	Country of incorporation	Percentage owned	
		August 31, 2014	August 31, 2013
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.

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

Foreign currency translation (cont'd)

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.

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.

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

Exploration and evaluation expenditures (cont'd)

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.

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.

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

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.

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,

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

Financial instruments (cont'd)

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.

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.

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

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the year.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the year incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets. As at August 31, 2014, the Company has no restoration and environmental obligations.

3. Accounting standards, amendments and interpretations issued by not yet effective

Effective September 1, 2013, the Company adopted the following new and revised IFRS that were issued by the IASB:

- Amendments to IAS 1, Presentation of Items of Other Comprehensive Income
- IFRS 7, Financial Instruments: Disclosures
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosure of Interests in Other Entities
- IFRS 13, Fair Value Measurement
- IAS 19, Employee Benefits
- IAS 27, Separate Financial Statements
- IAS 28, Investments in Associates and Joint Ventures

The application of these new and revised IFRS has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

New standards amendments and interpretations to existing standards not yet effective

Effective for annual reporting periods beginning on or after January 1, 2014

- IAS 32, Offsetting Financial Assets and Financial Liabilities
- IAS 36, Recoverable Amount Disclosure for Non-Financial Assets

3. Accounting standards, amendments and interpretations issued by not yet effective (cont'd)

The Company has not early adopted these new and amended standards and is currently assessing the impact that these standards will have on the Company's financial statements.

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:

Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the year the new information becomes available.

Functional Currency Determination

The determination of a subsidiary's functional currency often requires significant judgment where the primary economic environment in which they operate may not be clear. This can have a significant impact on the consolidated results of the Company based on the foreign currency translation methods used.

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.

Arrowhead Gold Corp.
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5. Cash

The components of cash are as follows:

	August 31, 2014	August 31, 2013
Cash at bank	\$ 4,571	\$ 64,490
	\$ 4,571	\$ 64,490

6. Accounts receivable

	August 31, 2014	August 31, 2013
Goods and services taxes	\$ 2,440	\$ 3,707
Accounts receivable	15,000	15,000
Amount due from Tajiri Resources Corp. (Note 14)	-	96,270
	\$ 17,440	\$ 114,977

7. Marketable securities

The Company has the following marketable securities:

	August 31, 2014		August 31, 2013	
	Number of shares	Amount	Number of shares	Amount
Tajiri Resources Corp. (Note 14)	3,392,000	\$ 101,760	1,342,000	\$ 268,400

8. Machinery, equipment and furniture

	Office equipment	Furniture and fixtures	Machinery and equipment	Pontoon	Motor boat	Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance as at August 31, 2012	11,666	1,287	126,716	90,728	7,586	27,720	265,703
Additions during the year	2,077	-	8,768	-	-	12,628	23,473
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
Accumulated depreciation							
Balance as at August 31, 2012	4,943	655	68,305	15,122	1,264	14,119	104,408
Depreciation for the year	1,728	445	40,105	30,530	2,553	11,861	87,222
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
Net book value							
At August 31, 2012	6,723	632	58,411	75,606	6,322	13,601	161,295
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

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, 2012	\$ 2,773,120
Exploration expenditures	59,526
Option payment	(140,000)
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

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.

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.

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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 holds a 100% undivided interest in the property.

10. Trade payables and accrued liabilities

	August 31, 2014	August 31, 2013
Trade payables and accrued liabilities	\$ 64,712	\$ 173,280
Amounts due to related parties (Note 14)	524,000	344,600
	\$ 588,712	\$ 517,880

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:

	Year ended, August 31, 2014	Year ended August 31, 2013
Net loss	\$ (392,890)	\$ (394,698)
Statutory tax rate	30.0%	28.7%
Expected income tax recovery at the statutory tax rate	\$ 112,000	\$ 114,000
Differences due to recognition of items for tax purposes		
Non-deductible items and other	(49,000)	(73,000)
Share issue costs	8,000	8,000
Change in valuation allowance	(71,000)	(49,000)
Income tax recovery	\$ -	\$ -

The components of the Company's deferred tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

	August 31, 2014	August 31, 2013
Exploration and evaluation assets	\$ 880,000	\$ 439,000
Loss carry-forwards	1,083,000	940,000
Share issuance and financing costs	7,000	15,000
Machinery, equipment and furniture	110,000	81,000
	2,080,000	1,475,000
Valuation allowance	(2,080,000)	(1,475,000)
Net deferred income tax asset	\$ -	\$ -

The Company has recorded a valuation allowance against deferred income taxes on the extent to which it is more likely than not that sufficient taxable income will not be realized during the carry forward period to utilize all the deferred tax assets.

As at August 31, 2014, the Company has accumulated non-capital losses of approximately \$4,333,000 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 August 31, 2014, there were 15,471,744 issued and fully paid common shares (August 31, 2013 – 15,471,744).

c. Share consolidation

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

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 August 31, 2014 was based on the loss attributable to common shareholders of \$392,890 (August 31, 2013 – loss of \$374,698) and the weighted average number of common shares outstanding of 15,471,744 (August 31, 2013 – 15,471,744). Diluted loss per share did not include the effect of 1,207,500 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 August 31, 2014 are as follows:

Expiry	Price (\$)	Weighted Average Remaining Life (years)	Outstanding September 1, 2013	Granted	Exercised	Cancelled/ Forfeited	Outstanding August 31, 2014
January 12, 2015	0.40	0.37	12,500	-	-	-	12,500
September 29, 2015	0.76	1.08	637,500	-	-	-	637,500
April 7, 2016	0.76	1.60	557,500	-	-	-	557,500
			1,207,500	-	-	-	1,207,500

The weighted average contractual life remaining of all stock options at August 31, 2014 is 1.74 years.

The changes in options during the year ended August 31, 2013 are as follows:

Expiry	Price (\$)	Weighted Average Remaining Life (years)	Outstanding September 1, 2012	Granted	Exercised	Cancelled/ Forfeited	Outstanding August 31, 2013
December 12, 2012	0.40	-	1,563	-	-	(1,563)	-
January 12, 2015	0.40	1.37	12,500	-	-	-	12,500
September 29, 2015	0.76	2.08	637,500	-	-	-	637,500
April 7, 2016	0.76	2.60	557,500	-	-	-	557,500
			1,209,063	-	-	(1,563)	1,207,500

f. Stock-based compensation

During the year ended August 31, 2014, the Company did not grant any incentive stock options.

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12. Share capital (cont'd)

g. Share purchase warrants:

Outstanding share purchase warrants at August 31, 2014 were as follows:

Expiry	Price (\$)	Outstanding September 1, 2013	Issued	Exercised	Expired	Outstanding August 31, 2014
December 12, 2013	1.00	625,000	-	-	(625,000)	-
December 12, 2013	0.60	33,813	-	-	(33,813)	-
		658,813	-	-	(658,813)	-

Outstanding share purchase warrants at August 31, 2013 were as follows:

Expiry	Price (\$)	Outstanding September 1, 2012	Issued	Exercised	Expired	Outstanding August 31, 2013
September 9, 2012	1.00	437,500	-	-	(437,500)	-
September 9, 2012	1.00	35,380	-	-	(35,380)	-
December 12, 2013	1.00	625,000	-	-	-	625,000
December 12, 2013	0.60	33,813	-	-	-	33,813
		1,131,693	-	-	(1,891,520)	658,813

The weighted average contractual life remaining of all warrants is 0.28.

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:

	August 31, 2014	August 31, 2013
Directors or companies controlled by directors of the Company	\$ 524,000	\$ 344,600

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:

	Year ended	
	August 31, 2014	August 31, 2013
Consulting	\$ 65,500	\$ 60,000
Management fees	84,000	84,000
Professional fees	50,000	60,000
Office rent and supplies	42,000	42,000
	\$ 241,500	\$ 246,000

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

- The Company paid \$84,000 (2013 - \$84,000) in management fees to its President and paid \$50,000 (2013 - \$60,000) in professional fees to its CFO.
- \$65,500 (2013 - \$60,000) paid in consulting fees for administration to a director of the Company.
- \$42,000 (2013 - \$42,000) paid in rent to a company controlled by two directors of the Company.
- See Note 9(c) for transactions with Tajiri Resources Corp., a Company with common directors.

15. Commitments

By an agreement dated January 29, 2008, a director of the Company has agreed to provide the Company management services for a monthly fee of \$7,000, which agreement may be terminated with six months' severance.

By an agreement, a director of the Company has agreed to provide the Company management services for a monthly fee of \$5,000, which agreement may be terminated with six months' severance.

16. 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, 2014, 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.

16. Financial risk management (cont'd)

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.

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 August 31, 2014:

	Within one year	Between one and five years	More than five years
Trade payables	\$ 588,712	\$ -	\$ -

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 \$5,887.

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.

16. 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 August 31, 2014 and August 31, 2013:

	As at August 31, 2014		
	Level 1	Level 2	Level 3
Cash	\$ 4,571	\$ -	\$ -
Investments	101,760	-	-
	\$ 106,331	\$ -	\$ -

	As at August 31, 2013		
	Level 1	Level 2	Level 3
Cash	\$ 64,490	\$ -	\$ -
Investments	268,400	-	-
	\$ 332,890	\$ -	\$ -

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:

	August 31, 2014	August 31, 2013
Cash	\$ 4,571	\$ 64,490
Loans and receivables:		
Accounts receivables	17,440	114,977
Available-for-sale financial instruments:		
Short-term investments	101,760	268,400
	\$ 123,772	\$ 447,867

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

	August 31, 2014	August 31, 2013
Non-derivative financial liabilities:		
Trade payables	\$ 588,712	\$ 517,880
	\$ 588,712	\$ 517,880

17. Contingent liability

In June 2011, Trevor Taylor (the 'Vendor') of the Puruni Gold Property and the Company were served under the *Rules of Civil Procedures*, where the Plaintiff, Mr. Randy Singh, claims restitution of \$222,600 for 30% of a certain property interest previously acquired by the Company from the Vendor. The Plaintiff claims that the Vendor of the Property and the Plaintiff had agreed that the Plaintiff would receive 30% of any consideration that the Vendor received from the Company. The Company was not aware of such agreement or ownership. The Company will defend vigorously the claim by the Plaintiff and seeks the full reimbursement of costs, direct and indirect. No amounts have been accrued in the financial statements in connection with this action as the amount is indeterminable at this time.

18. Segmented information

The Company operates in two jurisdictions, Canada and Guyana:

August 31, 2014	Canada	Guyana	Total
Non-current assets	-	2,523,090	\$2,671,090

August 31, 2013	Canada	Guyana	Total
Non-current assets	-	2,790,192	\$2,790,192

19. Events after the reporting period

Subsequent to year-end the Company completed a shares-for-debt settlement in the amount of \$518,500 by the issuance of an aggregate of 4,200,000 common shares of the Company.

APPENDIX “D”

**MANAGEMENT’S DISCUSSION AND ANALYSIS
OF THE ISSUER’S FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2015
and
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2015**

ARROWHEAD GOLD CORP.
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2015
Management Discussion and Analysis (MD&A) Form 51-102F1

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Arrowhead Gold Corp. (the "Company" or "Arrowhead") constitutes management's review of the factors that affected the Company's financial and operating performance for the three months ended November 30, 2015. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion is dated January 28, 2016. This MD&A should be read in conjunction with the audited annual financial statements of the Company for the year ended August 31, 2015, and the unaudited interim financial statements for the three months ended November 30, 2015, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The audited annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") for interim financial reporting and, accordingly, include condensed information and notes required by IFRS for interim financial statements. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the interim periods presented are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at January 28, 2016 unless otherwise indicated.

