Arian Resources Corp.

Condensed Consolidated Interim Financial Statements

Three Months Ended August 31, 2015 and 2014

(Expressed in Canadian Dollars)

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 financial statements have not been reviewed by an auditor. The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of the management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Arian Resources Corp.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars – unaudited)

	Notes	August 31, 2015	May 31, 2015
ASSETS			
Current assets			
Cash	4	$ 161,904	$ 42,540
Receivables	5	339,590	69,596
Prepaid expenses	6	9,129	15,084
		510,623	127,220
Non-current assets			
Equipment	7	411,056	432,892
Exploration and evaluation assets	8	4,542,990	4,582,032
		4,954,046	5,014,924
TOTAL ASSETS		**$ 5,464,669**	**$ 5,142,144**
LIABILITIES			
Current liabilities			
Bank indebtedness		$ -	$ 106,112
Accounts payable and accrued liabilities	9	3,053,414	3,087,095
Due to related parties	11	190,008	66,008
TOTAL LIABILITIES		**3,243,422**	**3,259,215**
SHAREHOLDERS' EQUITY			
Share capital	10	$ 25,078,732	24,839,889
Subscriptions receivable	10	(399,449)	(405,449)
Shares to be issued	10	54,588	54,588
Share-based payment reserve	10	3,323,535	3,323,535
Warrant reserve	10	4,445,900	4,194,743
Deficit		(30,282,059)	(30,124,377)
TOTAL EQUITY		**2,221,247**	**1,882,929**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 5,464,669**	**$ 5,142,144**

Nature and continuance of operations – Note 1
Subsequent event – Note 15

On behalf of the Board:

"Zip Dhanani", Director *"Robert Naso"*, Director

Arian Resources Corp.
Condensed Consolidated Interim Statements of Comprehensive Loss
(Expressed in Canadian dollars – unaudited)

		Three months ended	
		August 31,	**August 31,**
	Notes	**2015**	**2014**
Expenses			
Advertising and promotion		$ 7,655	$ 20,805
Amortization	7	21,836	6,510
Consulting fees	11	26,000	257,095
Foreign exchange (gain) loss		(15,252)	24,327
Insurance		2,675	3,433
Interest and bank charges		1,488	2,443
Management fees	11	90,000	34,500
Meals and entertainment		-	1,576
Office		1,351	8,846
Professional fees		75	39,231
Rent		9,038	19,023
Salaries and wages		3,299	3,064
Stock-based compensation	10,11	-	122,968
Telephone and utilities		5,132	1,809
Transfer agent and filing fees		4,385	29,384
		(157,682)	(575,014)
Other items			
Interest income		-	2,084
Other income		-	6,316
Net and comprehensive loss		**$ (157,682)**	**$ (566,614)**
Basic and diluted loss per common share	10	**$ (0.00)**	**$ (0.01)**

Arian Resources Corp.
Condensed Consolidated Interim Statement of Changes in Equity
(Expressed in Canadian dollars – unaudited)

		Share capital							
	Notes	Number of shares	Amount	Subscriptions receivable	Shares to be issued	Share-based payment reserve	Warrant reserve	Deficit	Total
Balance at June 1, 2014		**88,336,907**	**$ 23,039,736**	**$ -**	**$ 384,776**	**$ 3,125,172**	**$ 3,414,199**	**$ (27,751,955)**	**$ 2,211,928**
Comprehensive loss		-	-	-	-	-	-	(566,614)	(566,614)
Shares issued for cash – private placements	10	6,194,834	583,426	-	(384,776)	-	70,400	-	269,050
Warrants exercised	10	1,000,000	100,000	-	-	-	-	-	100,000
Share issue costs – finders' units	10	469,334	(210,067)	-	-	-	210,067	-	-
Stock-based compensation	10	-	-	-	-	122,968	-	-	122,968
Balance at August 31, 2014		**96,001,075**	**$ 23,513,095**	**$ -**	**$ -**	**$ 3,248,140**	**$ 3,694,666**	**$ (28,318,569)**	**$ 2,137,332**
Balance at June 1, 2015		122,763,474	$ 24,839,889	$ (405,449)	$ 54,588	$ 3,323,535	$ 4,194,743	$ (30,124,377)	$ 1,882,929
Comprehensive loss		-	-	-	-	-	-	(157,682)	(157,682)
Share subscription received		-	-	46,000	-	-	-	-	46,000
Shares issued for cash – private placements	10	9,800,000	261,251	(40,000)	-	-	228,749	-	450,000
Share issue costs – finders' units	10	960,000	(22,408)	-	-	-	22,408	-	-
Balance at August 31, 2015		**133,523,474**	**$ 25,078,732**	**$ (399,449)**	**$ 54,588**	**$ 3,323,535**	**$ 4,445,900**	**$ (30,282,059)**	**$ 2,221,247**

