

**ASHBURTON VENTURES INC.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**(Unaudited – Prepared by Management)**

**FOR THE THREE MONTH PERIOD ENDED JULY 31, 2016**

(Expressed in Canadian Dollars)

**Registered Head Office**  
1240 – 789 West Pender Street  
Vancouver, BC  
V6C 1H2

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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 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 financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**ASHBURTON VENTURES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)  
AS AT

	July 31, 2016	April 30, 2016
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 583,427	\$ 843
Commodity tax recoverable	8,290	8,152
Prepaid expenses	<u>6,524</u>	<u>3,524</u>
	598,241	12,519
<b>Exploration advances</b>	56,025	2,000
<b>Exploration and evaluation assets</b> (Note 3)	<u>738,515</u>	<u>409,137</u>
	<u>\$ 1,392,781</u>	<u>\$ 423,656</u>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 4)	\$ 649,696	\$ 782,400
Loan payable (Note 5)	33,768	32,987
	<u>683,464</u>	<u>815,387</u>
<b>Flow-through share premium liability</b>	<u>20,498</u>	<u>-</u>
	<u>703,962</u>	<u>815,387</u>
<b>Shareholders' equity (deficiency)</b>		
Share capital (Note 6)	10,337,015	9,162,649
Share-based payment reserve (Note 6)	1,221,960	1,212,901
Subscription received in advance	15,000	-
Deficit	<u>(10,885,156)</u>	<u>(10,767,281)</u>
	<u>688,819</u>	<u>(391,731)</u>
	<u>\$ 1,392,781</u>	<u>\$ 423,656</u>

**Nature of operations and going concern** (Note 1)

**Subsequent events** (Note 11)

**On behalf of the Board:**

“Michael England”

Director

“David Gdanski”

Director

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

**ASHBURTON VENTURES INC.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**FOR THE THREE MONTH PERIODS ENDED JULY 31,**

	2016	2015
<b>EXPENSES</b>		
Accretion	\$ -	\$ 1,105
Advertising and promotion	100	-
Consulting fees (Note 7)	51,050	30,000
Foreign exchange loss (gain)	233	(2,826)
Gain on forgiveness of accounts payable	(8,930)	-
Interest revenue	-	(1,949)
Management fees (Note 7)	25,500	25,500
Office and administration (Note 7)	20,378	28,897
Professional fees	22,986	20,201
Reversal of flow-through premium (Note 6)	(8,753)	-
Transfer agent and filing fees	12,718	696
Travel and entertainment	2,593	-
Unrealized loss on sale of marketable securities	-	6,750
<b>Loss and comprehensive loss of the period</b>	<b>\$ (117,875)</b>	<b>\$ (108,374)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares</b>	<b>107,481,657</b>	<b>54,727,826</b>

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

**ASHBURTON VENTURES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN DEFICIENCY**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)  
**FOR THE THREE MONTH PERIODS ENDED JULY 31, 2016 AND 2015**

	Number of shares	Share capital	Subscriptions received in advance	Share-based payment reserve	Deficit	Total equity (deficiency)
<b>April 30, 2015</b>	54,727,826	\$ 8,635,678	\$ -	\$ 1,088,466	\$ (10,155,228)	\$ (431,084)
Loss for the period	-	-	-	-	(108,374)	(108,374)
<b>July 31, 2015</b>	54,727,826	8,635,678	-	1,088,466	(10,263,602)	(539,458)
Private placement	21,433,666	321,505	-	-	-	321,505
Share issue costs	-	(35,772)	-	-	-	(35,772)
Share issue costs - warrants	-	(10,700)	-	10,700	-	-
Shares issued upon exercised warrants	50,000	2,500	-	-	-	2,500
Share issued for debt settlement	1,753,600	35,072	-	-	-	35,072
Stock options exercised	650,000	41,366	-	(8,865)	-	32,501
Share-based compensation	-	-	-	122,600	-	122,600
Shares issued for property payments	12,600,000	173,000	-	-	-	173,000
Loss for the period	-	-	-	-	(503,679)	(503,679)
<b>April 30, 2016</b>	91,215,092	9,162,649	-	1,212,901	(10,767,281)	(391,731)
Private placement	19,927,500	996,375	-	-	-	996,375
Share issue costs	-	(104,850)	-	-	-	(104,850)
Share issue costs - warrants	-	(26,000)	-	26,000	-	-
Shares issued upon exercised options	650,000	49,441	-	(16,941)	-	32,500
Shares issued upon exercised warrants	1,648,000	82,400	-	-	-	82,400
Share subscriptions received in advance	-	-	15,000	-	-	15,000
Flow-through share premium	-	(29,250)	-	-	-	(29,250)
Shares issued for property payments	4,250,000	206,250	-	-	-	206,250
Loss for the period	-	-	-	-	(117,875)	(117,875)
<b>July 31, 2016</b>	117,690,592	\$ 10,337,015	\$ 15,000	\$ 1,221,960	\$ (10,885,156)	\$ 688,819

