BTU Capital Corp.

Three Month Period Ended July 31, 2015

Interim Financial Statements

(Expressed in Canadian Dollars)

(Unaudited)

- Statements of Financial Position
- Statements of Changes in Shareholders' Equity
- Statements of Comprehensive Loss
- Statements of Cash Flows
- Notes to the Financial Statements

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3), 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 consolidated interim financial statements of BTU Capital Corp. (the "Company") for the period ended July 31, 2015 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company and are the responsibility of the Company's management.

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

BTU Capital Corp.

Interim Statements of Financial Position

(Expressed in Canadian Dollars)
(Unaudited)

	Note	July 31, 2015 $	April 30, 2015 $
ASSETS			
CURRENT			
Cash		17	17
GST Recoverable		102	-
Amounts Receivable			-
			17
NON-CURRENT			
Mineral Property	7	-	-
		119	17
LIABILITIES			
CURRENT			
Accounts Payable and Accrued Liabilities		219,326	217,131
Due to Related Party	10		-
Loan Payable	8	159,593	153,731
		378,919	370,862
SHAREHOLDERS' EQUITY			
Share Capital	9(b)	523,425	523,425
Subscription Received	9(b)		-
Share-Based Payment Reserve		173,291	173,291
Deficit		(1,075,516)	(1,067,561)
		(378,800)	(370,845)
		119	17

Basis of Preparation and Going Concern (Note 2)

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

Approved on behalf of the Board:

"Philip Taneda"
Philip Taneda, Chief Financial Officer

"Michael England"
Michael England, Director

BTU Capital Corp.

Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Number of Common Shares	Share Capital $	Subscription Received $	Share-Based Payment Reserve $	Deficit (Note 2) $	Total Shareholders' Equity $
Balance, May 1, 2014	2,553,334	523,425	22,500	173,291	(999,564)	(280,348)
Comprehensive Loss For The Period	-	-	-	-	(9,144)	(9,144)
Balance, July 31, 2014	2,553,334	523,425	22,500	173,291	(1,008,708)	(289,492)
Balance, May 1, 2015	2,553,334	523,425	-	173,291	(1,067,561)	(370,845)
Comprehensive Loss For The Period	-	-	-	-	(7,955)	(7,955)
Balance, July 31, 2015	2,553,334	523,425	-	173,291	(1,075,516)	(378,800)

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

BTU Capital Corp.

Interim Statements of Comprehensive Loss

(Expressed in Canadian Dollars)
(Unaudited)

	Note	Three Months Ended July 31, 2015	2014
		$	$
EXPENSES			
Bank Charges		40	36
Interest	8	5,868	5,057
Professional Fees		-	2,000
Transfer Agent and Filing Fees		2,047	2,051
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		(7,955)	(9,144)
BASIC AND DILUTED LOSS PER SHARE		(0.00)	(0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		2,553,334	2,553,334

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

BTU Capital Corp.

Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended	
		July 31,
	2015	2014
	$	$
CASH PROVIDED FROM (UTILIZED FOR)		
OPERATING ACTIVITIES		
Net Loss for the Period	(7,955)	(9,144)
Changes in Non-Cash Working Capital Accounts		
GST Recoverable	(102)	(102)
Amounts Receivable	-	-
Accounts Payables and Accrued Liabilities	2,195	4,206
Advances from Related Parties		-
	2,093	4,104
FINANCING ACTIVITY		
Loan Advances	5,862	5,004
DECREASE IN CASH	-	(36)
Cash, Beginning of the Period	17	1,743
CASH, END OF THE PERIOD	17	1,707

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

NOTE 1 – NATURE OF OPERATIONS

BTU Capital Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on August 28, 2008. The Company is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities. The Company is listed on the TSX Venture Exchange, having the symbol BTU.P.

The address of the Company's corporate office and principal place of business is 1220, 789 West Pender Street, Vancouver, British Columbia, Canada, V6C 1H2.

The financial statements of the Company for the period July 31, 2015 were approved and authorized for issue by the Board of Directors on January 5, 2017.