The Company is currently engaged in exploration and development of mineral properties and does not have any source of revenue or operating assets. The recoverability of the amounts shown for mineral properties is dependent upon the ability of the Company to obtain necessary financing to complete exploration, technical studies and, if warranted, development and future profitable production or proceeds from the disposition of properties. The amounts shown as mineral properties represent costs to date and do not necessarily represent present or future values.

At November 30, 2015, the Company had not yet achieved profitable operations, had a working capital of \$21,170 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.

The Company is a reporting issuer under applicable securities legislation in the provinces of Alberta and British Columbia and its outstanding common shares ("Common Shares") are listed on the CSE Canadian Venture Exchange (the "CSE") under the symbol "AWH".

Further information about the Company is available on SEDAR at www.sedar.com.

International Financial Reporting Standards ("IFRS")

The Company's audited financial statements and the financial data included in the MD&A have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee.

Cautionary Note Regarding Forward-Looking Statements

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information may include, but is not limited to, statements with respect to the potential of the Company's properties; the future price of coal, gold, silver and copper; success of exploration activities; cost and timing of future exploration and development; the estimation of mineral resources; conclusions of economic evaluations; requirements for additional capital; and other statements relating to the financial and business prospects of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during permitting; the possibility that future exploration results will not be consistent with the Company's expectations; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability; uncertainty of mineral resources; future prices of coal, gold, silver and copper; currency exchange rates; government regulation of mining operations; failure of equipment or processes to operate as anticipated; risks inherent in coal, gold, silver and copper exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations; and uncertain political and economic environments. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

Overview

The Company is in the exploration stage and its principal business activity is the sourcing and exploration of mineral properties.

The Company is in the process of exploring its principal mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition thereof. The common shares of the Company trade on the CSE under the symbol: AWH

Purini Gold Property, Purini, Guyana

On June 17, 2010, the Company signed an assignment agreement with Trevor Taylor ("Taylor") of Ajax, Ontario whereby the Company will own 100% of joint venture interest in a contiguous land block comprised of six mining permits

-- and Taylor's exclusive and sole right to purchase Henry Alphonso's one prospecting permit -- medium-scale (PPMS), totaling in area 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 purchase the balance of the NSR for US\$2,000,000. On Feb 22, 2011, the Company closed the agreement with Trevor Taylor There was a finder's fee of 350,000 shares of the Company. In March 2011 the Company announced the results of a preliminary geochemical survey, on the Puruni gold project in the Mazaruni mining district of Guyana. From the 224 saprolite (weathered bedrock) samples collected, 57 samples returned anomalous gold values greater than 14 parts per billion based on the 75th percentile threshold. Of these 57 samples, 23 samples are considered strongly anomalous ranging from 34.6 to 4003.8 ppb Au based on the 90th percentile break. The samples were collected at 100-metre intervals on lines spaced 500 m apart over a grid 6.5 kilometres long and 1.6 km wide located in the central part of the property area. A hand-powered auger was used to collect the samples at depths from two to three metres. Although the survey provides limited preliminary coverage, it clearly points to at least five prospective gold targets within the survey area. The sampling was completed by the Otish Gold (Guyana) field crew under the supervision of Martin Zambrano, senior geologist. All analytical work was completed at Acme Analytical Laboratories Ltd. in Vancouver, B.C. Acme is accredited under ISO 9001. The samples were bagged on site and then delivered to Acme's facility in Georgetown, Guyana, where they were prepared by crushing one kilogram to 80 per cent passing 10 mesh and then pulverizing a 250-gram pulp subsample to 85 per cent passing 200 mesh. The pulps were shipped to Vancouver and analyzed for 37 elements (including gold) by 15-gram aqua regia digestion, ICP-MS finish technique.

On July 28, 2011 the Company released rock sample assay results from the Puruni gold project. Sample PRX-01 returned 1,940.0 grams per tonne gold or 56.8 ounces per ton gold. Sample PRX-02 returned 503.8 gpt Au (14.71 ounces per ton Au). Sample PRX-03 returned 791.3 gpt Au (23.28 ounces per ton Au). The samples are selective grabs taken from quartz boulders recently excavated from zone A on the Puruni property. Zone A is marked by a strong induced polarization anomaly and a coincident gold-in-soil geochemical anomaly. The sampling was completed by the Otish Gold (Guyana) field crew under the supervision of Martin Zambrano, senior geologist. All analytical work was completed at Acme Analytical Laboratories Ltd. in Vancouver, B.C. Acme is accredited under ISO 9001. The samples were bagged on site and then delivered to Acme's facility in Georgetown, Guyana, where they were prepared by crushing one kilogram to 80-per-cent passing 10 mesh and then pulverizing a 250-gram pulp subsample to 85-per-cent passing 200 mesh. The pulps were shipped to Vancouver and initially analyzed for gold by 30-gram fire assay ICP-MS technique. All three samples were above the detection limit of this technique and accordingly were reassayed using 30-gram fire assay gravimetric technique.

On February 7, 2012 the Company commenced phase II of its drill program on the wholly owned Puruni gold project in Guyana, South America. The phase II drilling program consisted of 906 metres in depth. Most of phase II was a follow-up to the 2,000 metres of diamond drilling completed in 2011. All seven holes drilled in 2011 returned anomalous gold values and tested only a small length of the broad altered and mineralized area defined by the mapping and sampling program at the surface.

On April 19, 2012, the Company released the results from phase II of its four-hole, 906-metre drill program on the wholly owned Puruni gold project in Guyana. The drilling intersected up to 19.9 grams per tonne silver over 10.0 metres from 3.0 m in hole 11. This interval included a higher grade subinterval of 60.7 gpt Ag over 3.0 m from 3.0 m. The best gold value was 0.5 gpt Au over 2.0 m from 85.0 m in hole 11.

All analytical work was completed at Acme Analytical Laboratories Ltd. in Vancouver, B.C. Acme is accredited under ISO 9001. Core samples were prepared at Acme's Georgetown, Guyana, facility by crushing to 80 per cent passing minus-10 mesh and then pulverizing a 250-gram subsample to 85 per cent passing minus-200 mesh. A 15-gram pulp

subsample was then sent to Vancouver and analyzed for 37 elements by aqua regia digestion Ultratrace ICP-MS method.

The Company will re-examine geochemical analysis and drill results to determine the next phase of exploration.

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

Kaburi Gold Property, Mazaruni, Guyana

On December 17, 2010 the Company signed a letter of intent with Misters Clinton and Henry Alphonso, of Georgetown Guyana, SA, whereby 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 locate in the Kaburi Area, Mazaruni, Guyana SA. The consideration payable by the Company for the purchase of the Rights will be US\$150,000 (of which \$100,000 is paid), and 900,000 common shares in the capital stock of the Company (issued). 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 balance of the NSR for US\$2,000,000. There was a finder's fee of 90,000 shares of the Company.

On December 7, 2011, the Company entered into an option agreement with Tajiri Resources Inc. ("Tajiri"), another public company having directors in common, whereby the Company granted Tajiri an option to acquire a 51% interest in the Company's Kaburi Gold Property. In order to exercise the Option, Tajiri must pay a sum of \$100,000 (received \$50,000), incur a total of \$1,500,000 in exploration expenditures on the Kaburi Property and issue an aggregate of 7,000,000 common shares (received 3,000,000 shares) in its capital stock, over a period of three years.

On June 27, 2012, the Company signed a letter of intent with Tajiri Resources Corp., whereby the Tajiri will acquire the remaining 49% all of the hardrock mining rights (the "Rights") in the Guyana Geology and Mines Commission Large Scale Prospecting Licence No. 01/2009 locate in the Kaburi Area, Mazaruni, Guyana SA. Under the terms of the letter and upon approval by the TSX Venture Exchange, Tajiri will issue to the Company a total of 3 million common shares (received 3 million shares) and make a one-time payment of \$20,000CDN (paid).

TSX Venture Exchange has accepted for expedited filing documentation of an amending agreement dated November 4, 2013, between Arrowhead Gold Corp. and Tajiri Resources Corp. whereby the issuer may finalize its acquisition of 100 percent interest in the Kaburi PL gold property, district 7, Guyana, South America. In satisfaction of existing obligations under agreement dated October 21, 2011 and June 27, 2012, the issuer will make cash payment of \$50,000 and issue 1.65 million shares. As per agreement the shares have been issued and \$28,000 cash payment is outstanding.

Gobin Gold Property, Cuyuni, Guyana

On January 18, 2011 the Company signed a letter of intent with Mr. Kennard Gobin of East Coast Demerara, Guyana, SA whereby the Company acquired all of the hard rock mining rights (the "Rights") in the Guyana Geology and Mines Commission Mining Permit No. 187/2010, Guyana Geology and Mines Commission Mining Prospecting Permit PPMS/626/2010 and Guyana Geology and Mines Commission Mining Prospecting Permit PPMS/627/2010 in the Cuyuni Mining District #4, Guyana SA. The consideration payable by the Company for the purchase of the Rights was US\$10,000 payable in cash (paid) and 600,000 common shares in the capital stock of the Company (issued). The Company acknowledged that the property comprising each of the Prospecting Permits is subject to 2% Net Smelter Returns Royalty ("NSR") in favour of Gobin. The Company will have the option, at any time, to acquire 1% of the NSR for a cash payment of \$1,000,000 and to acquire the remaining 1% of the NSR for a cash payment of \$2,000,000.

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.

Selected Quarterly Information

Summary of quarterly results

The Company is an exploration stage entity engaged in the acquisition, exploration, evaluation and development of principally gold resource properties. At this time, any issues of seasonality or commodity market fluctuations have no direct impact on the Company's results or operations. The Company currently defers its exploration expenditures to mineral exploration properties. A summary of selected information for each of the eight most recent quarters is as follows:

Quarter		Revenue	Net Loss	Loss Per Share
February 28, 2014	IFRS	nil	\$(46,868)	\$(0.01)
May 31, 2014	IFRS	nil	\$(103,205)	\$(0.01)
August 31, 2014	IFRS	nil	\$(156,779)	\$(0.01)
November 30, 2014	IFRS	nil	\$64,855	\$0.00
February 28, 2015	IFRS	nil	\$(108,327)	\$(0.01)
May 31, 2015	IFRS	Nil	\$(159,427)	\$(0.01)
August 31, 2015	IFRS	nil	\$(2,334,561)	\$(0.11)
November 30, 2015	IFRS	nil	\$(153,798)	\$(0.01)

The following brief discussion should be read in conjunction with the audited consolidated financial statements and related notes for November 30, 2015.

		Three Months Period Ended November 30 2015	Three Months Period Ended November 30 2014
Expenses			
Amortization	\$	-	\$ 7,876
Consulting fees	14	-	1,000
Management fees	14	-	-
Office and miscellaneous		216	82
Professional fees	14	7,888	17,500
Rent	14	750	-
Shareholder information, transfer agent and filing fee		7,944	757
		16,798	36,645
Loss before other items		(16,798)	(36,645)
Gain on settlement of debt		-	101,500
Net (loss) income for the period		(16,798)	64,855
Other comprehensive loss			
Unrealized loss on marketable securities		-	(67,840)
Realized loss on marketable securities		137,000	-
Comprehensive loss for the period	\$	(153,798)	\$ (2,985)
Loss per share – basic and diluted	12	\$ (0.01)	\$ (0.00)

The Company's loss totaled \$153,798 for the three months ended November 30, 2015, which compares with loss of \$2,985 for the three months ended November 30, 2014. The increase in loss of \$150,813 was principally due to:

- Realized loss on investment of \$137,000 in the current quarter compared to \$nil in the previous year quarter.
- Transfer agent and filing fee of \$7,944,145 in the current quarter compared to \$757 in the previous year quarter.