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

**ASHBURTON VENTURES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)  
**FOR THE THREE MONTH PERIOD ENDED JULY 31,**

	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (117,875)	\$ (108,374)
Items not involving cash:		
Accretion	-	1,105
Accrued interest on loan payable	781	-
Deferred tax recovery	(8,752)	-
Gain on settlement of debt	(8,930)	-
Unrealized loss on marketable securities	-	6,750
Unrealized/realized foreign exchange	-	(2,827)
Change in non-cash operating working capital:		
Accounts receivable	(138)	687
Prepaid expenses	(3,000)	-
Accounts payable and accrued liabilities	(158,539)	99,489
<b>Net cash used in operating activities</b>	<b>(296,453)</b>	<b>(3,170)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration and evaluation assets acquisition and expenditures	(142,388)	-
<b>Net cash used in investing activities</b>	<b>(142,388)</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loan payable	-	6,800
Repayment of loan payable	-	(3,600)
Proceeds from share issuance	957,500	-
Proceeds from stock option exercised	32,500	-
Proceeds from warrants exercised	82,400	-
Subscription received in advance	15,000	-
Share issue costs	(65,975)	-
<b>Net cash provided by financing activities</b>	<b>1,021,425</b>	<b>3,200</b>
<b>Change in cash during the period</b>	<b>582,584</b>	<b>30</b>
<b>Cash, beginning of period</b>	<b>843</b>	<b>317</b>
<b>Cash, end of period</b>	<b>\$ 583,427</b>	<b>\$ 347</b>
<b>SUPPLEMENTAL INFORMATION</b>		
Exploration advance applied to exploration and evaluation assets	\$ 57,175	\$ -
Exploration and evaluation assets in accounts payable	\$ 1,823	\$ 20,068
Flow-through share premium liability	\$ 29,250	\$ -
Shares issued for exploration and evaluation assets	\$ 206,250	\$ -
Finders' warrants	\$ 26,000	\$ -
Fair value of options exercised	\$ 16,941	\$ -

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

**ASHBURTON VENTURES INC.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**FOR THE THREE MONTH PERIOD ENDED JULY 31, 2016 AND 2015**

---

**1. NATURE OF OPERATIONS AND GOING CONCERN**

Ashburton Ventures Inc. (the “Company”) was incorporated under the laws of British Columbia, Canada on November 10, 2006. The Company is a junior exploration company primarily engaged in the acquisition and exploration of exploration and evaluation assets located in Canada and USA.

The condensed consolidated interim statement of financial position has been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. The financial statement does not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The Company is in the business of exploring for minerals that by its nature involves a high degree of risk. There can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of the exploration and evaluation assets and the Company’s continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, the ability of the Company to obtain financing or, alternatively, upon the Company’s ability to dispose of its interest on an advantageous basis. Additionally the Company estimates that it will need additional capital to operate for the upcoming year. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting.

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. The condensed consolidated interim financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiary. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The policies applied in the condensed consolidated interim financial statements are presented below and are based on IFRS’ issued and outstanding as of September 27, 2016, the date the Board of Directors approved the condensed consolidated interim financial statements. Any subsequent changes to IFRS that are given effect in our annual consolidated financial statements for the year ending April 30, 2017 could result in restatements of these condensed consolidated interim financial statements. None of these standards are expected to have a significant effect on the condensed consolidated interim financial statements.

**Basis of consolidation**

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned inactive subsidiary, 20090914 Nevada, Inc., which was incorporated in under the laws of Nevada, USA. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company balances have been eliminated upon consolidation.

**ASHBURTON VENTURES INC.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**FOR THE THREE MONTH PERIOD ENDED JULY 31, 2016 AND 2015**

---

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Estimates and judgments**

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

- i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the condensed consolidated interim statement of financial position.
- ii) The inputs in the Black-Scholes option pricing model to value stock options and broker warrants.
- iii) The inputs used to discount the decommissioning and restoration provision including the estimated payment term and the discount rate used.

Critical judgements exercised in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements are as follows:

- i) Economic recoverability and probability of future benefits of exploration and evaluation costs

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

- ii) Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rates, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity settled benefits.

- iii) Decommissioning and restoration provision

Recognition of decommissioning and restoration provision was based on estimation of the costs, timing of expenditures, the impact of changes in discount rates, and changes in environmental and regulatory requirements.