NOTE 2 – BASIS OF PREPARATION AND GOING CONCERN

The interim financial statements have been prepared in accordance to IAS 34 *Interim Financial Reporting* using accounting policies consistent with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements are presented in Canadian Dollars, which is also the Company's functional currency. The financial statements have been prepared on a historical cost basis. Cost is the fair value of the consideration given in exchange for net assets.

The financial statements were prepared on the basis that the Company is a going concern and will be able to meet its obligations and continue its operations for its next fiscal year. The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain financing and generate positive cash flows from its operations. The Company has incurred losses from inception, has a working capital deficit of $378,800, and has an accumulated deficit of $1,075,516 as at July 31, 2015.

Management of the Company does not expect that cash flows for the Company's operations will be sufficient to cover all of its operating requirements, financial commitments, and business development priorities during the next twelve months. Accordingly, the Company expects that it will need to obtain further financing in the form of debt, equity, or a combination thereof for the next twelve months. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms.

These conditions cast uncertainties on the Company's ability to continue as a going concern. The financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

a) Foreign Currency Translation

The functional and reporting currencies of the Company are the Canadian dollar. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the date of the statement of financial position. Revenues and expenses denominated in foreign currencies are translated at rates of exchange prevailing on the transaction dates. All exchange gains or losses are recognized immediately in profit or loss in the period in which they are incurred.

b) Mineral Property

All expenditures related to the acquisition of mineral properties are capitalized on a property-by-property basis, net of recoveries, until such time as these mineral properties are placed into commercial production, sold or abandoned. If commercial production is achieved from a mineral property, the related capitalized costs will be tested for impairment and reclassified to mineral property in production. If a mineral property is sold or abandoned, the related capitalized costs will be expensed to the consolidated statement of comprehensive loss in that period.

All expenditures related to the exploration and evaluation of mineral properties are expensed to the statement of comprehensive loss in the period in which they are incurred.

From time to time, the Company may acquire or dispose of all or part of its mineral property interests under the terms of property option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, option payments are recorded as property costs or recoveries when paid or received. When recoveries exceed the carrying value of the mineral property, the excess is reflected in the statement of comprehensive loss.

c) Impairment of Non-Current Assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. Individual assets are grouped together as a cash generating unit for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are independent from other group assets.

If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Where the carrying amount of a cash generating unit exceeds its recoverable amount, the cash generating unit is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are adjusted for the risks specific to the cash generating unit and are discounted to their present value with a discount rate that reflects the current market indicators.

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

d) Share Capital

Share capital includes cash consideration received for share issuances, net of commissions and issue costs. Common shares issued for non-monetary consideration are recorded at their fair market value based upon the trading price of the Company's shares on the Exchange on the date of the agreement.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Share-Based Payment

The fair value method of accounting is used for share-based payment transactions. The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Upon the exercise of stock options and other share-based payments, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital. The fair value of unexercised equity instruments are transferred from reserve to retained earnings upon expiry.

f) Loss Per Common Share

Basic loss per common share is calculated using the weighted average number of common shares issued and outstanding during the year. Diluted loss per share is the same as basic loss per share as the effect of issuance of shares on the exercise of stock options and warrants is anti-dilutive.

g) Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

i) Current Income Tax

Current income tax assets and/or liabilities comprise those claims from, or, obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

ii) Deferred Income Tax

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified at fair value through profit or loss) are added to, or deducted from, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets and financial liabilities are measured subsequently as described below. The Company does not have any derivative financial instruments.

i) Financial Assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments; and
- Available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income. The Company does not have any hedging instruments.

- ***Financial assets at fair value through profit or loss*** – Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The Company's cash falls into this category of financial instruments.

- ***Loans and receivables*** – Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less any provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's amounts receivables and fall into this category of financial instruments.

- ***Held-to-maturity investments*** – Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity. The Company currently does not hold financial assets in this category.