Arian Resources Corp.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian dollars – unaudited)

	Three months ended	
	August 31, 2015	**August 31, 2014**
Operating activities		
Net loss for the period	$ (157,682)	$ (566,614)
Adjustments for non-cash items:		
Amortization	21,836	6,510
Stock-based compensation	-	122,968
Changes in non-cash working capital items:		
Receivables	(269,994)	(405,723)
Prepaid expenses	5,955	64,374
Due to related parties	124,000	37,445
Accounts payable and accrued liabilities	(33,681)	(145,011)
Net cash flows used in operating activities	(309,566)	(886,051)
Investing activities		
Purchase of equipment	-	(12,974)
(Expenditures) recovery on exploration and evaluation assets	39,042	(285,864)
Net cash flows from(used in) investing activities	39,042	(298,838)
Financing activities		
Shares issued for cash	450,000	653,826
Subscription received	46,000	-
Shares to be issued	-	(384,776)
Warrants exercised	-	100,000
Net cash flows from financing activities	496,000	369,050
Change in cash	225,476	(815,839)
Cash (bank indebtedness) , beginning	(63,572)	1,205,002
Cash, ending	**$ 161,904**	**$ 389,163**

1. Nature and continuance of operations

Arian Resources Corp. (the "Company") was incorporated in British Columbia on January 24, 2007. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "ARC". The Company's principal activity is the exploration and evaluation of mineral properties. The head office, principal and registered address and records office of the Company are located at 1199 West Hastings Street, Suite 800, Vancouver, British Columbia, Canada, V6E 3T5.

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at August 31, 2015, the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its exploration and evaluation activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and/or private placement of common shares.

2. Significant accounting policies and basis of preparation

The condensed consolidated interim financial statements were authorized for issue on October 30, 2015 by the directors of the Company.

Statement of compliance

The condensed consolidated interim financial statements of the Company comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), in particular IAS 34, interim reporting, and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of preparation

The condensed consolidated interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise noted.

Consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

		Percentage owned*	
	Country of incorporation	**August 31, 2015**	**August 31, 2014**
Golden Touch Resources Australia Pty Ltd.	Canada	100%	100%
Balkan Resources, Shpk ("BRS")	Albania	100%	100%
JAB Resources Ltd. ("JAB")	Australia	100%	100%
JAB Resources, Shpk ("SHPK")	Albania	100%	100%

*Percentage of voting power is in proportion to ownership.

2. Significant accounting policies and basis of preparation (Continued)

Consolidation (continued)

Inter-company balances and transactions are eliminated on consolidation.

Significant estimates

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the useful lives of equipment, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, provisions for restoration and environmental obligations and contingent liabilities.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- The determination of whether an acquisition constitutes a business combination or an acquisition of assets;
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses; and
- the determination of the functional currency of the parent company and its subsidiaries.

Foreign currency translation

The functional currency of each of the Company's subsidiaries is measured using the currency of the primary economic environment in which that entity operates. The condensed consolidated interim financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency. The functional currency of the subsidiaries of the Company has also been determined to be the Canadian dollar.

Transactions and balances:

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.

2. Significant accounting policies and basis of preparation (Continued)

Foreign currency translation (continued)

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive loss in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. 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.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

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, plant and equipment.

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.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model. 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 (Continued)

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 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 Company 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.

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.

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 loss, except for impairment losses and foreign exchange gains and losses. Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company 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 an impairment has arisen.

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

2. Significant accounting policies and basis of preparation (Continued)

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 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.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

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.