**Foreign exchange**

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for all entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the year.

**ASHBURTON VENTURES INC.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**FOR THE THREE MONTH PERIOD ENDED JULY 31, 2016 AND 2015**

---

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Exploration and evaluation assets**

Upon acquiring the legal right to explore a property, costs related to the acquisition, exploration and evaluation are capitalized by property. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets are written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

**Impairment**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the year. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**Decommissioning and restoration provision**

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

The Company's estimates of reclamation 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 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 period.

**ASHBURTON VENTURES INC.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**FOR THE THREE MONTH PERIOD ENDED JULY 31, 2016 AND 2015**

---

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Share-based compensation**

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options and compensatory warrants are measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

**Share issue costs**

Costs directly identifiable with the raising of capital will be charged against the related share capital. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

**Flow-through shares**

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow through shares in excess of the market value of the shares without flow-through features is credited as a liability and included in profit or loss at the same time the qualifying expenditures are made.

**Loss per share**

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

**Financial instruments**

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:

*Fair value through profit or loss* - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

*Loans and receivables* - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

**ASHBURTON VENTURES INC.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**FOR THE THREE MONTH PERIOD ENDED JULY 31, 2016 AND 2015**

---

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Financial instruments (cont'd...)**

Financial assets (cont'd...)

*Held-to-maturity investments* - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive 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, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

*Available-for-sale* - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

The Company has classified its cash and marketable securities at fair value through profit or loss.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

*Other financial liabilities*: This category includes accounts payables and accrued liabilities and loan payable which are recognized at amortized cost using the effective interest method.

Financial instruments that are measured at fair value use inputs, which are classified within a hierarchy that prioritizes their significance. 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.

**ASHBURTON VENTURES INC.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**FOR THE THREE MONTH PERIOD ENDED JULY 31, 2016 AND 2015**

---

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Income taxes**

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

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

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**Valuation of equity units issued in private placements**

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as share-based payment reserve.

**Future accounting pronouncements**

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

IFRS 9 *Financial Instruments* replaces the current standard IAS 39 *Financial Instruments: Recognition and Measurement*, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value. This standard has an effective date of January 1, 2018.

**ASHBURTON VENTURES INC.**
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**FOR THE THREE MONTH PERIOD ENDED JULY 31, 2016 AND 2015**
**3. EXPLORATION AND EVALUATION ASSETS**

Title to exploration and evaluation assets interests involves certain inherent risks due to the difficulty of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its exploration and evaluation assets interests and, to the best of its knowledge, expects title to all of its interests to be in good standing.

Summary for the three month period ended July 31, 2016:

	Hackett, Claims, British Columbia	Elon Lithium Property, Nevada	Buckingham Property, Quebec	Whabouchi South Property, Quebec	Whabouchi West Property and Whabouchi South Extension Block, Quebec	Thompson Bros. Lithium Property, Manitoba	Total
<b>Opening balance</b>							
Acquisition costs	\$ 1,492	\$ 102,500	\$ 22,500	\$ 5,000	\$ -	\$ -	\$ 131,492
Exploration costs	<u>12,710</u>	<u>6,157</u>	<u>258,778</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>277,645</u>
<b>Balance, April 30, 2016</b>	<u>14,202</u>	<u>108,657</u>	<u>281,278</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>409,137</u>
<b>Acquisition cost additions</b>							
Cash	-	-	-	20,000	5,000	25,000	50,000
Shares	-	-	-	150,000	56,250	25,000	231,250
Less: Recovery	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
<b>Total acquisition cost additions</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>170,000</u>	<u>61,250</u>	<u>-</u>	<u>231,250</u>
Assay	-	-	1,950	-	-	-	1,950
Drilling	-	-	56,175	-	-	-	56,175
Field work	-	-	1,910	32,565	-	-	34,475
Geological consulting	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>528</u>	<u>-</u>	<u>-</u>	<u>5,528</u>
<b>Total exploration cost additions</b>	<u>-</u>	<u>-</u>	<u>65,035</u>	<u>33,093</u>	<u>-</u>	<u>-</u>	<u>98,128</u>
<b>Balance, July 31, 2016</b>	\$ 14,202	\$ 108,657	\$ 346,313	\$ 208,093	\$ 61,250	\$ -	\$ 738,515

**ASHBURTON VENTURES INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**FOR THE THREE MONTH PERIOD ENDED JULY 31, 2016 AND 2015****3. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

Summary for the year ended April 30, 2016:

	Hackett, Claims, British Columbia	Chapeau Prospect, British Columbia	Boulder Property, British Columbia	GC West Property, British Columbia	Elon Lithium Property, Nevada	Buckingham Property, Quebec	Area 51 Property, Nevada	Whabouchi Property, Quebec	Total
<b>Opening balance</b>									
Acquisition costs	\$ 1,492	\$ 80,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,492
Exploration costs	12,710	-	-	-	-	-	-	-	12,710
<b>Balance, April 30, 2015</b>	<u>14,202</u>	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,202</u>
<b>Acquisition cost additions</b>									
Cash	-	-	500	-	-	-	32,784	5,000	38,284
Shares	-	-	5,000	33,000	102,500	22,500	10,000	-	173,000
<b>Total acquisition cost additions</b>	<u>-</u>	<u>-</u>	<u>5,500</u>	<u>33,000</u>	<u>102,500</u>	<u>22,500</u>	<u>42,784</u>	<u>5,000</u>	<u>211,284</u>
<b>Exploration cost additions</b>									
Assay	-	-	-	-	-	18,649	-	-	18,649
Drilling	-	-	-	-	-	139,319	-	-	139,319
Field work	-	-	-	-	6,157	42,990	3,553	-	52,700
Geological consulting	-	-	-	-	-	57,820	3,303	-	61,123
Travel	-	-	-	-	-	-	4,960	-	4,960
<b>Total exploration cost additions</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,157</u>	<u>258,778</u>	<u>11,816</u>	<u>-</u>	<u>276,751</u>
Write-off of exploration and evaluation assets	-	(80,000)	(5,500)	(33,000)	-	-	(54,600)	-	(173,100)
<b>Balance, April 30, 2016</b>	<u>\$ 14,202</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,657</u>	<u>\$ 281,278</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 409,137</u>

**Deep Creek, Nevada***Decommissioning and restoration liability*

During the year ended April 30, 2016, the Company met its decommissioning and restoration obligation related to the clean-up of Deep Creek which resulted in a recovery of decommissioning liability of \$7,648 being recorded. The undiscounted amount of the estimated cash flows required to settle the obligation is approximately \$Nil (2015 - \$50,000). The discounted liability at April 30, 2015 of \$45,443 was determined using a discount rate of 10%, an inflation rate of 1.4% and an expected term of 29 months ending on June 30, 2016. During the year ended April 30, 2016, the Company accreted \$3,396 (2015 - \$4,132) of the discount.

**Hackett Claims, British Columbia**

In 2013, the Company staked mineral tenures located in the Stikine district of north western British Columbia.

**ASHBURTON VENTURES INC.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**FOR THE THREE MONTH PERIOD ENDED JULY 31, 2016 AND 2015**

---

**3. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

Chapeau Prospect, British Columbia

During the year ended April 30, 2015, the Company acquired Chapeau Prospect property claims, located in northern British Columbia by issuing 4,000,000 common shares (issued at a value \$80,000).

During the year ended April 30, 2016, the Company abandoned the Chapeau Prospect and wrote-off exploration and evaluation assets of \$80,000.

Boulder Property, British Columbia

In August 2015, the Company entered into an option agreement to acquire Boulder Property, located in British Columbia. To acquire the property, the Company will pay \$15,500 and issue 2,700,000 shares (issued 200,000 shares at a value of \$5,000) over 24 months.

During the year ended April 30, 2016, the Company abandoned the Boulder Property and wrote-off exploration and evaluation assets of \$5,500.

GC West Property, British Columbia

In August 2015, the Company acquired the GC West property, located in British Columbia by issuing 2,200,000 common shares (issued at a value of \$33,000).

During the year ended April 30, 2016, the Company abandoned the GC West property and wrote-off exploration and evaluation assets of \$33,000.

Elon Lithium Claims, Nevada

In September 2015, the Company acquired claims in Esmeralda County in the State of Nevada by issuing 5,000,000 common shares (issued at a value of \$50,000).

On February 26, 2016, the Company entered into an agreement to acquire additional claims in Esmeralda County in the State of Nevada for 3,500,000 common shares (issued at a value of \$52,500).

Buckingham Property, Quebec

On December 4, 2015, the Company entered into an option to acquire a 60% interest in Buckingham Graphite project for the following consideration:

- i) Share issuances
  - a) 1,500,000 on or before closing (issued with a value of \$22,500).
  - b) 1,500,000 on or before October 8, 2016.
- ii) Cash payment
  - a) \$25,000 on or before October 8, 2016.
- iii) Exploration expenditure
  - a) incur \$200,000 in exploration on or before October 8, 2016.
  - b) incur cumulative \$400,000 in exploration on or before October 8, 2017.