- ***Available-for-sale financial assets*** – Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company currently does not hold financial assets in this category.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Financial Instruments (Continued)

i) Financial Assets (Continued)

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date that the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the financial asset and all substantial risks and rewards are transferred.

ii) Financial Liabilities

For the purpose of subsequent measurement, financial liabilities are classified as either financial liabilities at fair value through profit or loss, or other financial liabilities upon initial recognition.

- ***Financial liabilities at fair value through profit or loss*** – Financial liabilities at fair value through profit or loss include financial liabilities that are either classified as held-for-trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. Liabilities in this category are measured at fair value with gains or losses recognized in profit or loss. The Company currently does not hold financial liabilities in this category.

- ***Other financial liabilities*** – Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the effective interest rate method amortization process. The Company's accounts payable and accrued liabilities, amount due to related party, and loans payable fall into this category of financial instruments.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

i) Comparative Figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year. These reclassifications have no effect on the net loss for the years ended April 30, 2015.

NOTE 4 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of these financial statements in conformity of IFRS requires management to make judgments, estimates, and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates.

NOTE 4 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS (Continued)

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements are described below.

a) Title to Mineral Property Interest

Although the Company has taken steps to verify title to mineral properties in which it has interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defects.

b) Impairment of Non-Current Assets

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. In addition, when determining the applicable discount rate, estimation is involved in determining the appropriate adjustments to market risk and asset-specific risk factors.

Actual results may vary and may cause significant adjustments to the Company's assets within the next financial year.

c) Decommissioning and Restoration Provision

The decommissioning and restoration provision is based on future cost estimates using information available at the reporting date. The decommissioning and restoration provision is adjusted at each reporting period for changes to factors such as the expected amount of cash flows required to discharge the liability, the timing of such cash flows, and the discount rate. The decommissioning and restoration provision requires other significant estimates and assumptions such as requirements of the relevant legal and regulatory framework, and the timing, extent, and costs of required decommissioning and restoration activities. Actual costs may differ from these estimates. As at April 30, 2015 and 2014, the Company has no material decommissioning and restoration provision.

d) Deferred Tax Assets

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

The Company has recorded a full valuation allowance against its deferred tax assets due to the uncertainty in the realization of these assets.

(Expressed in Canadian Dollars)

NOTE 5 – ACCOUNTING STANDARD ISSUED BUT NOT YET EFFECTIVE

A number of new accounting standards, amendments to standards, and interpretations have been issued but not yet effective as of July 31, 2015. Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded herein.

IFRS 9, Financial Instruments

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of International Accounting Standards ("IAS") 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard was initially effective for annual period beginning on or after January 1, 2013, but amendments issued in December 2011 have moved the mandatory effective date to January 1, 2015. The Company is assessing the impact of this new standard but does not expect it to have a significant effect on the financial statements.

NOTE 6 – QUALIFYING TRANSACTION

On August 16, 2013, the Company entered into an agreement (the "Agreement") with Nakina Resources Inc. ("Optionor"), whereby the Company was granted the option (the "Option") to acquire up to an 80% interest in mineral claims comprising a property for exploration of gold mineralization known as the Tatsamenie property (the "Property"), located within the Atlin Mining District of British Columbia, Canada.

The transaction is intended to constitute the Company's Qualifying Transaction ("QT") under Policy 2.4 of the Exchange for capital pool companies.

Terms of the Transaction

Pursuant to the terms of the Agreement, the Company will make total cash payments of $425,000, issue a total of 3,000,000 common shares of the Company, and incur exploration expenditures of $4,000,000 as follows:

	Cash $	Number of Common Shares	Minimum Exploration Work Commitment $
Upon Exchange Approval of Interim Loans (Note 8)	25,000 (Paid)	-	-
Upon Receipt of the Final Exchange Bulletin ("FEB") Issued by the Exchange	50,000	500,000	-
On or Before 1st Anniversary of FEB	-	-	200,000
On or Before 2nd Anniversary of FEB	50,000	500,000	800,000
On or Before 3rd Anniversary of FEB	75,000	500,000	1,000,000
On or Before 4th Anniversary of FEB	100,000	750,000	1,000,000
On or Before 5th Anniversary of FEB	125,000	750,000	1,000,000
	425,000	3,000,000	4,000,000

(Expressed in Canadian Dollars)

NOTE 6 – QUALIFYING TRANSACTION (Continued)

The initial 500,000 common shares issuable to the Optionor upon receipt of the FEB is deemed to be issued at a price equal to $0.10 per common share, being the price of the units under the concurrent offering described below. Any adjustment to such unit offering price shall result in a proportionate adjustment to the number of shares payable to the Optionor.