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.

2. Significant accounting policies and basis of preparation (Continued)

Restoration and environmental obligations (continued)

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 and loss for the period.

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 period 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.

Equipment

Equipment is 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 Company 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 comprehensive loss 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.

Equipment is recorded at cost less accumulated amortization. Half year rule is applied to the first year of acquisition. Amortization is provided on a straight line basis over the estimated useful lives of the assets as follows:

Equipment	**Useful life / depreciation rate**
Office furniture	5 years
Computers	40% to 66%
Motor Vehicle	30%
Leasehold improvements	30%
Exploration Equipment	20%

3. Accounting standards issued but not yet effective

The following new or amended accounting standards have been issued by IASB for periods beginning on or after June 1, 2015.

(i) IFRS 9 Financial Instruments; and
(ii) Amendments to IAS 32 Financial Instruments: Presentation (Amendments regarding inconsistencies when applying the offsetting requirements).

3. Accounting standards issued but not yet effective (Continued)

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

4. Cash and cash equivalents

	August 31, 2015	May 31, 2015
Cash at bank	$ 161,904	$ 42,540

5. Receivables

The components of accounts receivable are as follows:

	August 31, 2015	May 31, 2015
Value added taxes receivable	$ 7,909	$ 69,288
Receivable from a director (Note 11)	314,810	-
Subsidiaries' receivable	16,871	308
	$ 339,590	$ 69,596

6. Prepaid expenses

The components of prepaid expenses are as follows:

	August 31, 2015	May 31, 2015
Consulting	$ 3,333	$ 3,333
Insurance	5,796	8,471
Rent deposit	-	3,280
	$ 9,129	$ 15,084

7. Equipment

	Office Furniture	Computers	Leasehold Improvements	Motor Vehicles	Exploration Equipment	Total
Cost:						
At June 1, 2015	$ 101,082	$ 10,651	$ 12,975	$ 35,634	$ 359,206	$ 519,548
Additions	-	-	-	-	-	-
At August 31, 2015	101,082	10,651	12,975	35,634	359,206	519,548
Depreciation:						
At June 1, 2015	29,436	4,922	5,310	11,068	35,920	86,656
Charge for the period	3,582	287	575	1,228	16,164	21,836
At August 31, 2015	33,018	5,209	5,885	12,296	52,084	108,492
Net book value:						
At August 31, 2015	**$ 68,064**	**$ 5,442**	**$ 7,090**	**$ 23,338**	**$ 307,122**	**$ 411,056**
At May 31, 2015	**$ 71,646**	**$ 5,729**	**$ 7,665**	**$ 24,566**	**$ 323,286**	**$ 432,892**

	Office Furniture	Computers	Leasehold Improvements	Motor Vehicles	Total
Cost:					
At June 1, 2014	$ 88,826	$ 10,651	$ -	$ 35,634	$ 135,111
Additions	-	-	12,974	-	12,974
At August 31, 2014	88,826	10,651	12,974	35,634	148,085
Depreciation:					
At June 1, 2014	13,056	3,489	-	5,345	21,890
Charge for the period	3,948	361	486	1,715	6,510
At August 31, 2014	17,004	3,850	486	7,060	28,400
Net book value:					
At August 31, 2014	**$ 71,822**	**$ 6,801**	**$ 12,488**	**$ 28,574**	**$ 119,685**
At May 31, 2014	**$ 75,770**	**$ 7,162**	**$ -**	**$ 30,289**	**$ 113,221**

8. Exploration and evaluation assets

	Perlat	Iballja	Kacinar	Total for the period ended August 31, 2015	Total for the year ended May 31, 2015
Property acquisition costs					
Balance, beginning	$ 1,128,300	$ -	$ -	$ 1,128,300	$ 1,128,300
Additions	-	-	-	-	-
Balance, ending	1,128,300	-	-	1,128,300	1,128,300
Exploration costs					
Balance, beginning	3,452,195	1,537	-	3,453,732	58,973
Costs incurred during period:					
Assay	-	-	-	-	4,361
Drilling and related costs	3,134	-	-	3,134	2,861,291
Field and camp costs	2,453	-	-	2,453	126,130
Geological consulting	5,896	-	1,111	7,007	482,877
Salaries and wages	-	-	-	-	180,462
Travel and accommodation	1,068	-	-	1,068	18,193
Recovery	-	-	-	-	(340,700)
(Impairment) recovery	(52,704)	-	-	(52,704)	62,145
	(40,153)	-	1,111	(39,042)	3,394,759
Balance, ending	3,412,042	1,537	1,111	3,414,690	3,453,732
Total	**$ 4,540,342**	**$ 1,537**	**$ 1,111**	**$ 4,542,990**	**$ 4,582,032**