On September 15, 2016, the Company announced that it has signed an agreement to increase its stake in the Buckingham project from an option to acquire 60% now up to 80%. To earn the additional percentage the Company has fulfilled the existing option terms to earn its 60% interest, will pay an additional \$5,000 cash plus incur an additional \$200,000 in expenditures to Cavan Ventures Inc.

**ASHBURTON VENTURES INC.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**FOR THE THREE MONTH PERIOD ENDED JULY 31, 2016 AND 2015**

---

**3. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

Area 51 Property, Nevada

On February 1, 2016, the Company acquired the Area 51 Lithium Brine prospect, located in Nye County, Nevada, from an arm's length vendor. Terms of the deal call for the issuance 200,000 common shares (issued at a value of \$10,000) and a cash payment of \$US 20,000 payable on the first anniversary of the Acquisition. In addition, the Company will grant the vendor a 0.5% NSR on mineral production from the Property, 0.25% of which can be purchased back for \$US 500,000 at any time prior to the commencement of commercial production.

During the year ended April 30, 2016, the Company abandoned the Area 51 Property and wrote-off exploration and evaluation assets of \$54,600.

Whabouchi South Property, Quebec

On April 15, 2016, the Company entered into an option agreement to acquire a 100% interest in the Whabouchi South property for the following consideration:

- i) 3,000,000 shares (issued);
- ii) \$5,000 upon announcing the transaction (paid);
- iii) \$20,000 (paid);
- iv) 2,000,000 shares and \$40,000 on or before April 15, 2017;
- v) 2,000,000 shares and \$50,000 on or before April 15, 2018;
- vi) 1,500,000 shares and \$75,000 on or before April 15, 2019, and
- vii) \$135,000 on or before April 15, 2020.

The agreement is subject to a 2% NSR of which the Company may repurchase 1% for cash consideration of \$1,000,000.

Whabouchi West Property and Whabouchi South Extension Block, Quebec

On May 17, 2016, the Company entered into an option agreement to acquire a 100% interest in the Whabouchi West property for the following consideration:

- i) 1,250,000 shares (issued);
- ii) \$5,000 (paid), and
- iv) 1,250,000 shares on or before May 17, 2017.

The property is subject to a 2% NSR, of which the Company may repurchase 1% for cash consideration of \$1,000,000.

Thompson Bros. Lithium Property, Manitoba

On April 21, 2016, the Company entered into a property option agreement for the Thompson Bros Lithium Property. ("April 21, 2016 option agreement") In return for 100% interest in the property, the Company must make the following cash payments and shares issuances to the optionor:

- i) A cash payment of \$25,000 (paid) and issue to the optionor 500,000 shares of the Company (issued at a value of \$25,000) within seven days following the effective date.
- ii) Cash payment of \$50,000 and 500,000 shares of the Company on or before April 21, 2017.
- iii) Cash payment of \$100,000 and 500,000 shares of the Company on or before April 21, 2018.
- iv) Cash payment of \$100,000 and 500,000 shares of the Company on or before April 21, 2019.
- v) Cash payment of \$100,000 and 500,000 shares of the Company on or before April 21, 2019.
- vi) Cash payment of \$125,000 and 500,000 shares of the Company on or before April 21, 2019.

The Company must also incur \$1,500,000 of expenditures relating to the property on or before the 60-month anniversary of the effective date.

**ASHBURTON VENTURES INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**FOR THE THREE MONTH PERIOD ENDED JULY 31, 2016 AND 2015****3. EXPLORATION AND EVALUATION ASSETS (cont'd...)**Thompson Bros. Lithium Property, Manitoba (cont'd...)

The property is subject to a 2% NSR, of which 1% may be repurchased by the Company, by making a cash payment of \$1,000,000

On April 25, 2016, the Company entered into an agreement with Manitoba Minerals Pty Ltd (“MMPL”), a company incorporated under the laws of the Commonwealth of Australia whereby MMPL has the right to back-in to 80% ownership of the Thompson Bros Lithium property by satisfying the following terms:

- i) Funding all of the Company’s cash obligations relating to the April 21, 2016 option agreement up to \$500,000
- ii) Fund the work program expenditures required in the April 21, 2016 option agreement for a minimum of \$1,500,000 over 60 months
- iii) MMPL will acquire 3,000,000 common shares of the Company for \$150,000 (received) and use such shares to meet the share obligation relating to the April 21, 2016 option agreement.

Subsequent to earning 80%, but prior to completion of a Pre-Feasibility Study, MMPL has the right to acquire a further fifteen percent holding in the Thomson Bros Lithium property from the Company for \$1,000,000.