Upon satisfaction of the above cash payments, share issuances, and work commitments, the Company will have earned an 80% interest in the Property. The Property is subject to a 2% net smelter return ("NSR") royalty. The Company has the option to buy back a 1% NSR for $1,000,000.

Concurrent Financing

As a condition of the QT, the Company is required to complete, concurrently with the closing of the QT, a loan arrangement and a non-brokered private placement as follows:

a) The Company agreed to arrange interim loans to borrow up to $75,000 bearing interest at 12% per annum. The proposed loan financing was obtained on August 21, 2013 (Note 8(b), (c)).

b) The Company will raise up to $500,000 through the issuance of up to 2,000,000 flow-through units and 3,000,000 non flow-through units at a price of $0.10 per unit. Each unit will be comprised of one common share and one half of a share purchase warrant, with each whole warrant being exercisable into one non flow-through common share of the Company at a price of $0.15 per share for a term of 1 year. The Company may pay a fee to brokers and other finders comprised of shares, warrants, cash, or a combination thereof.

Conditions of Closing

The completion of the QT is subject to a number of conditions, including satisfactory completion of due diligence, receipt of regulatory approvals, and completion of the concurrent private placement. There can be no assurance that the QT will be completed as proposed or at all.

Cancellation of Agreement

Subsequent to the year ended April 30, 2015, the qualifying transaction with Nakina Resources Inc. was cancelled. Accordingly, the Company has written off the option payment for the year ended April 30, 2015.

NOTE 7 – MINERAL PROPERTY

A summary of capitalized acquisition costs for the Tatsamenie Property is as follows:

	$
Balance, April 30, 2014	25,000
Write-off of option Payment – April 30, 2015 (Note 6)	(25,000)
Balance, July 31, 2015	-

(Expressed in Canadian Dollars)

NOTE 8 – LOANS PAYABLE

	July 31, 2015 $	April 30, 2015 $
Due to Shareholder of the Company (a)	85,627	81,560
Due to Sunorca Development Corp. (b)	43,147	42,099
Due to Ridge Resources Ltd. (c)	30,819	30,072
	159,593	153,731

a) The amount due to a shareholder of the Company is unsecured, subject to an interest of 20% per annum, and has no specific terms of repayment. During the period ended July 31, 2015, the Company accrued interest expense of $4,067 (2014 – $3,347) on the loan. As at July 31, 2015, the outstanding loan balance included an interest payable of $36,327 (April 30, 2015 – $32,260).

b) On August 21, 2013, the Company received a $35,000 loan from Sunorca Development Corp ("Sunorca"). The loan bears an interest of 12% per annum and is repayable by December 31, 2014. The Company accrued interest expense of $1,048 (2014-$967) for the period ended July 31, 2015. During the year ended April 30, 2014, the Company recorded an additional interest expense of $7,000 for the issuance of 70,000 common shares of the Company to Sunorca at a deemed price of $0.10 per common share as a bonus interest payment on August 21, 2013. Sunorca and Nakina Resources Inc. (Note 6) have a common officer and director. As at April 30, 2015, the outstanding loan balance included an interest payable of $8,147 (2014 – $2,980).

c) On August 21, 2013, the Company received a $25,000 loan from Ridge Resources Ltd. ("Ridge"). The loan bears an interest of 12% per annum and is repayable by December 31, 2014. The Company accrued interest expense of $747 (2014-$690) for the period ended July 31, 2015. During the year ended April 30, 2014, the Company recorded an additional interest expense of $5,000 for the issuance of 50,000 common shares of the Company to Ridge at a deemed price of $0.10 per common share as a bonus interest payment on August 21, 2013. Ridge is an arm's length private company. As at April 30, 2015, the outstanding loan balance included an interest payable of $5,819 (2014 – $2,219).