Selected Quarterly Information for three months ended August 31:

The following brief discussion should be read in conjunction with the audited financial statements and related notes for the year ended August 31, 2014

	<u>November 30,</u> <u>2015</u>	<u>November 30,</u> <u>2014</u>	<u>November 30,</u> <u>2013</u>
Consulting fees	\$ -	\$1,000	\$ 15,000
Filing costs, transfer agent & shareholder reporting	7,944	10,186	757
Management fees	-	-	21,000
Office and miscellaneous	216	82	82
Professional fees	7,888	17,500	15,000
Rent	750	-	10,500
Travel and promotion	-	-	-
Write-off of mineral property	-	-	-
Net loss and comprehensive loss for the period	(153,798)	(2,985)	(287,428)
Loss per post-consolidated share	(0.01)	(0.00)	(0.00)
Working capital	21,171	57,931	(324,481)
Mineral properties and deferred costs	-	2,496,145	2,683,475
Shareholder equity	21,171	2,573,664	2,432,751

Liquidity and Capital Resources

The Company has no operating revenue and therefore must utilize its current cash reserves and rely on external financing to generate capital to maintain its capacity to meet working capital requirements and ongoing discretionary exploration programs. As a result, the Company continues to incur net losses. As of November 30, 2015, the Company had \$46,619 in cash, 20,940,494 common shares issued and 557,500 options outstanding.

During the quarter ended November 30, 2015, the Company spent \$7,671 in operations and \$0 in mineral property acquisitions and exploration activities and \$0 in purchase of equipment and machinery.

The Company's management believes that the Company has sufficient funds for the next three months to enable to meet the ongoing obligations as they become due.

The Company recognizes that it will require additional funding which the Company will raise through the market and debt instruments but there can be no assurance the management can raise the required capital.

To the date of this MD&A, the cash resources of the Company are held in cash with a major Canadian financial institution. The Company continues to have no debt and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short-term and non-interest bearing. The Company's liquidity risk with financial instruments is minimal. In addition, accounts receivable are composed mainly of sales tax receivable from government authorities in Canada.

SHARE CAPITAL:

As at January 28, 2016, there were following issued and outstanding:

- a. 20,940,494 common shares outstanding.
- b. 557,500 stock options outstanding.

Transactions with related parties

During the period ended, the Company incurred the following transactions with directors and/or companies controlled by directors:

	Three month ended	
	November 30,2015	November 30,2015
Consulting	\$ -	\$ -
Management fees	-	-
Professional fees	7,500	7,500
Office rent and supplies	700	-
	\$ 8,200	\$ 7,500

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

- a. The Company paid \$Nil (2014 - \$NIL) in management fees to its President and paid \$7,500 (2014 - \$7,500) in professional fees to its CFO.
- b. \$NIL (2014 - \$NIL) paid in consulting fees for administration to a director of the Company.
- c. \$700 (2014 - \$NIL) paid in rent to a company controlled by two directors of the Company
- d. See Note 9(c) in the annual audited financial statements 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.

Off-balance sheet items:

The Company does not have any off-balance sheet items.

Significant accounting policies and new accounting policies

A detailed summary of the Company's significant accounting policies is included in note 2 of the Company's unaudited financial statements for the period ended November 30, 2015.

Critical Accounting Estimates

The Company is a development stage company. The financial statements have been prepared using accounting principles applicable to a going concern which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. There are conditions which may raise doubt regarding this assumption. The financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

The amounts recorded for capitalized exploration and evaluation assets, stock based compensation and future income taxes are based on estimates. By their nature, these estimates are subject to measurement uncertainty and changes in these estimates may impact the financial statements for future periods. Amounts recorded for exploration and evaluation assets represent costs incurred to date and are not intended to reflect present or future

values. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves and future production or proceeds from the disposition.

Financial instruments

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. All financial instruments are required to be measured at fair value on initial recognition, except for certain related party transactions.

The Company's exposure to financial risk factors is detailed in Note 16 to the financial statements. While the Company is a development stage company and has no production or sales revenues, it bears commodity price risk in that commodity prices may influence investors and thus impact the outcome of the Company's future equity financings. The Company considers that supply and demand fundamentals for gold remain strong.

Capital Disclosure:

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. As at August 31, 2015, the Company has not entered into any debt financing.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects.

The Company is not subject to any capital requirements.

Investor relations activities

Investor Relations activities of the Company consisted of the dissemination of news releases by officers and directors. In addition, management of the Company responded to requests by shareholders and investment dealers for information, and disseminated financial information as required by applicable laws. The Directors of the Company have been actively contacting interested parties.

Risk factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position.

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Exploration and Mining Risks

The Company is engaged in mineral exploration and development activities. Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. There is no assurance that a mineral deposit will ever be discovered and economically produced.

The long-term profitability of our operations will be in part directly related to the cost and success of our exploration programs, which may be affected by a number of factors beyond our control. Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral resources, any of which could result in work stoppages, damage to property, and possible environmental damage.

Hazards such as unusual or unexpected formations and other conditions such as formation pressures, fire, power outages, labour disruptions, flooding, explorations, cave-ins, landslides and the inability to obtain suitable machinery, equipment or labour are involved in mineral exploration, development and operation. We may become subject to liability for pollution, cave-ins or hazards against which we cannot insure or against which we may elect not to insure. The payment of such liabilities may have a material, adverse effect on our financial position. The Company relies upon consultants and others for exploration and development expertise. Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining.

Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, allowable production, importing and exporting of minerals and environmental protection.

History of losses:

The Company has historically incurred losses as evidenced by its audited consolidated financial statements for the years ended August 31, 2015 and August 31, 2014. The Company has financed its operations principally through the sale of its equity securities. The Company does not anticipate that it will earn any revenue from its operations until its properties are placed into production, if ever. If the Company is unable to place its properties into production, the Company may never realize revenues from operations, will continue to incur losses and you may lose the value of your investment.

Unexpected delays:

The Company's minerals business will be subject to the risk of unanticipated delays including permitting its contemplated projects. Such delays may be caused by fluctuations in commodity prices, mining risks, difficulty in arranging needed financing, unanticipated permitting requirements or legal obstruction in the permitting process by

project opponents. In addition to adding to project capital costs (and possibly operating costs), such delays, if protracted, could result in a write-off of all or a portion of the carrying value of the delayed project.

Trends

The mineral exploration industry goes through difficult period with low prices for both precious and base metals. Lack of interest may lead to low market capitalizations. Environmental groups have successfully lobbied for more wilderness areas and parks where exploration and mining activities are not allowed. Native groups are actively pursuing land claims and there is a rise of militant national and religious groups in many parts of the world. These issues tend to restrict the areas where mineral exploration and development of new mines can occur.

Industry

The Company is engaged in the exploration of mineral properties, an inherently risky business. There is no assurance that a mineral deposit will ever be discovered and economically produced. Most exploration projects do not result in the discovery of commercially mineable ore deposits.

Cash flows and additional funding requirements

The Company has not commenced operations as yet. If any of the Company's exploration programs are successful and optionees of properties complete their earn-in, the Company would have to provide its share of ongoing exploration and development costs in order to maintain its interest in the projects. Additional capital would be required to put a property into commercial production. Although the Company presently has sufficient financial resources to undertake all of its currently planned exploration programs, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be advantageous to the Company.

Financing Risks

The Company is limited in both financial resources, and sources of operating cash flow and has no assurance that additional funding will be available to us for further exploration and development of our projects or to fulfill our obligations under any applicable agreements. There can be no assurance that we will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of our projects with the possible loss of such properties. Also see the Company audited financial statements (Note 16).

Cash flows and additional funding requirements

The Company has not commenced operations as yet. If any of the Company's exploration programs are successful and optionees of properties complete their earn-in, the Company would have to provide its share of ongoing exploration and development costs in order to maintain its interest in the projects. Additional capital would be required to put a property into commercial production. Although the Company presently has sufficient financial resources to undertake all of its currently planned exploration programs, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be advantageous to the Company.

Environmental Regulations

The Company's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and

employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect our operations.

Failure to comply may result in enforcement actions causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures.

Laws and regulations

The Company's exploration activities are subject to extensive federal, provincial, state and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters in all the jurisdictions it operates in. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. The Company applies the expertise of its management, its advisors, its employees and contractors to ensure compliance with current laws in Canada.

Title to mineral properties

While the Company has investigated title to its mineral properties, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. Unresolved native land claim issues in British Columbia may affect the Company's properties in these jurisdictions in the future.

Possible Dilution to Present and Prospective Shareholders

The Company's plan of operation, in part, contemplates the financing of the conduct of its business by the issuance of cash, securities of the Company, or a combination of the two, and possibly, incurring debt. Any transaction involving the issuance of previously authorized but unissued shares of common stock, or securities convertible into common stock, would result in dilution, possibly substantial, to present and prospective holders of common stock. The Company may seek a joint venture partner to fund in whole or in part exploration projects. This dilutes the Company's interest in properties it has acquired. This dilution of interest in properties is done to spread or minimize the risk and to expose the Company to more exploration plays but means that any profit that might result from a possible discovery would be shared with the joint venture partner. There is no guarantee that the Company can find a joint venture partner for any property.

Conflict of Interest

Some of the Company's directors and officers are directors and officers of other natural resource or mining-related companies. These associations may give rise from time to time to conflicts of interest. As a result of which, the Company may miss the opportunity to participate in certain transactions and may have a material, adverse effect on its financial position.

Competition

The mineral industry is intensely competitive in all its phases. We compete with many companies possessing greater financial resources and technical facilities than the Company for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees. In addition, there is no assurance that a ready market will exist for the sale of commercial quantities of ore. Factors beyond the control of the Company may affect the marketability of any substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately

predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or losing our investment capital.

Conflict of Interest

Some of the Company's directors and officers are directors and officers of other natural resource or mining-related companies. These associations may give rise from time to time to conflicts of interest. As a result of which, the Company may miss the opportunity to participate in certain transactions and may have a material, adverse effect on its financial position.

Markets for Securities

There can be no assurance that an active trading market in our securities will be established and sustained. The market price for our securities could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of our peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of the Company. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the mining sector, which have often been unrelated to the operating performance of particular companies.

The relatively low trading volume of the Company's shares reduces the liquidity of an investment in the Company's shares.

Trading Volume

The relatively low trading volume of the Company's shares reduces the liquidity of an investment in the Company's shares.

Volatility of Share Price

Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries, financial results, and other factors could have a significant effect on the price of the Company's shares.

Reliance on Key Individuals

Our success depends to a certain degree upon certain key members of the management. It is expected that these individuals will be a significant factor in our growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on the Company

Disclosure of internal controls

There have been no significant changes in the Company's disclosure controls and processes

In the light of the Company's small size, controls and procedures for financial reporting and public disclosure are affected by limited segregation of duties. To mitigate potential control weaknesses, the Chief Executive Officer ('CEO') is actively involved in the day to day business of the Company, the CEO and Chief Financial Officer ('CFO') jointly review all payments, and the Company has implemented accounting data review procedures to assist the integrity of reports. It is not economically feasible, at the Company's current size and with the limited number of staff available, to achieve optimum or complete segregation of duties. Also, the Company does not have a sufficient number of finance personnel with the required technical knowledge to address all complex and non-routine accounting transactions that may arise. These weaknesses in internal controls raise the possibility that a material misstatement may not be prevented or detected. Management and the Board of Directors work towards mitigating the risk of material misstatements: the integral role of the CEO in day to day operations provides a direct connection to source data, the review and approval by the Board of all material transactions and the use of accounting data review procedures, all provide a further level of assurance. The Company has no plans to remediate the above weaknesses which are linked with its current size and nature of operations.