Perlat

During year the ended May 31, 2014, the Company entered into an option agreement whereby the Company has an option to acquire the issued and outstanding shares of BRS that owns the Perlat exploitation permit that is located in Albania. The property is permitted for mining for 25 years, with a 10 year renewal option.

In consideration for the option, the Company must:

a) Issue 5,000,000 common shares of the Company on closing (issued with a fair value of $900,000)(Note 10);
b) Pay $2,000,000 on June 30, 2015;
c) Pay $2,000,000 on December 30, 2016;
d) On the date that concentrate emanating from the property covered by the exploitation permit is accepted by a smelter, pay $3,000,000, plus
    i) Pay $3,000,000; or
    ii) Issue 3,000,000 common shares; and
e) Grant the optionor a 2.5% net smelter royalty interests in the property.

During the year ended May 31, 2014, the Company issued 435,000 finders' shares with a fair value of $78,300 in connection with this acquisition.

As of the date of these financial statements, the Company has not paid the $2,000,000, which was due June 30, 2015. The Company is currently negotiating to extend the payment deadline.

8. Exploration and evaluation assets (Continued)

Perlat (continued)

As part of the agreement, the Company paid $150,000 to settle a debt payable by the optionor. The agreement stipulates that the optionor must reimburse the Company for this debt settlement; however the Company has no plans to demand payment and the $150,000 has been recognized as an acquisition cost.

Pursuant to the exploration permit for the Perlat property, the Company must make the following expenditures on the property:

a) 7,819,745 Albanian Lek (CAD $75,852) during the first year by May 27, 2015 (incurred);
b) 45,410,000 Albanian Lek (CAD $440,477) during the second year by May 27, 2016; and
c) 4,728,255 Albanian Lek (CAD $45,864) during the third year by May 27, 2017.

On August 18, 2014, the Company entered into an option agreement whereby Sinomine International Exploration (Hong Kong) Holding Co. Ltd. ("Sinomine") has the option to earn a majority interest in the Perlat property pursuant to the following terms:

a) The Company must fund a $3,000,000 work program to be carried out by Sinomine by December 31, 2014, to be paid as follows:
   i) $300,000 within 30 days of closing (paid);
   ii) $500,000 before September 30, 2014;
   iii) $1,000,000 when 5,000 metres of drilling is complete, anticipated to be by December 15, 2014; and
   iv) $1,200,000 when Sinomine has completed all geological work, by March 31, 2015;

b) Sinomine must produce a prefeasibility report and a valuation report on the Perlat property by March 31, 2015;
c) Upon conclusion of the work program, Sinomine must decide whether to partner for production by April 30, 2015;
   i) If Sinomine decides to proceed, it must inform the Company in writing and a partnership agreement will be drawn up by May 30, 2015;
   ii) If Sinomine decides to proceed, the Company shall receive credit for the $3,000,000 investment in the joint venture; and
   iii) If Sinomine decides not to proceed, the Company shall receive a 10% discount on the $3,000,000 investment, which will be refunded to the Company.

As of August 31, 2015, the Company and Sinomine have completed the work program described in (a) above; therefore $2,275,760 is payable to Sinomine at August 31, 2015.

Iballja

During the year ended May 31, 2014, SHPK won the bid for a copper exploitation permit known as the Iballja Copper Project.

Kacinar

On April 11, 2013, the Company entered into an option and investment agreement with Sinomine, whereby Sinomine has the option to acquire 10%-60% interest in SHPK. The agreement was approved by the TSX-V in April 2013.