On June 26, 2015 the Company received a court order to repay Ridge the sum of the $25,000 principal and contractual interest at 12% per annum, which amounted to $5,474 at that date.

NOTE 9 – SHARE CAPITAL

a) Authorized Capital

Unlimited number of common shares without par value.

b) Issued and Outstanding Common Shares

As at July 31, 2015 and April 30, 2015, the Company had 2,553,334 common shares issued and outstanding as presented in the statements of changes in shareholders' equity.

(i) On August 21, 2013, the Company issued 120,000 shares at a price of $0.10 pursuant to the terms of two loan agreements (Note 8(b), (c)).

(ii) Share subscriptions totaling $22,500 were received during the period ended July 31, 2014. No common shares have been issued for these subscriptions as of April 30, 2015. Accordingly, the balance has been reclassified as accounts payable for the year ended April 30, 2015.

(Expressed in Canadian Dollars)

NOTE 9 – SHARE CAPITAL (Continued)

c) Shares Held in Escrow

As at July 31, 2015, the Company has 333,334 common shares held in escrow (2014 – 333,334).

d) Stock Options

	Number of Options	Weighted Average Exercise Price $
Balance, April 30, 2014 and 2013	163,800	0.30
Expired	(163,800)	0.30
Balance, July 31, 2015 and April 30, 2015	-	-
Number of Options Exercisable	-	-

NOTE 10 – RELATED PARTY TRANSACTIONS

As at July 31, 2015, there was a balance due to a former director of the Company in the amount of $4,559 (2014 – $4,559) for expenses incurred on behalf of the Company. The balance due is non-interest bearing, unsecured, and has no specified terms of repayment. The balance has been classified as accounts payable for the year ended April 30, 2015 as he is no longer a director of the Company.

NOTE 11 – CAPITAL RISK MANAGEMENT

The Company manages its share capital as capital, which as at July 31, 2015 was $523,425 (April 30, 2015 – $523,425). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of operating results, changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, warrants or options, issue new debt, acquire or dispose of assets, or adjust the amount of cash and cash equivalents.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in liquid short-term interest bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company's share capital is not subject to external restrictions. There were no changes in the Company's approach to capital management during the period ended July 31, 2015.

(Expressed in Canadian Dollars)

NOTE 12 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 3(h). The Company's risk management is coordinated in close co-operation with the board of directors and focuses on actively securing the Company's short to medium-term cash flows and raising finances for the Company's capital expenditure program. The Company does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

a) Fair Values

The Company uses the following hierarchy for determining fair value measurements:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

	Financial assets at fair value			
	Level 1	Level 2	Level 3	July 31, 2015
Held-for-Trading Financial Asset				
Cash	$ 17	-	-	$ 17
Total Financial Assets at Fair Value	$ 17	-	-	$ 17

The fair values of the Company's cash, amounts receivable, and accounts payable and accrued liabilities approximate their carrying values due to their short term nature. The carrying amounts of the amount due to related party and loans payable are measured at amortized cost and approximate their fair values.

b) Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company is in the exploration stage and has not yet commenced commercial production or sales. Therefore, the Company is not exposed to significant credit risk.

c) 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 is dependent upon the availability of credit from its suppliers and its ability to generate sufficient funds from equity and debt financing to meet current and future obligations. The Company has a working capital deficiency of $378,800 as at July 31, 2015. There can be no assurance that such financing will be available on terms acceptable to the Company.

d) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. Interest on the Company's loans payable is based on fixed rates, and as such the Company is not exposed to significant interest rate risk.

NOTE 12 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

e) Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in US Dollars. The Company does not hedge its exposure to fluctuations in the related foreign exchange rates. The Company's exposure to currency risk is currently considered insignificant.

f) Equity Price Risk

The Company is exposed to price risk with respect to 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. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.