Although the British Columbia Securities Commission exempted Venture Issuers from the requirement to certify disclosure controls and procedures, Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that

- (i) the audited annual 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 audited annual financial statements; and
- (ii) the audited annual 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.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

There have been no significant changes in the Company's disclosure controls and processes during the quarter ended November 30, 2015.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the most recently completed fiscal year, is available on SEDAR at www.sedar.com.

On behalf of the Board of Directors,

"Steve Smith"
Steve Smith
President and Director

January 28, 2016

ARROWHEAD GOLD CORP.
FOR THE YEAR ENDED AUGUST 31, 2015
Management Discussion and Analysis (MD&A) Form 51-102F1

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Arrowhead Gold Corp. (the "Company" or "Arrowhead") constitutes management's review of the factors that affected the Company's financial and operating performance for the three months and year ended August 31, 2015. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion is dated December 21, 2015. This MD&A should be read in conjunction with the audited annual financial statements of the Company for the year ended August 31, 2015, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The audited annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Information contained herein is presented as at December 21, 2015 unless otherwise indicated.

The Company is currently engaged in exploration and development of mineral properties and does not have any source of revenue or operating assets. The recoverability of the amounts shown for mineral properties is dependent upon the ability of the Company to obtain necessary financing to complete exploration, technical studies and, if warranted, development and future profitable production or proceeds from the disposition of properties. The amounts shown as mineral properties represent costs to date and do not necessarily represent present or future values.

At August 31, 2015, the Company had not yet achieved profitable operations, had a working capital of \$37,969 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.

The Company is a reporting issuer under applicable securities legislation in the provinces of Alberta and British Columbia and its outstanding common shares ("Common Shares") are listed on the CSE Canadian Venture Exchange (the "CSE") under the symbol "AWH".

Further information about the Company is available on SEDAR at www.sedar.com.

International Financial Reporting Standards ("IFRS")

The Company's audited financial statements and the financial data included in the MD&A have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee.

Cautionary Note Regarding Forward-Looking Statements

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information may include, but is not limited to, statements with respect to the potential of the Company's properties; the future price of coal, gold, silver and copper; success of exploration activities; cost and timing of future exploration and development; the estimation of mineral resources; conclusions of economic evaluations; requirements for additional capital; and other statements relating to the financial and business prospects of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget",

"scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during permitting; the possibility that future exploration results will not be consistent with the Company's expectations; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability; uncertainty of mineral resources; future prices of coal, gold, silver and copper; currency exchange rates; government regulation of mining operations; failure of equipment or processes to operate as anticipated; risks inherent in coal, gold, silver and copper exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations; and uncertain political and economic environments. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

Overview

The Company is in the exploration stage and its principal business activity is the sourcing and exploration of mineral properties.

The Company is in the process of exploring its principal mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition thereof. The common shares of the Company trade on the CSE under the symbol: AWH

Purini Gold Property, Purini, Guyana

On June 17, 2010, the Company signed an assignment agreement with Trevor Taylor ("Taylor") of Ajax, Ontario whereby the Company will own 100% of joint venture interest in a contiguous land block comprised of six mining permits -- and Taylor's exclusive and sole right to purchase Henry Alphonso's one prospecting permit -- medium-scale (PPMS), totaling in area approximately 6,900 acres. The property is known as the Purini Gold Property located in Purini, 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 purchase the balance of the NSR for US\$2,000,000. On Feb 22, 2011, the Company closed the agreement with Trevor Taylor. There was a finder's fee of 350,000 shares of the Company. In March 2011 the Company announced the results of a preliminary geochemical survey, on the Purini gold project in the Mazaruni mining district of Guyana. From the 224 saprolite (weathered bedrock) samples collected, 57 samples returned anomalous gold values greater than 14 parts per billion based on the 75th percentile threshold. Of these 57 samples, 23 samples are

considered strongly anomalous ranging from 34.6 to 4003.8 ppb Au based on the 90th percentile break. The samples were collected at 100-metre intervals on lines spaced 500 m apart over a grid 6.5 kilometres long and 1.6 km wide located in the central part of the property area. A hand-powered auger was used to collect the samples at depths from two to three metres. Although the survey provides limited preliminary coverage, it clearly points to at least five prospective gold targets within the survey area. The sampling was completed by the Otish Gold (Guyana) field crew under the supervision of Martin Zambrano, senior geologist. All analytical work was completed at Acme Analytical Laboratories Ltd. in Vancouver, B.C. Acme is accredited under ISO 9001. The samples were bagged on site and then delivered to Acme's facility in Georgetown, Guyana, where they were prepared by crushing one kilogram to 80 per cent passing 10 mesh and then pulverizing a 250-gram pulp subsample to 85 per cent passing 200 mesh. The pulps were shipped to Vancouver and analyzed for 37 elements (including gold) by 15-gram aqua regia digestion, ICP-MS finish technique.

On July 28, 2011 the Company released rock sample assay results from the Puruni gold project. Sample PRX-01 returned 1,940.0 grams per tonne gold or 56.8 ounces per ton gold. Sample PRX-02 returned 503.8 gpt Au (14.71 ounces per ton Au). Sample PRX-03 returned 791.3 gpt Au (23.28 ounces per ton Au). The samples are selective grabs taken from quartz boulders recently excavated from zone A on the Puruni property. Zone A is marked by a strong induced polarization anomaly and a coincident gold-in-soil geochemical anomaly. The sampling was completed by the Otish Gold (Guyana) field crew under the supervision of Martin Zambrano, senior geologist. All analytical work was completed at Acme Analytical Laboratories Ltd. in Vancouver, B.C. Acme is accredited under ISO 9001. The samples were bagged on site and then delivered to Acme's facility in Georgetown, Guyana, where they were prepared by crushing one kilogram to 80-per-cent passing 10 mesh and then pulverizing a 250-gram pulp subsample to 85-per-cent passing 200 mesh. The pulps were shipped to Vancouver and initially analyzed for gold by 30-gram fire assay ICP-MS technique. All three samples were above the detection limit of this technique and accordingly were reassayed using 30-gram fire assay gravimetric technique.

On February 7, 2012 the Company commenced phase II of its drill program on the wholly owned Puruni gold project in Guyana, South America. The phase II drilling program consisted of 906 metres in depth. Most of phase II was a follow-up to the 2,000 metres of diamond drilling completed in 2011. All seven holes drilled in 2011 returned anomalous gold values and tested only a small length of the broad altered and mineralized area defined by the mapping and sampling program at the surface.

On April 19, 2012, the Company released the results from phase II of its four-hole, 906-metre drill program on the wholly owned Puruni gold project in Guyana. The drilling intersected up to 19.9 grams per tonne silver over 10.0 metres from 3.0 m in hole 11. This interval included a higher grade subinterval of 60.7 gpt Ag over 3.0 m from 3.0 m. The best gold value was 0.5 gpt Au over 2.0 m from 85.0 m in hole 11.

All analytical work was completed at Acme Analytical Laboratories Ltd. in Vancouver, B.C. Acme is accredited under ISO 9001. Core samples were prepared at Acme's Georgetown, Guyana, facility by crushing to 80 per cent passing minus-10 mesh and then pulverizing a 250-gram subsample to 85 per cent passing minus-200 mesh. A 15-gram pulp subsample was then sent to Vancouver and analyzed for 37 elements by aqua regia digestion Ultratrace ICP-MS method.

The Company will re-examine geochemical analysis and drill results to determine the next phase of exploration.

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

Kaburi Gold Property, Mazaruni, Guyana

On December 17, 2010 the Company signed a letter of intent with Misters Clinton and Henry Alphonso, of Georgetown Guyana, SA, whereby 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 locate in the Kaburi Area, Mazaruni, Guyana SA. The

consideration payable by the Company for the purchase of the Rights will be US\$150,000 (of which \$100,000 is paid), and 900,000 common shares in the capital stock of the Company (issued). 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 balance of the NSR for US\$2,000,000. There was a finder's fee of 90,000 shares of the Company.

On December 7, 2011, the Company entered into an option agreement with Tajiri Resources Inc. ("Tajiri"), another public company having directors in common, whereby the Company granted Tajiri an option to acquire a 51% interest in the Company's Kaburi Gold Property. In order to exercise the Option, Tajiri must pay a sum of \$100,000 (received \$50,000), incur a total of \$1,500,000 in exploration expenditures on the Kaburi Property and issue an aggregate of 7,000,000 common shares (received 3,000,000 shares) in its capital stock, over a period of three years.

On June 27, 2012, the Company signed a letter of intent with Tajiri Resources Corp., whereby the Tajiri will acquire the remaining 49% all of the hardrock mining rights (the "Rights") in the Guyana Geology and Mines Commission Large Scale Prospecting Licence No. 01/2009 locate in the Kaburi Area, Mazaruni, Guyana SA. Under the terms of the letter and upon approval by the TSX Venture Exchange, Tajiri will issue to the Company a total of 3 million common shares (received 3 million shares) and make a one-time payment of \$20,000CDN (paid).

TSX Venture Exchange has accepted for expedited filing documentation of an amending agreement dated November 4, 2013, between Arrowhead Gold Corp. and Tajiri Resources Corp. whereby the issuer may finalize its acquisition of 100 percent interest in the Kaburi PL gold property, district 7, Guyana, South America. In satisfaction of existing obligations under agreement dated October 21, 2011 and June 27, 2012, the issuer will make cash payment of \$50,000 and issue 1.65 million shares. As per agreement the shares have been issued and \$28,000 cash payment is outstanding.

Gobin Gold Property, Cuyuni, Guyana

On January 18, 2011 the Company signed a letter of intent with Mr. Kennard Gobin of East Coast Demerara, Guyana, SA whereby the Company acquired all of the hard rock mining rights (the "Rights") in the Guyana Geology and Mines Commission Mining Permit No. 187/2010, Guyana Geology and Mines Commission Mining Prospecting Permit PPMS/626/2010 and Guyana Geology and Mines Commission Mining Prospecting Permit PPMS/627/2010 in the Cuyuni Mining District #4, Guyana SA. The consideration payable by the Company for the purchase of the Rights was US\$10,000 payable in cash (paid) and 600,000 common shares in the capital stock of the Company (issued). The Company acknowledged that the property comprising each of the Prospecting Permits is subject to 2% Net Smelter Returns Royalty ("NSR") in favour of Gobin. The Company will have the option, at any time, to acquire 1% of the NSR for a cash payment of \$1,000,000 and to acquire the remaining 1% of the NSR for a cash payment of \$2,000,000.

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.

Selected Quarterly Information

Summary of quarterly results

The Company is an exploration stage entity engaged in the acquisition, exploration, evaluation and development of principally gold resource properties. At this time, any issues of seasonality or commodity market fluctuations have no direct impact on the Company's results or operations. The Company currently defers its exploration expenditures to mineral exploration properties. A summary of selected information for each of the eight most recent quarters is as follows:

Quarter		Revenue	Net Loss	Loss Per Share
November 30, 2013	IFRS	Nil	\$(86,128)	\$(0.01)
February 28, 2014	IFRS	nil	\$(46,868)	\$(0.01)
May 31, 2014	IFRS	nil	\$(103,205)	\$(0.01)
August 31, 2014	IFRS	nil	\$(156,779)	\$(0.01)
November 30, 2014	IFRS	nil	\$64,855	\$0.00
February 28, 2015	IFRS	nil	\$(108,327)	\$(0.01)
May 31, 2015	IFRS	Nil	\$(159,427)	\$(0.01)
August 31, 2015	IFRS	nil	\$(2,334,561)	\$(0.11)

The following brief discussion should be read in conjunction with the audited consolidated financial statements and related notes for August 31, 2015.