8. Exploration and evaluation assets (Continued)

Kacinar (continued)

To earn the first 10% interest ("First Option"), Sinomine must complete the following:

a) Complete the securities purchase described below on the date that Sinomine elects to proceed with the option and investment agreement ("Completion Date") (issued)(Note 10); and
b) Incur $1,000,000 in expenditures on or before the first anniversary of the Completion Date.

To earn an additional 20% interest ("Second Option"), Sinomine must complete the following:

a) Exercise the First Option; and
b) Incur an additional $2,000,000 in expenditures on or before the second anniversary of the Completion Date.

To earn an additional 30% interest ("Third Option"), Sinomine must complete the following:

a) Exercise the Second Option; and
b) Incur an additional $3,000,000 in expenditures on or before the third anniversary of the Completion Date.

Pursuant to the agreement with Sinomine, the Company applied for a gold exploration permit for the Kacinar Gold Project. The Company applied to the Albanian National Licensing Centre ("NLC") for the final issuance of the permit and was granted the permit during the year ended May 31, 2014. During the year ended May 31, 2014, the Company paid $370,783 to the NLC in connection with the Kacinar Gold Project.

On September 19, 2013, Sinomine subscribed for 4,375,981 units of the Company, equal to 9.9% of the issued and outstanding common shares at that date, at $0.15 per share for gross proceeds of $656,397, all of which are to be spent on the Kacinar Gold Project. Each unit consists of one common share and one share purchase warrant, which is exercisable at $0.25 per share for 5 years.

As of the date of these financial statements, Sinomine has given notice that they will not proceed with the option agreement.

Pursuant to the gold exploration permit for the Kacinar Gold Project, the Company must incur the following expenditures:

a) 33,176,000 Albanian Lek (CAD $321,807) during the first year by June 21, 2014 (incurred);
b) 22,067,000 Albanian Lek (CAD $214,050) during the second year by June 21, 2015; and
c) 109,439,000 Albanian Lek (CAD $1,061,558) during the third year by June 21, 2016.

During the year ended May 31, 2014, the Company fully impaired the Kacinar Gold Project, resulting in impairment of $2,190,932, as it has no immediate plans to continue its exploration. During the year ended May 31, 2015, the Company incurred expenditures of $278,555 and received a recovery of $340,700 relating to the Kacinar Gold Project; therefore the net recovery of $62,145 was recognized as recovery of impairment.

9. Accounts payable and accrued liabilities

	August 31, 2015	May 31, 2015
Accounts payable	$ 3,033,414	$ 3,067,095
Accrued liabilities	20,000	20,000
	$ 3,053,414	$ 3,087,095

10. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At August 31, 2015, there were 133,543,474 issued and fully paid common shares (May 31, 2015 – 122,763,474).

Period ended August 31, 2015

On August 18, 2015, the Company closed the first tranche of a private placement by issuing 9,800,000 units at a price of $0.05 per unit for gross proceeds of $490,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.07 for a period of five years. In connection with the private placement, the Company paid finder's fees of 960,000 units. Each finder's unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.07 for a period of two years.

Year ended May 31, 2015

In June and July 2014, the Company completed a non-brokered private placement of 6,194,833 units at $0.15 per unit for gross proceeds of $929,225. Each unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder to subscribe for one common share of the Company at an exercise price of $0.25 per share for a period of two years. The fair value of the attached warrants was $260,714. In connection to the private placement the Company paid a finder's fee of 469,334 units with a total fair value of $70,400, of which $50,647 was allocated to share issue costs and $19,752 to warrant reserve. These finder's units have the same terms as the private placement units. Cash share issuance costs of $24,300 were incurred for this private placement. The private placement and finder's warrants were valued using the Black Scholes Option Pricing Model assuming a risk-free interest rate of 1.10-1.12%, an expected life of 2 years, annualized volatility of 197-199%, and a dividend rate of 0%.