**4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The Company’s accounts payable and accrued liabilities consist of:

	July 31, 2016	April 30, 2016
Trade payables	\$ 617,821	\$ 756,900
Accrued liabilities	<u>31,875</u>	<u>25,500</u>
	<u>\$ 649,696</u>	<u>\$ 782,400</u>

**5. LOAN PAYABLE**

During the year ended April 30, 2016, the Company obtained a short-term loan in the principal amount of \$31,000 and recorded \$1,987 in interest expense. The loan bears interest at 10% per annum. The loan is unsecured and matures on August 31, 2016.

The Company recorded \$781 in interest expense related to the loan during the period ended July 31, 2016.

**6. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE**

**Authorized:** unlimited common shares without par value

As of July 31, 2016, there were 9,020,235 shares held in escrow (April 30, 2016 – Nil)

During the period ended July 31, 2016, the Company:

- i) issued 3,000,000 common shares in consideration for the acquisition of Whabouchi South property (Note 3).

**ASHBURTON VENTURES INC.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**FOR THE THREE MONTH PERIOD ENDED JULY 31, 2016 AND 2015**

---

**6. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd...)**

- ii) completed the first tranche of a non-brokered flow through private placement of 10,300,000 units at a price of \$0.05 per unit for gross proceeds of \$515,000. Each unit consists of one flow through common share and one non-flow through Share purchase warrant of the Company. Each warrant will entitle the holder to acquire one share of the Company at a price of \$0.075 per share for a period of 12 months from the date of issuance. The Company paid a cash commission to the finders totalling \$38,800, issued 485,000 finder's shares and issued 485,000 finder's warrants exercisable for 12 months at \$0.075. The shares and warrants issued pursuant to the private placement and any Shares issued on exercise of the warrants are subject to four-month resale restriction that expires on September 28, 2016.
- iii) completed the first tranche of a non-brokered private placement of 500,000 shares at a price of \$0.05 per share for gross proceeds of \$25,000 in relation to the Thompson Bro's lithium property acquisition. The shares issued pursuant to the private placement are subject to four-month resale restriction that expires on September 28, 2016 (Note 3).
- iv) completed the second and final tranche of a non-brokered flow through private placement of 16,150,000 units at a price of \$0.05 per unit for gross proceeds of \$807,500. Each unit consists of one flow through common share and one non-flow through share purchase warrant of the Company. Each warrant will entitle the holder to acquire one share of the Company at a price of \$0.075 per share for a period of 12 months from the date of issuance. The Company paid a cash commission to the finders totalling \$63,400, issued 777,500 finder's shares and issued 777,500 finder's warrants exercisable for 12 months at \$0.075. The shares and warrants issued pursuant to the private placement and any shares issued on exercise of the warrants are subject to four-month resale restriction that expires on September 28, 2016 for the first tranche and October 11, 2016 for the second tranche.
- v) issued 650,000 common shares upon exercise of options for gross proceeds of \$32,500.
- vi) issued 1,648,000 common shares upon exercise of warrants for gross proceeds of \$82,400.
- vii) issued 1,250,000 common shares in consideration for the option agreement for the Whabouchi West Property and the Whabouch South Extension Block (Note 3).
- viii) completed a non-brokered private placement of 2,500,000 shares at a price of \$0.05 per share for aggregate gross proceeds of \$125,000 in relation to the Thompson Bro's lithium property acquisition. The shares are subject to a hold period until November 19, 2016.

During the year ended April 30, 2016, the Company:

- i) issued a total of 200,000 shares at a value of \$5,000, pursuant to the acquisition of Boulder Property in British Columbia, Canada (Note 4).
- ii) issued a total of 2,200,000 shares, valued at \$33,000, pursuant to the acquisition of GC West property in British Columbia, Canada (Note 4).
- iii) issued a total of 5,000,000 shares, valued at \$50,000, pursuant to the acquisition of "Elon" lithium claims in the Clayton Valley lithium district of Nevada, USA (Note 4).
- iv) completed a non-brokered private placement of 14,767,000 flow-through units and 6,666,666 non-flow through units at a price of \$0.015 per unit for gross proceeds of \$321,505 of which \$77,500 was for settlement of accounts payable. Each flow-through unit and non-flow through unit is comprised of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to purchase one share at a price of \$0.05 until December 11, 2016.