	Three Months Ended		Year ended	
	August 31, 2015	August 31, 2014	August 31, 2015	August 31, 2014
EXPENSES				
Amortization	\$ -	\$ (3,158)	\$ 23,516	\$ 70,601
Consulting	-	20,500	1,000	65,500
Management fees	-	21,000	-	84,000
Office and miscellaneous	3,565	74	6,531	530
Professional fees	27,469	67,500	68,128	69,100
Rent	4,050	10,500	12,050	42,000
Shareholder information, transfer agent and filing fees	2,320	4,263	18,110	25,149
Travel and promotion	1,200	-	1,743	-
	38,604	120,678	131,078	356,880
LOSS BEFORE OTHER ITEMS	(38,604)	(120,679)	(131,078)	(356,880)
Gain on settlement of debt	268,540	111,900	370,040	111,990
Write-down of exploration and evaluation assets	(2,496,145)	(148,000)	(2,496,145)	(148,000)
Write-down of machinery, equipment and furniture	(3,429)	-	(3,429)	-
Write-off of uncollectible accounts receivable	(15,000)	-	(15,000)	-
Other income	-	-	-	-
Realized gain (loss) on sale of marketable securities	(49,923)	-	(261,847)	-
NET INCOME (LOSS)	(2,334,561)	(156,779)	(2,537,459)	(392,890)
Unrealized gain (loss) on investment	(206,862)	(504,360)	(51,190)	(269,140)
COMPREHENSIVE INCOME (LOSS)	\$ (2,541,423)	\$ (661,139)	\$ (2,588,649)	\$ (662,030)

The Company's loss totaled \$2,541,423 for the three months ended August 31, 2015, which compares with loss of \$661,139 for the three months ended August 31, 2014. The increase in loss of \$1,880,284 was principally due to:

- Realized loss on investment of \$49,923 in the current quarter compared to \$nil in the previous year quarter.
- Write-down of exploration and evaluation assets of \$2,496,145 in the current quarter compared to \$148,000 in the previous year quarter.
- Write-off of uncollectible accounts receivable by \$15,000 in the current quarter compared to the previous year quarter

The Company's loss totaled \$2,588,649 for the year ended August 31, 2015, which compares with a loss of \$662,030 for the year ended August 31, 2014. The increase in loss of \$1,926,619 was principally due to the write-down of exploration and evaluation assets as well as:

- Realized loss on investment of \$261,847 in the current quarter compared to \$0 in the previous year quarter
- Decrease in management fees by \$84,000 in the current quarter compared to the previous year quarter.
- Decrease in amortization by \$47,085 in the current quarter compared to the previous year quarter
- Gain on settlement of debt \$370,040 in the current quarter compared to \$111,990 in the previous year quarter.
- Write-down of exploration and evaluation assets of \$2,496,145 compared \$148,000 in the previous year.

Selected Quarterly Information for three months ended August 31:

The following brief discussion should be read in conjunction with the audited financial statements and related notes for the year ended August 31, 2014

	<u>August 31,</u> <u>2015</u>	<u>August 31,</u> <u>2014</u>	<u>August 31,</u> <u>2013</u>
Consulting fees	\$1,000	\$65,500	\$65,049
Filing costs, transfer agent & shareholder reporting	18,110	25,149	18,787
Management fees	-	84,000	84,000
Office and miscellaneous	6,531	530	10,301
Professional fees	68,128	69,100	93,720
Rent	12,050	42,000	42,000
Travel and promotion	1,743	-	496
Write-off of mineral property	2,496,145	148,000	-
Net loss and comprehensive loss for the period	(2,588,649)	(662,030)	(394,698)
Loss per post-consolidated share	(0.12)	(0.04)	(0.01)
Working capital	37,969	(464,941)	(55,164)
Mineral properties and deferred costs	-	2,496,145	2,692,646
Shareholder equity	37,969	2,058,149	2,720,179

Liquidity and Capital Resources

The Company has no operating revenue and therefore must utilize its current cash reserves and rely on external financing to generate capital to maintain its capacity to meet working capital requirements and ongoing discretionary exploration programs. As a result, the Company continues to incur net losses. As of August 31, 2015, the Company had \$39,948 in cash, 20,940,494 common shares issued and 1,195,000 options outstanding.

During the year ended August 31, 2015, the Company spent \$131,078 in operations and \$0 in mineral property acquisitions and exploration activities and \$0 in purchase of equipment and machinery.

The Company's management believes that the Company has sufficient funds for the next three months to enable to meet the ongoing obligations as they become due.

The Company recognizes that it will require additional funding which the Company will raise through the market and debt instruments but there can be no assurance the management can raise the required capital.

To the date of this MD&A, the cash resources of the Company are held in cash with a major Canadian financial institution. The Company continues to have no debt and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short-term and non-interest bearing. The Company's liquidity risk with financial instruments is minimal. In addition, accounts receivable are composed mainly of sales tax receivable from government authorities in Canada.

SHARE CAPITAL:

As at August 31, 2015, there were following issued and outstanding:

- a. 20,940,494 common shares outstanding.
- b. 1,195,000 stock options outstanding.

As at December 21, 2015 there were following issued and outstanding:

- a. 20,940,494 common shares outstanding.
- b. 557,500 stock options outstanding.

Transactions with related parties

During the period ended, the Company incurred the following transactions with directors and/or companies controlled by directors:

	Year ended	
	August 31, 2015	August 31, 2015
Consulting	\$ 1,050	\$ 65,500
Management fees	-	84,000
Professional fees	30,000	50,000
Office rent and supplies	12,050	42,000
	\$ 43,100	\$ 241,500

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

- a. The Company paid \$Nil (2014 - \$84,000) in management fees to its President and paid \$30,000 (2014 - \$50,000) in professional fees to its CFO.
- b. \$1,050 (2014 - \$65,500) paid in consulting fees for administration to a director of the Company.
- c. \$12,050 (2014 - \$42,000) paid in rent to a company controlled by two directors of the Company
- d. See Note 9(c) in the annual audited financial statements 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.

Off-balance sheet items:

The Company does not have any off-balance sheet items.

Significant accounting policies and new accounting policies

A detailed summary of the Company's significant accounting policies is included in note 2 of the Company's audited financial statements for the period ended August 31, 2015.

Critical Accounting Estimates

The Company is a development stage company. The financial statements have been prepared using accounting principles applicable to a going concern which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. There are conditions which may raise doubt regarding this assumption. The financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

The amounts recorded for capitalized exploration and evaluation assets, stock based compensation and future income taxes are based on estimates. By their nature, these estimates are subject to measurement uncertainty and changes in these estimates may impact the financial statements for future periods. Amounts recorded for exploration and evaluation assets represent costs incurred to date and are not intended to reflect present or future values. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves and future production or proceeds from the disposition.

Financial instruments

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. All financial instruments are required to be measured at fair value on initial recognition, except for certain related party transactions.

The Company's exposure to financial risk factors is detailed in Note 16 to the financial statements. While the Company is a development stage company and has no production or sales revenues, it bears commodity price risk in that commodity prices may influence investors and thus impact the outcome of the Company's future equity financings. The Company considers that supply and demand fundamentals for gold remain strong.

Capital Disclosure:

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. As at August 31, 2015, the Company has not entered into any debt financing.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects.

The Company is not subject to any capital requirements.

Investor relations activities

Investor Relations activities of the Company consisted of the dissemination of news releases by officers and directors. In addition, management of the Company responded to requests by shareholders and investment dealers for information, and disseminated financial information as required by applicable laws. The Directors of the Company have been actively contacting interested parties.

Risk factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position.

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Exploration and Mining Risks

The Company is engaged in mineral exploration and development activities. Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. There is no assurance that a mineral deposit will ever be discovered and economically produced.

The long-term profitability of our operations will be in part directly related to the cost and success of our exploration programs, which may be affected by a number of factors beyond our control. Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral resources, any of which could result in work stoppages, damage to property, and possible environmental damage.

Hazards such as unusual or unexpected formations and other conditions such as formation pressures, fire, power outages, labour disruptions, flooding, explorations, cave-ins, landslides and the inability to obtain suitable machinery, equipment or labour are involved in mineral exploration, development and operation. We may become subject to liability for pollution, cave-ins or hazards against which we cannot insure or against which we may elect not to insure. The payment of such liabilities may have a material, adverse effect on our financial position. The Company relies upon consultants and others for exploration and development expertise. Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining.

Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is

affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, allowable production, importing and exporting of minerals and environmental protection.

History of losses:

The Company has historically incurred losses as evidenced by its audited consolidated financial statements for the years ended August 31, 2015 and August 31, 2014. The Company has financed its operations principally through the sale of its equity securities. The Company does not anticipate that it will earn any revenue from its operations until its properties are placed into production, if ever. If the Company is unable to place its properties into production, the Company may never realize revenues from operations, will continue to incur losses and you may lose the value of your investment.

Unexpected delays:

The Company's minerals business will be subject to the risk of unanticipated delays including permitting its contemplated projects. Such delays may be caused by fluctuations in commodity prices, mining risks, difficulty in arranging needed financing, unanticipated permitting requirements or legal obstruction in the permitting process by project opponents. In addition to adding to project capital costs (and possibly operating costs), such delays, if protracted, could result in a write-off of all or a portion of the carrying value of the delayed project.

Trends

The mineral exploration industry goes through difficult period with low prices for both precious and base metals. Lack of interest may lead to low market capitalizations. Environmental groups have successfully lobbied for more wilderness areas and parks where exploration and mining activities are not allowed. Native groups are actively pursuing land claims and there is a rise of militant national and religious groups in many parts of the world. These issues tend to restrict the areas where mineral exploration and development of new mines can occur.

Industry

The Company is engaged in the exploration of mineral properties, an inherently risky business. There is no assurance that a mineral deposit will ever be discovered and economically produced. Most exploration projects do not result in the discovery of commercially mineable ore deposits.

Cash flows and additional funding requirements

The Company has not commenced operations as yet. If any of the Company's exploration programs are successful and optionees of properties complete their earn-in, the Company would have to provide its share of ongoing exploration and development costs in order to maintain its interest in the projects. Additional capital would be required to put a property into commercial production. Although the Company presently has sufficient financial resources to undertake all of its currently planned exploration programs, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be advantageous to the Company.

Financing Risks

The Company is limited in both financial resources, and sources of operating cash flow and has no assurance that additional funding will be available to us for further exploration and development of our projects or to fulfill our obligations under any applicable agreements. There can be no assurance that we will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of our projects with the possible loss of such properties. Also see the Company audited financial statements (Note 16).

Cash flows and additional funding requirements

The Company has not commenced operations as yet. If any of the Company's exploration programs are successful and optionees of properties complete their earn-in, the Company would have to provide its share of ongoing exploration and development costs in order to maintain its interest in the projects. Additional capital would be required to put a property into commercial production. Although the Company presently has sufficient financial resources to undertake all of its currently planned exploration programs, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be advantageous to the Company.

Environmental Regulations

The Company's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect our operations.

Failure to comply may result in enforcement actions causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures.