On November 24, 2014, the Company completed the first tranche of a non-brokered private placement of 4,700,000 units at $0.15 per unit for gross proceeds of $705,000. Each unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder to subscribe for one common share of the Company at an exercise price of $0.25 per share for a period of five years. The fair value of the attached warrants was $204,765. In connection to the private placement the Company paid a finder's fee of 70,000 units with a total fair value of $10,500, of which $7,450 was allocated to share issue costs and $3,050 to warrant reserve. These finder's units have the same terms as the private placement units. The private placement and finder's warrants were valued using the Black Scholes Option Pricing Model assuming a risk-free interest rate of 1.03%, an expected life of 5 years, annualized volatility of 162-163%, and a dividend rate of 0%.

On December 5, 2014, the Company closed the second and final tranche of a non-brokered private placement. The second tranche consisted of 300,000 units at a price of $0.15 per unit for gross proceeds of $45,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.25 per share for a period of five years. The fair value of the attached warrants was $10,771.

On February 6, 2015, the Company completed the shares-for-debt settlement by issuing 10,192,400 common shares with a fair value of $305,772 for settlement of $509,620 of debt, resulting in a gain of $203,848.

10. Share capital (Continued)

Issued share capital (continued)

On March 12, 2015, the Company closed the first and second tranches of a non-brokered private placement. The Company issued 12,400,000 units at $0.05 per unit for gross proceeds of $620,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.10 for a period of five years. The fair value of the attached warrants was $278,292. Of the total units issued, 5,400,000 units were issued with a fair value of $270,000 to settle loans totaling $270,000. In connection with the private placement, the Company paid a finder's fee of 100,000 units with a fair value of $5,000, of which $1,800 was allocated to share issue costs and $3,200 to warrant reserve. These finder's units consist of one common share and one share purchase warrant, which is exercisable at $0.10 for a period of two years. The private placement and finder's warrants were valued using the Black Scholes Option Pricing Model assuming a risk-free interest rate of 1.03-1.48%, an expected life of 2-5 years, annualized volatility of 164%, and a dividend rate of 0%.

On August 12, 2014, the Company entered into a consulting agreement with Pada Investments LLC and Jim Belushi, whereby Mr. Belushi was to provide services to the Company in exchange for the following consideration:

a) 133,337 units on the first work day in 2014 and 133,333 units for each work day in 2014 thereafter, subject to a minimum of 320,000 units per month and a maximum of 1,600,000 units in 2014 in aggregate; and
b) 94,112 units on the first work day in 2015 and 94,118 units for each work day in 2015 thereafter, subject to a minimum of 133,333 units per month and a maximum of 1,600,000 units in 2015 in aggregate.

Each unit consists of one common share and one share purchase warrant exercisable for a period of five years at an exercise price equal to the current market price of the shares plus $0.01 on the date of payment, subject to a minimum exercise price of $0.05. Mr. Belushi worked 12 days in 2014 and 12 days in 2015 during the year ended May 31, 2015; therefore the Company is obligated to issue 2,729,410 units to him, which have a fair value of $54,588 at May 31, 2015.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the three months ended August 31, 2015 was based on the loss attributable to common shareholders of $157,682 (2014 - $566,614) and the weighted average number of common shares outstanding of 124,286,735 (2014 – 60,640,651).

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant.

Year ended May 31, 2015

On July 1, 2014, the Company granted 600,000 stock options to directors, officers, and employees of the Company with an exercise price of $0.20 and a term expiring on July 1, 2019. These options vested upon option grant. During the year ended May 31, 2015, stock-based compensation of $48,635 was recognized.

10. Share capital (Continued)

Stock options (continued)

On August 26, 2014, the Company granted 1,200,000 stock options to directors, officers, and employees of the Company with an exercise price of $0.20 and a term expiring on August 26, 2016. These options vested upon option grant. During the year ended May 31, 2015, stock-based compensation of $74,333 was recognized.

On December 22, 2014, the Company granted incentive stock options to directors, officers, and employees to acquire 1,000,000 common shares at a price of $0.10 and a term expiring on December 22, 2019. These options vested upon option grant. During the year ended May 31, 2015, stock-based compensation of $75,395 was recognized.

On September 19, 2013, the Company granted 400,000 stock options to employees of the Company with an exercise price of $0.20 and a term expiring on September 19, 2023. These options vested upon option grant. During the year ended May 31, 2014, stock-based compensation of $67,654 was recognized.