**ASHBURTON VENTURES INC.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**FOR THE THREE MONTH PERIOD ENDED JULY 31, 2016 AND 2015**

---

**6. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd...)**

- v) issued a total of 1,500,000 shares, valued at \$22,500, pursuant to the acquisition of Buckingham property in Quebec, Canada (Note 4).
- vi) acquired additional claims in the Clayton Valley, Nevada. The Company issued 3,500,000 shares, valued at \$52,500, for the additional Elon lithium claims (Note 4).
- vii) entered into an agreement to issue shares to settle outstanding debt of \$87,680 by issuing 1,753,600 common shares, valued at \$35,072.
- viii) issued a total of 200,000 shares, valued at \$10,000, pursuant to the acquisition of Area 51 property claims in Nye County, Nevada, USA (Note 4).
- ix) issued 50,000 common shares pursuant to the exercise of warrants for gross proceeds of \$2,500.
- x) issued 650,000 common shares pursuant to the exercise of options for gross proceeds of \$32,500.

Stock options

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of five years. Vesting is determined by the Board of Directors.

During the period ended July 31, 2016, the Company granted no stock options.

During the year ended April 30, 2016, the Company:

- i) granted a total of up to 1,400,000 stock options to directors and consultants of the company, exercisable at a price of \$0.05 per share for a period of two years from the date of grant. The estimated fair value of the options is \$15,900 or \$0.01 per option.
- ii) granted a total of up to 1,500,000 stock options, exercisable at a price of \$0.05 per share for a period of two years from the date of grant. The estimated fair value of the options is \$17,100 or \$0.01 per option.
- iii) granted a total of up to 1,000,000 stock options, exercisable at a price of \$0.05 per share for a period of one year from the date of grant. The estimated fair value of the options is \$16,300 or \$0.02 per option.
- iv) granted a total of up to 2,250,000 stock options, exercisable at a price of \$0.05 per share for a period of one year from the date of grant. The estimated fair value of the options is \$73,300 or \$0.03 per option.

**ASHBURTON VENTURES INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**FOR THE THREE MONTH PERIOD ENDED JULY 31, 2016 AND 2015****6. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd...)**Stock options (cont'd...)

A summary of the Company's stock options as at July 31, 2016 and changes during the period are as follows:

	Options	Weighted Average Exercise Price
<b>Balance, April 30, 2015</b>	3,190,000	\$ 0.07
Granted	6,150,000	0.05
Exercised	(650,000)	0.05
Expired	<u>(25,000)</u>	0.10
<b>Balance, April 30, 2016</b>	8,665,000	0.06
Exercised	(650,000)	0.05
Expired	<u>(100,000)</u>	0.05
<b>Balance, July 31, 2016</b>	7,915,000	\$ 0.06
<b>Exercisable, July 31, 2016</b>	7,915,000	\$ 0.06

As at July 31, 2016, the Company had the following stock options outstanding:

Options Outstanding	Exercise Price	Expiry Date
700,000	\$0.05	11-Apr-17
1,700,000	0.05	28-Apr-17
1,050,000	0.05	2-Dec-17
1,300,000	0.05	4-Dec-17
1,025,000	0.10	12-Mar-18
990,000	0.07	29-Aug-18
350,000	0.05	22-Jan-19
<u>800,000</u>	0.06	26-Feb-19
<b>7,915,000</b>		

As at April 30, 2016, the Company had the following stock options outstanding:

Options Outstanding	Exercise Price	Expiry Date
700,000	\$0.05	11-Apr-17
2,250,000	0.05	28-Apr-17
1,050,000	0.05	2-Dec-17
1,500,000	0.05	4-Dec-17
1,025,000	0.10	12-Mar-18
990,000	0.07	29-Aug-18
350,000	0.05	22-Jan-19
<u>800,000</u>	0.06	26-Feb-19
<b>8,665,000</b>		

**ASHBURTON VENTURES INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**FOR THE THREE MONTH PERIOD ENDED JULY 31, 2016 AND 2015****6. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd...)**Warrants

A summary of the Company's warrants as at July 31, 2016 and the changes during the period are as follows:

	Warrants Outstanding	Weighted Average Exercise Price
<b>Balance, April 30, 2015</b>	26,630,000	\$ 0.07
Granted	22,637,066	0.05
Exercised	(50,000)	0.05
Expired	<u>(21,680,000)</u>	0.07
<b>Balance, April 30, 2016</b>	27,537,066	0.06
Granted	16,927,500	0.08
Exercised	<u>(1,648,000)</u>	0.05
<b>Balance, July 31, 2016</b>	42,816,566	\$ 0.07

As at July 31, 2016, the Company had the following warrants outstanding:

Warrants Outstanding	Exercise Price	Expiry Date
19,735,666	\$ 0.05	11-Dec-16
1,203,400	0.05	11-Dec-16
10,300,000	0.08	27-May-17
485,000	0.08	27-May-17
5,850,000	0.08	10-Jun-17
292,500	0.08	10-Jun-17
<u>4,950,000</u>	0.10	25-Jul-18
42,816,566		

As at April 30, 2016, the Company had the following warrants outstanding:

Warrants Outstanding	Exercise Price	Expiry Date
21,383,666	\$ 0.05	11-Dec-16
1,203,400	0.05	11-Dec-16
<u>4,950,000</u>	0.10	25-Jul-18
27,537,066		

During the period ended July 31, 2016, the Company granted 777,500 (2015 – Nil) agents' warrants. The estimated fair market value of the warrants is \$26,000 or \$0.03 per warrant.