Laws and regulations

The Company's exploration activities are subject to extensive federal, provincial, state and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters in all the jurisdictions it operates in. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. The Company applies the expertise of its management, its advisors, its employees and contractors to ensure compliance with current laws in Canada.

Title to mineral properties

While the Company has investigated title to its mineral properties, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. Unresolved native land claim issues in British Columbia may affect the Company's properties in these jurisdictions in the future.

Possible Dilution to Present and Prospective Shareholders

The Company's plan of operation, in part, contemplates the financing of the conduct of its business by the issuance of cash, securities of the Company, or a combination of the two, and possibly, incurring debt. Any transaction involving the issuance of previously authorized but unissued shares of common stock, or securities convertible into common stock, would result in dilution, possibly substantial, to present and prospective holders of common stock. The Company may seek a joint venture partner to fund in whole or in part exploration projects. This dilutes the Company's interest in properties it has acquired. This dilution of interest in properties is done to spread or minimize the risk and to expose the Company to more exploration plays but means that any profit that might result from a

possible discovery would be shared with the joint venture partner. There is no guarantee that the Company can find a joint venture partner for any property.

Conflict of Interest

Some of the Company's directors and officers are directors and officers of other natural resource or mining-related companies. These associations may give rise from time to time to conflicts of interest. As a result of which, the Company may miss the opportunity to participate in certain transactions and may have a material, adverse effect on its financial position.

Competition

The mineral industry is intensely competitive in all its phases. We compete with many companies possessing greater financial resources and technical facilities than the Company for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees. In addition, there is no assurance that a ready market will exist for the sale of commercial quantities of ore. Factors beyond the control of the Company may affect the marketability of any substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or losing our investment capital.

Conflict of Interest

Some of the Company's directors and officers are directors and officers of other natural resource or mining-related companies. These associations may give rise from time to time to conflicts of interest. As a result of which, the Company may miss the opportunity to participate in certain transactions and may have a material, adverse effect on its financial position.

Markets for Securities

There can be no assurance that an active trading market in our securities will be established and sustained. The market price for our securities could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of our peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of the Company. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the mining sector, which have often been unrelated to the operating performance of particular companies.

The relatively low trading volume of the Company's shares reduces the liquidity of an investment in the Company's shares.

Trading Volume

The relatively low trading volume of the Company's shares reduces the liquidity of an investment in the Company's shares.

Volatility of Share Price

Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries, financial results, and other factors could have a significant effect on the price of the Company's shares.

Reliance on Key Individuals

Our success depends to a certain degree upon certain key members of the management. It is expected that these individuals will be a significant factor in our growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on the Company

Disclosure of internal controls

There have been no significant changes in the Company's disclosure controls and processes

In the light of the Company's small size, controls and procedures for financial reporting and public disclosure are affected by limited segregation of duties. To mitigate potential control weaknesses, the Chief Executive Officer ('CEO') is actively involved in the day to day business of the Company, the CEO and Chief Financial Officer ('CFO') jointly review all payments, and the Company has implemented accounting data review procedures to assist the integrity of reports. It is not economically feasible, at the Company's current size and with the limited number of staff available, to achieve optimum or complete segregation of duties. Also, the Company does not have a sufficient number of finance personnel with the required technical knowledge to address all complex and non-routine accounting transactions that may arise. These weaknesses in internal controls raise the possibility that a material misstatement may not be prevented or detected. Management and the Board of Directors work towards mitigating the risk of material misstatements: the integral role of the CEO in day to day operations provides a direct connection to source data, the review and approval by the Board of all material transactions and the use of accounting data review procedures, all provide a further level of assurance. The Company has no plans to remediate the above weaknesses which are linked with its current size and nature of operations.

Although the British Columbia Securities Commission exempted Venture Issuers from the requirement to certify disclosure controls and procedures, Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that

- (i) the audited annual 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 audited annual financial statements; and
- (ii) the audited annual 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.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

There have been no significant changes in the Company's disclosure controls and processes during the year ended August 31, 2015.

Subsequent events

Subsequent to year-end, 637,500 share purchase options expired unexercised.

On October 16, 2015, the Company announced it has signed a Letter of Intent (LOI) to acquire 100% of the outstanding shares of NuVo Energy Grid Inc. ("NuVo"), a private Canadian company, with its headquarters in Toronto, Ontario. NuVo is focused on acquiring companies in the Energy Efficiency and Technology sectors. Pursuant to the LOI, the Company will acquire all shares of NuVo from the NuVo shareholders in exchange for 13.25 million post consolidated common shares of the Company.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the most recently completed fiscal year, is available on SEDAR at www.sedar.com.

On behalf of the Board of Directors,

"Steve Smith"
Steve Smith
President and Director

December 21, 2015

APPENDIX “E”

AUDITED FINANCIAL STATEMENTS
OF NUVO ENERGY GRID INC.
FOR
THE PERIOD FROM INCORPORATION ON AUGUST 28, 2015 UNTIL DECEMBER 31, 2015

NUVO ENERGY GRID INC.

**FINANCIAL STATEMENTS
FOR THE PERIOD FROM AUGUST 28, 2015 (DATE OF INCORPORATION)
TO DECEMBER 31, 2015
(Prepared in Canadian dollars)**

NUVO ENERGY GRID INC.
FINANCIAL STATEMENTS
FOR THE PERIOD FROM AUGUST 28, 2015 (DATE OF INCORPORATION)
TO DECEMBER 31, 2015

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FINANCIAL STATEMENTS

Independent auditor's report
Statements of financial position
Statement of comprehensive loss and deficit
Statement of cash flows
Notes to the financial statements



INDEPENDENT AUDITORS' REPORT

To the Shareholders of

Nuvo Energy Grid Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Nuvo Energy Grid Inc., which comprise the statement of financial position as at December 31, 2015 and August 28, 2015, and the statement of operations, comprehensive loss and deficit and cash flows for the period August 28, 2015 to December 31, 2015, and the related notes, which comprise 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 audit. We conducted our audit in accordance with International Financial Reporting 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 audit 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 Nuvo Energy Grid Inc. as at December 31, 2015 and August 28, 2015, and its financial performance and its cash flow for the period August 28, 2015 to December 31, 2015 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 Nuvo Energy Grid Inc.'s ability to continue as a going concern.

Kreston GTA LLP

Licensed Public Accountants
March 8, 2016
Markham, Canada

NUVO ENERGY GRID INC.
STATEMENTS OF FINANCIAL POSITION
AS AT
(in Canadian dollars)

	DECEMBER 31, 2015	AUGUST 28, 2015
Assets		
Current Assets		
Cash	\$ 2,198	\$ 100
Prepaid expenses and other assets	7,850	-
Total Current Assets	10,048	100
Non-current Assets		
Long term investments (note 4)	1	-
Total Non-current Assets	1	-
Total Assets	\$ 10,049	\$ 100
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities	11,227	-
Total Current Liabilities	11,227	-
Non-current Liabilities		
Due to shareholder (note 5)	14,284	-
Total Non-current Liabilities	14,284	-
Total Liabilities	25,511	-
Equity		
Common stock (note 6)	100	100
Deficit	(15,562)	-
Total Equity	(15,462)	100
Total Liabilities and Equity	\$ 10,049	\$ 100

Approved on Behalf of the Board



Director

NUVO ENERGY GRID INC.
STATEMENT OF COMPREHENSIVE LOSS AND DEFICIT
FOR THE PERIOD FROM AUGUST 28, 2015 (DATE OF INCORPORATION)
TO DECEMBER 31, 2015
(in Canadian dollars)

Operating expenses	
Selling	133
General and administrative (note 7)	15,429
Total operating expenses	15,562
Loss from operations	(15,562)
Loss before income taxes	(15,562)
Income tax	-
Net loss	(15,562)
Other comprehensive income	-
Comprehensive loss	\$ (15,562)
 Basic and diluted loss per share	 \$ (16)
 Basic and diluted weighted average number of common shares outstanding	 1,000
 Deficit at beginning of period	 \$ -
Deficit at end of period	\$ (15,562)

NUVO ENERGY GRID INC.
STATEMENT OF CASH FLOW
FOR THE PERIOD FROM AUGUST 28, 2015 (DATE OF INCORPORATION)
TO DECEMBER 31, 2015
(in Canadian dollars)

CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss for the period	\$ (15,562)
Item not involving cash:	
Assignment of agreement (note 4)	(1)
	(15,563)
Prepaid expenses and other assets	(7,850)
Accounts payable and accrued liabilities	11,227
Net changes in working capital accounts	3,377
NET CASH USED IN OPERATING ACTIVITIES	(12,186)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from shareholder	14,284
Issuance of common shares	100
NET CASH FROM FINANCING ACTIVITIES	14,384
NET INCREASE IN CASH FOR THE PERIOD	2,198
CASH, BEGINNING OF PERIOD	-
CASH, END OF PERIOD	\$ 2,198

This accompanying notes are an integral part of this financial statements.

NUVO ENERGY GRID INC.
NOTES TO THE FINANCIAL STATEMENTS
THE PERIOD AUGUST 28, 2015 TO DECEMBER 31, 2015
(in Canadian dollars)

1. NATURE OF OPERATIONS

Nuvo Energy Grid Inc. (the "Company" or "Nuvo") incorporated on August 28, 2015 under the laws of the State of Ontario with an office location at 5045 Orbitor Drive, Building 9, Suite 401 Mississauga Ontario L4W 4Y4 Canada. The Company is focused on acquiring companies in the energy efficiency and technology sector.

The financial statements were approved for issue by the Board of Directors on March 8, 2016.

2. BASIS OF PRESENTATION

Statement of Compliance

The financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These are the Company's first financial statements prepared in accordance with IFRS. The statement of comprehensive loss and deficit includes the operations of the company for the period from August 28, 2015 to December 31, 2015.

The Company's date of transition to IFRS and its opening IFRS statement of financial position are as at August 28, 2015 (the "Transition Date"). An explanation of how the transition to IFRS on the Transition Date has affected the reported financial position and financial performance of the Company is not provided, as the transition doesn't have significant effects on equity or other accounts.

Going Concern

The financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operation.

The Company has incurred a net loss of \$15,562 for the period ended December 31, 2015, accumulated deficit of \$15,562 from inception and working capital deficiency (defined as current assets less current liabilities) of \$1,179 as at December 31, 2015. This casts significant doubt on the Company's ability to continue as a going concern unless it can generate net profit and raise adequate financing.

These financial statements do not include any adjustments relating to the recoverability and classification of asset or liabilities that might be necessary should the Company be unable to continue in existence. These adjustments could be material.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial assets and liabilities

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. The classification of financial assets and liabilities depends on the nature and purpose of the financial assets or liabilities and is determined at the time of initial recognition.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of operations.

This accompanying notes are an integral part of this financial statements.

NUVO ENERGY GRID INC.
NOTES TO THE FINANCIAL STATEMENTS
THE PERIOD AUGUST 28, 2015 TO DECEMBER 31, 2015
(in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

- a) Fair value through profit or loss ("FVTPL") – This category comprises financial assets held for trading and assets designated upon initial recognition as FVTPL. Financial assets held for trading are acquired or incurred principally for the purpose of selling or repurchasing in the near term. On initial recognition it is part of a portfolio of identifiable financial instruments managed together for which there is evidence of a recent pattern of short-term profit taking, or a derivative (excluding a derivative used for hedging). FVTPL are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss for the year.
- b) Loans and receivables – Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's trade and other receivables are of short term nature and their fair values approximate their carrying values and are included in current assets. Loans and receivables are recognized initially at the amount expected to be received, less, when material, a discount to reduce loans and receivables to fair value. Subsequently, loans and receivable are measured at initial measurement less any allowance for doubtful accounts.
- c) Held-to-maturity investments – Non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, the amount of the impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the Company's original effective interest rate. The impairment losses are recognized in the statement of comprehensive loss.
- d) Available-for-sale – Non-derivative financial assets designated as available-for-sale and financial assets that are not classified as loans and receivables, held to maturity investments or FVTPL. Available-for-sale are carried at fair value with changes in fair value recognized in other comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment other than temporary, the amount of the loss is removed from the other comprehensive income and recognized in the statement of comprehensive loss.