On February 18, 2014, the Company granted 1,500,000 stock options to directors with an exercise price of $0.23 and a term expiring on February 18, 2019. These options vested upon option grant. During the year ended May 31, 2014, stock-based compensation of $322,742 was recognized.

On March 24, 2014, the Company granted 1,800,000 stock options to directors, officers, and employees of the Company with an exercise price of $0.20 and a term expiring on March 24, 2019. These options vested upon option grant. During the year ended May 31, 2014, stock-based compensation of $336,114 was recognized.

Total stock-based compensation for the three months ended August 31, 2015 was $Nil (2014 - $122,968). The fair value was determined using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	Year ended May 31, 2015	Year ended May 31, 2014
Expected life of options	2-5 years	5-10 years
Annualized volatility	161% - 205%	163% - 176%
Risk-free interest rate	1.091% - 1.43%	1.51% - 2.70%
Dividend rate	0%	0%

The changes in options during the three months ended August 31, 2015 and year ended May 31, 2015:

	August 31, 2015		May 31, 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	10,500,000	$ 0.19	7,700,000	$ 0.21
Options granted	-	-	2,800,000	0.16
Options outstanding, ending	10,500,000	$ 0.19	10,500,000	$ 0.19
Options exercisable, ending	10,500,000	$ 0.19	10,500,000	$ 0.19

10. Share capital (Continued)

Stock options (continued)

A summary of the Company's options outstanding as at August 31, 2015 is as follows:

Options Outstanding	Price per Share	Expiry date
3,600,000	$0.20	May 31, 2023
400,000	$0.20	July 3, 2023
400,000	$0.20	September 19, 2023
1,500,000	$0.23	February 18, 2019
1,800,000	$0.20	March 24, 2019
600,000	$0.20	July 1, 2019
1,200,000	$0.20	August 26, 2016
1,000,000	$0.10	December 22, 2019
10,500,000		

The options outstanding as at August 31, 2015 have a weighted average remaining contractual life of 4.78 years.

Warrants

The changes in warrants during the three months ended August 31, 2015 and year ended May 31, 2015 are as follows:

	August 31, 2015		May 31, 2015	
	Number of warrants	**Weighted average exercise price**	**Number of warrants**	**Weighted average exercise price**
Warrants outstanding, beginning	67,735,893	$0.19	43,792,059	$0.20
Warrants granted	10,780,000	0.07	24,234,167	0.17
Warrants expired	-	-	(290,333)	0.55
Warrants outstanding, ending	78,515,893	$0.17	67,735,893	$0.19
Warrants exercisable, ending	78,515,893	$0.17	67,735,893	$0.19

10. Share capital (Continued)

Warrants (continued)

The following table summarizes the warrants outstanding at August 31, 2015:

Number of warrants	Exercise price	Expiry date
14,816,999	$ 0.10	February 1, 2018
3,207,667	$ 0.25	June 25, 2018
4,375,981	$ 0.25	September 19, 2018
19,186,066	$ 0.25	March 21, 2016
1,915,013	$ 0.25	May 24, 2016
5,873,333	$ 0.25	June 25, 2016
790,834	$ 0.25	July 15, 2016
4,770,000	$ 0.25	November 21, 2019
300,000	$ 0.25	December 3, 2019
11,000,000	$ 0.10	March 5, 2020
1,400,000	$ 0.10	March 12, 2020
100,000	$ 0.10	March 12, 2017
10,780,000	$ 0.07	August 13, 2020
78,515,893		

The warrants outstanding have a weighted average remaining contractual life of 2.64 years.

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

Warrant reserve

The warrant reserve records the fair value of warrants issued until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

11. Related party transactions

Related party balances

The following balances are due to related parties:

	August 31, 2015	May 31, 2015
Companies controlled by directors of the Company	$ 2,500	$ 2,500
Directors of the Company	187,508	63,508
	$ 190,008	$ 66,008

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

11. Related party transactions (Continued)

Key management personnel compensation

	For the three months ended	
	August 31, 2015	August 31, 2014
Management fees	$ 98,000	$ 64,500
	$ 98,000	$ 64,500

12. Financial risk and capital management

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

Credit risk

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

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.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's subsidiaries are exposed to currency risk as they incur expenditures that are denominated in Australian dollars and the Euro while their functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

12. Financial risk and capital management (Continued)

Foreign exchange risk (continued)

The following is an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in Australian dollars:

	August 31, 2015	May 31, 2015
Cash	$ 322	$ 322
Receivables	184	184
Accounts payable	(16,348)	(16,348)
	$ (15,842)	$ (15,842)

As at August 31, 2015 with other variables unchanged, a +/- 10% change in the Australian dollar to Canadian dollar exchange rate would impact the Company's net loss by $1,584.