**ASHBURTON VENTURES INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**FOR THE THREE MONTH PERIOD ENDED JULY 31, 2016 AND 2015****6. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd...)**Warrants (cont'd...)

The following weighted average assumptions were used for the Black-Scholes valuation of agents' warrants granted during the period ended July 31:

	<b>2016</b>	<b>2015</b>
Risk-free interest rate	0.59%	-
Expected life of options	1.00 years	-
Expected annualized volatility	185.58%	-
Expected dividend rate	0.00%	-

**7. RELATED PARTY TRANSACTIONS**

The Company defines key management as officers and directors. For the period ended July 31, 2016, the Company had the following transactions with key management, being related parties:

- i) Paid or accrued management fees of \$25,500 (2015 - \$25,500) to a company owned by the Company's Chief Executive Officer ("CEO") for fees to directors and officers.
- ii) Paid or accrued administration costs, recorded as office expense, of \$17,125 (2015 - \$28,688) to a company owned by the Company's CEO.
- iii) Paid or accrued \$20,050 (2015 - \$Nil) to a director of the Company for consulting fees.

During the period ended July 31, 2016, a company owned by the Company's CEO made advances to the Company of \$Nil (April 30, 2016 - \$24,250). At July 31, 2016, \$Nil (April 30, 2016 - \$5,030) remained in accounts payable.

Included in prepaid expenses as at July 31, 2016 is \$6,524 (April 30, 2016 - \$3,524) paid to a company owned by the Company's CEO and CEO.

Included in accounts payable as at July 31, 2016 is \$422,182 (April 30, 2016 - \$452,926) owed to a company owned by the President, CEO and director.

**8. CAPITAL MANAGEMENT**

Capital is comprised of the Company's shareholders' equity. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The capital for the Company was mainly from the issuance of common shares and short-term demand loans. There was no change in the Company's capital management strategy during the current period. The Company is not exposed to any externally imposed capital restrictions.

**ASHBURTON VENTURES INC.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**FOR THE THREE MONTH PERIOD ENDED JULY 31, 2016 AND 2015**

---

**9. FINANCIAL INSTRUMENTS AND RISKS**

**Fair values**

The fair values of cash and marketable securities are measured under level one of the fair value hierarchy. The fair value of accounts payable and accrued liabilities and loan payable approximate their book values because of the short-term nature of these instruments.

*Financial instrument risk exposure*

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process.

*Credit risk*

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash and receivables. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The Company's receivables consist primarily of tax receivables due from a federal government agency.

*Liquidity risk*

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

*Market risk*

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

Interest rate risk

The Company has cash balances and interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term demand deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit rating of its banks.

Foreign currency risk

The Company is exposed to nominal foreign currency risk.

Price risk

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

**ASHBURTON VENTURES INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**FOR THE THREE MONTH PERIOD ENDED JULY 31, 2016 AND 2015****10. SEGMENTED INFORMATION**

The Company's primary business activity is the acquisition and exploration of exploration and evaluation assets. Geographic information is as follows:

	July 31, 2016	April 30, 2016
<b>Capital assets</b>		
Canada	\$ 629,858	\$ 300,480
USA	108,657	108,657
	<u>\$ 738,515</u>	<u>\$ 409,137</u>

**11. SUBSEQUENT EVENTS**

Subsequent to the period ended July 31, 2016, the Company:

- i) completed a non-brokered private placement of 4,600,000 units at a price of \$0.05 per unit for gross proceeds of \$230,000 of which \$140,000 was for settlement of various debts. Each unit consisted of a common share and a share purchase warrant of the Company. The warrants are exercisable at \$0.06 until August 23, 2017. The shares and warrants issued are subject to a hold period until December 24, 2016.
- ii) signed an agreement to increase its stake in the Buckingham project from an option to acquire 60% now up to 80%. To earn the additional percentage Ashburton has fulfilled the existing option terms to earn its 60% interest, will pay an additional \$5,000 cash plus incur an additional \$200,000 in expenditures
- iii) granted 3,500,000 stock options to directors and consultants of the Company at an exercise price of \$0.05 per share for a period of six months from the date of grant.