All financial assets except for those recorded at fair value through profit or loss and as available-for-sale are subject to review for impairment. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

Financial liabilities

The Company classifies its financial liabilities into one of two categories depending on the purpose for which the liability was assumed. The Company's accounting policy for each category is as follows:

This accompanying notes are an integral part of this financial statements.

NUVO ENERGY GRID INC.
NOTES TO THE FINANCIAL STATEMENTS
THE PERIOD AUGUST 28, 2015 TO DECEMBER 31, 2015
(in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)

Financial liabilities (continued)

a) FVTPL – This category comprises financial liabilities held for trading and liabilities designated upon initial recognition as FVTPL. FVTPL liabilities are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss for the period.

b) Other financial liabilities – All other financial liabilities except financial liabilities FVTPL.

The Company's financial instruments consist of the following:

Financial Instrument	Classification	Measurement
Cash	FVTPL	Fair value
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Due to shareholder	Other financial liabilities	Amortized cost

As at December 31, 2015, cash is classified as Level 1 and is recorded at fair value in the statement of financial position.

The fair value of, accounts payable and accrued liabilities and due to shareholder, approximates their carrying values due to their short-term nature.

Classification of financial instruments

IFRS 7, *Financial instruments: disclosures*, establishes a fair value hierarchy that reflects the significance of inputs in measuring fair value as the following:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The classification of a financial instrument in the fair value hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

This accompanying notes are an integral part of this financial statements.

NUVO ENERGY GRID INC.
NOTES TO THE FINANCIAL STATEMENTS
THE PERIOD AUGUST 28, 2015 to DECEMBER 31, 2015
(In Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts that are reported in the financial statements and accompanying note disclosures. Although these estimates and assumptions are based on management's best knowledge of current events, actual results may be different from the estimates. Estimates and assumptions are used when accounting for the value of long term investments.

Key Area of Judgement

Going Concern

The Company applied judgment in evaluating the going concern assumption and disclosure. The Company prepares a budget to determine its future cash needs and considers future sources of financing.

4. LONG TERM INVESTMENTS

On October 5, 2015, a consulting agreement with Ghana Energy One ("project") was assigned to Nuvo, which entitles the Company to have a 4% interest in the project. The project is approximately 157 Megawatts in total size and is to be located in the Ashanti region of Ghana. The project is in the final stages of development and is anticipated to begin construction in early 2016. The project will have a long term Power Purchase Agreement (PPA) with the Government of Ghana for a period of 20 years. The balance \$1 is a nominal value to represent the investment.

5. DUE TO SHAREHOLDER

Due to shareholder is unsecured, non-interest bearing and due on demand. The shareholder has agreed not to demand repayment prior to January 1, 2017.

6. COMMON STOCK

The Company is authorized to issue an unlimited number of common shares. On August 28, 2015, the Company issued 1,000 common shares at a total consideration of \$100.

This accompanying notes are an integral part of this financial statements.

NUVO ENGERGY GRID INC.
NOTES TO THE FINANCIAL STATEMENTS
THE PERIOD AUGUST 28, 2015 to DECEMBER 31, 2015
(in Canadian dollars)

7. GENERAL AND ADMINISTRATIVE

General and administrative expenses are comprised as follows:

	The period August 28, 2015 to December 31, 2015
Professional fees	\$ 11,783
Office and general	1,260
Interest and bank charges	50
Vehicle	75
Telecommunications	139
Travel	2,122
Total	\$ 15,429

8. COMMITMENT

On January 21, 2016, Nuvo entered into a commercial office lease with MP Development Ltd. The term of the lease is two years and the scheduled payment for next two years is presented below:

2016	\$ 17,670
2017	\$ 19,530

9. TAX

The Company has deferred tax assets of approximately \$4,000 resulting from the non-capital tax loss carryforward of \$15,429 as of December 31, 2015. The Company has recorded an allowance for 100% of this asset. There were no differences between accounting and taxable income.

10. SUBSEQUENT EVENT

Reverse Take Over ("RTO") with Arrowhead Gold Corporation

On December 15, 2015, Nuvo entered into an agreement of purchase and sale with Arrowhead Gold Corporation, whereby, subject to the final approval of the Canadian Securities Exchange ("CSE"), Nuvo will sell 100% of its issued and outstanding common shares to Arrowhead Gold Corporation and Arrowhead Gold Corporation would issue 13,250,000 shares to Nuvo shareholders. The transaction constitutes a RTO.

Acquisition of Kontrol Technologies Inc.

On February 23, 2016, Nuvo entered into a definitive purchase and sale agreement to acquire 100% of the issued and outstanding common shares of Kontrol Technologies Inc. Nuvo will issue common shares to the shareholders of Kontrol. The transaction is conditional on the CSE approval of the RTO with Arrowhead Gold Corporation. This is a concurrent transaction to the Arrowhead Gold Corporation and Nuvo RTO.

Loan Agreement

On January 1, 2016, Nuvo entered into a loan agreement with the Ghezzi Family Trust, related to Nuvo through influence of a shareholder, for a working capital loan of \$50,000. The loan is repayable in one year and bears interest at 3% annually and is unsecured. The loan can be renewed at maturity based on mutual agreement between the Ghezzi Family Trust and Nuvo.

This accompanying notes are an integral part of this financial statements.

APPENDIX “F”

**AUDITED FINANCIAL STATEMENTS OF
KONTROL TECHNOLOGIES INC.
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

KONTROL TECHNOLOGIES INC.

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Prepared in Canadian dollars)**

KONTROL TECHNOLOGIES INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of

Kontrol Technologies Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Kontrol Technologies Inc., which comprise the statement of financial position as at December 31, 2015 and January 1, 2015, and the statement of operations, comprehensive income and retained earnings, changes in equity and cash flow for the year ended December 31, 2015, and the related notes, which comprise 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 audit. We conducted our audit in accordance with International Financial Reporting 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 audit 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 Kontrol Technologies Inc. as at December 31, 2015 and January 1, 2015, and its financial performance and its cash flow for the year ended December 31, 2015 in accordance with International Financial Reporting Standards.

Kreston GTA LLP

Licensed Public Accountants
March 8, 2016
Markham, Canada

KONTROL TECHNOLOGIES INC.
STATEMENTS OF FINANCIAL POSITION
AS AT
(in Canadian dollars)

	DECEMBER 31, 2015	JANUARY 1, 2015
Assets		
Current Assets		
Cash	\$ 39	\$ 25
Trade and other accounts receivable	7,985	-
Total Assets	\$ 8,024	\$ 25
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities	1,541	-
Due to shareholder (note 4)	2,475	-
Total Liabilities	4,016	-
Equity		
Share capital (note 5)	25	25
Retained earnings	3,983	-
Total Equity	4,008	25
Total Liabilities and Equity	\$ 8,024	\$ 25

Approved on Behalf of the Board



Director

KONTROL TECHNOLOGIES INC.
STATEMENT OF COMPREHENSIVE INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2015
(in Canadian dollars)

Sales	\$ 323,707
Cost of sales	220,729
Gross profit	102,978
Operating expenses	
Selling	23,927
General and administrative (note 6)	75,068
Total operating expenses	98,995
Income before income taxes	3,983
Income tax	-
Net earnings	3,983
Other comprehensive income	-
Comprehensive income	\$ 3,983
Basic and diluted earnings per share	\$ 80
Basic and diluted weighted average number of common shares outstanding	50
Retained earnings beginning of year	\$ -
Retained earnings end of year	\$ 3,983

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

KONTROL TECHNOLOGIES INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
(in Canadian dollars)

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income for the period	\$ 3,983
Trade and other accounts receivable	(7,985)
Accounts payable and accrued liabilities	1,541
Net changes in working capital accounts	(6,444)

NET CASH USED IN OPERATING ACTIVITIES	(2,461)
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CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from shareholder	2,475
NET CASH FROM FINANCING ACTIVITIES	2,475

NET INCREASE IN CASH FOR THE YEAR	14
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CASH, BEGINNING OF YEAR	25
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CASH, END OF YEAR	\$ 39
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KONTROL TECHNOLOGIES INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(in Canadian dollars)

1. NATURE OF OPERATIONS

Kontrol Technologies Inc. (the "Company" or "Kontrol") incorporated on March 16, 2012 under the laws of the State of Ontario with a registered location at 5045 Orbitor Drive, Building 9, Suite 401 Mississauga Ontario L4W 4Y4 Canada. The Company is focused on providing energy efficiency solutions through electrical retrofit services on existing buildings.

The financial statements were approved for issue by the Board of Directors on March 8, 2016.

2. BASIS OF PRESENTATION

Statement of Compliance

The financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These are the Company's first financial statements prepared in accordance with IFRS. The statement of comprehensive Income includes the operations of the company for the year ended December 31, 2015.

The Company's date of transition to IFRS and its opening IFRS statement of financial position are as at January 1, 2015 (the "Transition Date"). An explanation of how the transition to IFRS on the Transition Date has affected the reported financial position and financial performance of the Company is not provided, as the transition doesn't have significant effects on equity or other accounts.

3. SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of Goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering Of Services

Revenue from a contract to provide services such as installation is recognized by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- servicing fees included in the products sold are recognised by reference to the proportion of the total cost of providing the service; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours and direct expenses as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets and liabilities

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. The classification of financial assets and liabilities depends on the nature and purpose of the financial assets or liabilities and is determined at the time of initial recognition.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statement of operations.

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

- a) Fair value through profit or loss ("FVTPL") – This category comprises financial assets held for trading and assets designated upon initial recognition as FVTPL. Financial assets held for trading are acquired or incurred principally for the purpose of selling or repurchasing in the near term. On initial recognition it is part of a portfolio of identifiable financial instruments managed together for which there is evidence of a recent pattern of short-term profit taking, or a derivative (excluding a derivative used for hedging). FVTPL are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss for the year.
- b) Loans and receivables – Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's trade and other receivables are of short term nature and their fair values approximate their carrying values and are included in current assets. Loans and receivables are recognized initially at the amount expected to be received, less, when material, a discount to reduce loans and receivables to fair value. Subsequently, loans and receivable are measured at initial measurement less any allowance for doubtful accounts.
- c) Held-to-maturity investments – Non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, the amount of the impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the Company's original effective interest rate. The impairment losses are recognized in the statement of comprehensive loss.
- d) Available-for-sale – Non-derivative financial assets designated as available-for-sale and financial assets that are not classified as loans and receivables, held to maturity investments or FVTPL. Available-for-sale are carried at fair value with changes in fair value recognized in other comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment other than temporary, the amount of the loss is removed from the other comprehensive income and recognized in the statement of comprehensive loss.

All financial assets except for those recorded at fair value through profit or loss and as available-for-sale are subject to review for impairment. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets and liabilities (Continued)

Financial liabilities

The Company classifies its financial liabilities into one of two categories depending on the purpose for which the liability was assumed. The Company's accounting policy for each category is as follows:

a) FVTPL – This category comprises financial liabilities held for trading and liabilities designated upon initial recognition as FVTPL. FVTPL liabilities are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss for the period.

b) Other financial liabilities – All other financial liabilities except financial liabilities FVTPL.