The following is an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in Euro:

	August 31, 2015	May 31, 2015
Cash	$ 93,022	$ 1,204
Receivables	-	308
Accounts payable	(62,786)	(54,696)
	$ 20,236	$ (53,184)

As at August 31, 2015, with other variables unchanged, a +/- 10% change in the Euro to Canadian dollar exchange rate would impact the Company's net loss by $2,024.

The following is an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in US Dollars:

	August 31, 2015	May 31, 2015
Cash	$ -	$ 38,424

As at August 31, 2015, with other variables unchanged, a +/- 10% change in the US Dollar to Canadian dollar exchange rate would impact the Company's net loss by $nil.

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 and bank indebtedness as these instruments have original maturities of three months or less and are therefore exposed to interest rate fluctuations on renewal.

12. Financial risk and capital management (Continued)

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 share capital and working capital.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

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

	August 31, 2015	May 31, 2015
Fair value through profit and loss:		
Cash	$ 161,904	$ 42,540
	$ 161,904	$ 42,540

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

	August 31, 2015	May 31, 2015
Non-derivative financial liabilities:		
Bank indebtedness	$ -	$ 106,112
Accounts payable	3,053,414	3,067,095
Due to related parties	190,008	66,008
	$ 3,243,422	$ 3,239,215

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.

Cash and cash equivalents are classified as level 1.

13. Segmented information

Operating segments

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

Geographic segments

The Company's non-current assets are located in the following countries:

	As at August 31, 2015		
	Canada	**Albania**	**Total**
Equipment	$ 41,475	$ 369,581	**$ 411,056**
Exploration and evaluation assets	-	4,542,990	**4,542,990**
	$ 41,475	$ 4,912,571	**$ 4,954,046**

	As at May 31, 2015		
	Canada	**Albania**	**Total**
Equipment	$ 44,240	$ 388,652	**$ 432,892**
Exploration and evaluation assets	-	4,582,032	**4,582,032**
	$ 44,240	$ 4,970,684	**$ 5,014,924**

14. Restatement of error

During the year ended May 31, 2015, the Company recorded certain expenditures totaling $78,865 to exploration and evaluation assets, which were incurred during the year ended May 31, 2014. These expenditures related to the Kacinar Property, which was fully written off during the year ended May 31, 2014; therefore these expenditures should have been included in the impairment charge in the prior year.

On November 1, 2013, the Company entered into a consulting agreement with a third party consultant, whereby the Company was obligated to pay consulting fees of $120,000 on December 31, 2013, $30,000 per quarter starting January 1, 2014, and $37,500 per quarter starting January 1, 2015. During the year ended May 31, 2014, $75,000 was recorded in consulting fees; however $170,000 should have been expensed as consulting fees. The unrecorded portion totally $95,000 has been corrected in the prior year.

14. Restatement of error (Continued)

The financial statement impact for the year ended May 31, 2014 resulting from the errors described above is as follows:

	As previously reported	Restatement	Restated
Consolidated statement of financial position			
Accounts payable and accrued liabilities	$ 566,709	$ 173,865	$ 740,574
Deficit	(27,751,955)	(173,865)	(27,925,820)
Consolidated statement of comprehensive loss			
Consulting fees	1,443,675	95,000	1,538,675
Write off of exploration and evaluation assets	2,112,067	78,865	2,190,932
Net and comprehensive loss	(7,923,356)	(173,865)	(8,097,221)
Basic and diluted loss per share	(0.15)	(0.00)	(0.15)

There was no impact on the consolidated statement of cash flows for the year ended May 31, 2014.

15. Subsequent event

There were no subsequent events.