The Company's financial instruments consist of the following:

Financial Instrument	Classification	Measurement
Cash	FVTPL	Fair value
Trade and other accounts receivables	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

As at December 31, 2015, cash is classified as Level 1 and is recorded at fair value in the statement of financial position.

The fair value of, trade and other accounts receivables, and accounts payable and accrued liabilities, approximates their carrying values due to their short-term nature.

Classification of financial instruments

IFRS 7, *Financial instruments: disclosures*, establishes a fair value hierarchy that reflects the significance of inputs in measuring fair value as the following:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The classification of a financial instrument in the fair value hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

KONTROL TECHNOLOGIES INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts that are reported in the financial statements and accompanying note disclosures. Although these estimates and assumptions are based on management's best knowledge of current events, actual results may be different from the estimates. Estimates and assumptions are used when accounting for the recognition of revenue.

4. DUE TO SHAREHOLDER

Due to shareholder is unsecured, non-interest bearing and due on demand.

5. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares. On March 16, 2012, the Company issued 50 common shares for proceeds of \$25.

6. GENERAL AND ADMINISTRATIVE

General and administrative expenses are comprised as follows:

	Year Ended December 31, 2015
Salaries and benefits	\$ 43,875
Professional fees	25,972
Office and general	663
Interest and bank charges	317
Vehicle	1,266
Telecommunications	515
Insurance	885
Repairs and maintenance	300
Meals and entertainment	1,275
Total	\$ 75,068

7. TAX

The Company has no deferred tax assets or liability as of December 31, 2015. There were no differences between accounting and taxable income.

8. SUBSEQUENT EVENTS

Acquisition by Nuvo Energy Grid Inc.

On February 23, 2016, Kontrol entered into a definitive purchase and sale agreement to sell 100% of the issued and outstanding common shares. Nuvo Energy Grid Inc. ("Nuvo") will issue common shares to the shareholders of Kontrol. The transaction is conditional on the Canadian Securities Exchange ("CSE") approval of the RTO with Arrowhead Gold Corporation. This is a concurrent transaction to the Arrowhead Gold Corporation and Nuvo RTO.

APPENDIX “G”

Kontrol Energy Corp.

(formerly Arrowhead Gold Corp.)

PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian dollars)

As at December 31, 2015

KONTROL ENERGY CORP.
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian dollars)
AS AT DECEMBER 31, 2015

	Nuvo 12/31/15 \$	Kontrol 12/31/15 \$	Notes	Adjustments \$	Nuvo Consolidated \$	Issuer 11/30/15 \$	Notes	Pro Forma adjustments \$	Pro Forma Consolidated \$
ASSETS									
Current assets									
Cash	2,198	39			2,237	46,619	4b	50,000	98,856
Receivables		7,985			7,985	29,609			37,594
Prepaid expenses	7,850				7,850				7,850
Other						4,000			4,000
Total current assets	10,048	8,024			18,072	80,228			148,300
Non-current assets									
Other	1				1				1
Total non-current assets	1	0			1	0			1
Total assets	10,049	8,024			18,073	80,228			148,301
LIABILITIES AND SHAREHOLDERS' EQUITY									
Current liabilities									
Accounts payables	11,227	1,541			12,768	59,057			71,825
Due to shareholder		2,475			2,475				2,475
Total Current liabilities	11,227	4,016			15,243	59,057			74,300
Non-Current Liabilities									
Due to shareholder	14,284				14,284		4b	50,000	64,284
Total Liabilities	25,511	4,016			29,527	59,057			138,584
Equity									
Share Capital	100	25	4a	(25)	108	17,424,645	4c	(17,424,645)	139,711
			4a	8			4c	139,603	
Reserves						1,615,981	4c	(1,615,981)	0
Retained earnings / (Deficit)	(15,562)	3,983	4a	(3,983)	(11,562)	(19,019,455)	4c	19,019,455	(129,994)
			4a	4,000			4c	(118,432)	
Total equity	(15,462)	4,008			(11,454)	21,171			9,717
Total liabilities and shareholders' equity	10,049	8,024			18,073	80,228			148,301

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

	Nuvo 12/31/15 \$	Kontrol 12/31/15 \$	Issuer 11/30/15 \$	Notes	Adjustments	Pro Forma Consolidated \$
Sales		323,707				323,707
Cost of Sales		220,729				220,729
Gross Profit		<u>102,978</u>				<u>102,978</u>
Operating expenses						
Selling	133	23,927				24,060
General and administrative	15,429	75,068	111,591			202,088
Total operating expenses	<u>15,562</u>	<u>98,995</u>	<u>111,591</u>			<u>226,148</u>
Loss before other items	(15,562)	3,983	(111,591)			(123,170)
Gain on settlement of debt			268,900			268,900
Bargain purchase gain from acquisition				4a	4,000	4,000
Listing expense				4c	(118,432)	(118,432)
Property and receivable write-downs			(2,514,574)			(2,514,574)
Realized loss on marketable securities			(398,847)			(398,847)
Unrealized gain on marketable securities			16,650			16,650
Net loss and comprehensive loss for the year	<u>(15,562)</u>	<u>3,983</u>	<u>(2,739,462)</u>		<u>(114,432)</u>	<u>(2,865,473)</u>
Basic and diluted loss per share						<u>(0.17)</u>

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

1. Basis of preparation

The unaudited Pro Forma Consolidated Financial Statements have been prepared by management to show the effect of the proposed acquisition (the “transaction” or “acquisition”) by Arrowhead Gold Corp. (“Arrowhead” or the “Issuer”) of the shares of Nuvo Energy Grid Inc. (“Nuvo”) on the basis of the assumptions and adjustments made by management as described in Note 4.

The unaudited Pro Forma Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards and have been compiled from information derived from the unaudited interim financial statements of Arrowhead as at November 30, 2015, the audited financial statements of Nuvo as at December 31, 2015, and the audited financial statements of Kontrol Technologies Inc. (“Kontrol”) as at December 31, 2015.

The unaudited Pro Forma Consolidated Financial Statements are not intended to reflect the financial position of the Issuer on the date of the completion of the proposed acquisition of Nuvo.

The unaudited Pro Forma Consolidated Financial Statements should be read in conjunction with the financial statements of Arrowhead, Nuvo and Kontrol, and other disclosure of the Issuer in respect of the proposed acquisition transaction.

Completion of the transaction is subject to a number of conditions including, but not limited to approval by the shareholders of Arrowhead and the Canadian Securities Exchange (“CSE”).

2. The Transaction

The unaudited Pro Forma Consolidated Statement of Financial Position gives effect to Arrowhead’s acquisition of Nuvo, and Nuvo’s acquisition of Kontrol, as if the related matters described below had occurred on December 31, 2015. In this regard Nuvo will have acquired all of the issued shares of Kontrol such that Kontrol became a wholly-owned subsidiary of Nuvo; and Arrowhead will have acquired all of the issued shares of Nuvo such that Nuvo became a wholly-owned subsidiary of the Issuer.

Nuvo, concurrently with the completion of the Issuer’s acquisition of Nuvo, acquired all of the issued and outstanding shares of Kontrol from the shareholders thereof, in exchange for 80 common shares of Nuvo at a price per share of \$0.10 for total consideration of \$8.

The acquisition of Kontrol is accounted for under the acquisition method for business combinations. Any excess of the purchase price over the fair value of net assets acquired is recognized as goodwill. The negative goodwill resulting in the acquisition of Kontrol is recorded to accumulated Deficit.

The net assets of Kontrol are included at their fair value.

Consideration transferred	<u>\$8</u>
Net assets acquired	
Cash	39
Accounts receivable	7,985
Accounts payable	(1,541)
Due to shareholder	<u>(2,475)</u>
	<u>4,008</u>
Bargain purchase gain from acquisition	<u><u>\$(4,000)</u></u>

The acquisition of Kontrol resulted in a bargain purchase as the fair value of the assets acquired less liabilities assumed exceeded the total fair value of consideration transferred. The amount of the gain is recorded as income in the pro forma consolidated statement of loss and comprehensive loss (see Note 4(a)).

3. Reverse Takeover

The acquisition includes a share consolidation of Arrowhead, on the basis of one new common share for every six outstanding common shares (such that the number of outstanding shares of Arrowhead was decreased from 20,940,494 shares to 3,490,082 shares).

Arrowhead issued a total of 13,250,000 common shares to the shareholders of Nuvo in consideration for acquiring the shares of Nuvo.

Upon closing of the acquisition there being 16,740,082 shares outstanding.

In accordance with IFRS 3, Business Combinations, the substance of the transaction was a reverse acquisition of a non-operating company. As a result of the reverse acquisition, the Pro Forma Consolidated Statement of Financial Position has been adjusted for Share Capital, Reserves, and accumulated Deficit within Shareholders' Equity.

4. Pro Forma assumptions and adjustments

Nuvo, acquired all of the issued and outstanding shares of Kontrol from the shareholders thereof, in exchange for 80 common shares of Nuvo at a price of \$0.10 per share for total consideration of \$8. The net assets of Kontrol are included at their fair value of \$4,008. Negative goodwill is recorded to accumulated Deficit.

The loan from Nuvo shareholder, in the amount of \$50,000, is unsecured, non-interest bearing and due on demand. The NUVO shareholder has agreed not to demand repayment prior to January 1, 2017.

Arrowhead issued a total of 13,250,000 common shares to the shareholders of Nuvo in consideration for acquiring their shares of Nuvo. The Arrowhead shares are issued using a fair value of \$0.04 per share, or \$139,603. As a result of the acquisition, the Company has recorded a Listing expense as follows:

Fair value of Arrowhead shares	<u>\$139,603</u>
Net assets acquired	
Cash	46,619
Accounts receivable	29,609
Marketable securities	4,000
Accounts payable	<u>(59,057)</u>
	<u>21,171</u>
Listing expense	<u><u>\$118,432</u></u>
<u>Fair value of Arrowhead shares</u>	
Arrowhead pre-acquisition shares	20,940,494
Arrowhead consolidation (6:1)	<u>(17,450,412)</u>
Number of post-consolidation Arrowhead shares	<u>3,490,082</u>
Share value determined to be \$0.04	<u><u>\$139,603</u></u>

5. The Pro Forma Consolidated Statement of Loss and Comprehensive Loss

The pro forma consolidated statement of loss and comprehensive loss is based on the following reporting periods:

- i. the audited financial statements of Arrowhead for the fiscal year ended August 31, 2015, determined for the nine month period from December 1, 2014 to August 31, 2015; plus, the three month period from September 1, 2015 to November 30, 2015 based on Arrowhead's quarterly financial statements for such period;
- ii. the audited financial statements of Nuvo for the period ended December 31, 2015; and
- iii. the audited financial statements of Kontrol for the fiscal year ended December 31, 2015.

6. Pro Forma Share Capital

The table below reconciles the outstanding common shares of the Issuer upon completion of the transaction:

	<u>Number of Shares</u>
Arrowhead pre-acquisition shares	20,940,494
Arrowhead consolidation (6:1)	(17,450,412)
Share exchange to acquire Nuvo	<u>13,250,000</u>
Total	<u>16,740,082</u>

Share Capital **\$139,711**

7. Income Taxes

The pro forma effective tax rate for December 31, 2015 is nil. There is no tax effect of pro forma adjustments related to Arrowhead and Kontrol because both entities have net deferred income tax assets which have not been recognized due to uncertainty as to whether those assets will be realized.