

# **PINECREST RESOURCES LTD.**

## **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Funds - Unaudited)

**For the Six Months Ended June 30, 2015**

### **NOTICE TO READER**

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. In accordance with National Instrument 51-102, the Company discloses that its independent auditors have not reviewed the condensed interim consolidated financial statements for the period ended June 30, 2015.

**Pinecrest Resources Ltd.**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in Canadian Funds - Unaudited)

	Note	June 30, 2015	December 31, 2014
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 107,063	\$ 2,570,474
Short-term investment	4	1,750,000	-
GST and other receivables		12,428	16,606
Prepaid expenses		42,591	44,209
		<u>1,912,082</u>	<u>2,631,288</u>
<b>Non-current assets</b>			
Property and equipment		72,615	55,691
Exploration and evaluation assets	5	<u>10,140,585</u>	<u>8,808,642</u>
		<u>\$ 12,125,282</u>	<u>\$ 11,495,622</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables	7(a)	\$ 98,484	\$ 113,457
<b>Non-current liability</b>			
Provision for bonus payment		<u>112,457</u>	<u>112,457</u>
		<u>210,941</u>	<u>225,914</u>
<b>Shareholders' equity</b>			
Share capital		10,063,165	10,054,159
Share-based payments reserve		602,786	367,230
Warrants reserve		2,197,787	2,201,261
Accumulated other comprehensive income		1,014,694	195,262
Accumulated deficit		<u>(1,964,091)</u>	<u>(1,548,205)</u>
		<u>11,914,341</u>	<u>11,269,708</u>
		<u>\$ 12,125,282</u>	<u>\$ 11,495,622</u>
<b>Nature of Operations and Basis of Presentation</b>	1		
<b>Commitment</b>	10		
<b>On behalf of the Audit Committee:</b>			
<u>"Douglas Forster"</u>	Director	<u>"Kimberly Williams"</u>	Director

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

**Pinecrest Resources Ltd.**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)**

(Expressed in Canadian Funds - Unaudited)

**FOR THE SIX MONTHS ENDED JUNE 30, 2014 AND 2015**

	Common shares		Share-based payments reserve	Warrants reserves	Accumulated deficit	Total
	Number	Amount				
Balance – January 1, 2014	5,750,000 <sup>(1)</sup>	\$ 951,429	\$ 214,562	\$ 296,353	\$ (1,390,282)	\$ 72,062
Net loss for the period	-	-	-	-	(103,994)	(103,994)
<b>Balance – June 30, 2014</b>	<b>5,750,000</b>	<b>\$ 951,429</b>	<b>\$ 214,562</b>	<b>\$ 296,353</b>	<b>\$ (1,494,276)</b>	<b>\$ (31,932)</b>

	Common shares		Share-based payments reserve	Warrants reserves	Accum. other comprehensive income	Accum. deficit	Total
	Number	Amount					
Balance – January 1, 2015	54,888,887	\$ 10,054,159	\$ 367,230	\$ 2,201,261	\$ 195,262	\$ (1,548,205)	\$ 11,269,708
Share-based compensation (Note 6(b))	-	-	235,556	-	-	-	235,556
Exercise of warrants (Note 6(c))	27,660	9,006	-	(3,474)	-	-	5,532
Foreign currency translation	-	-	-	-	819,432	-	819,432
Net loss for the period	-	-	-	-	-	(415,885)	(415,885)
<b>Balance – June 30, 2015</b>	<b>54,916,547</b>	<b>\$ 10,063,165</b>	<b>\$ 602,786</b>	<b>\$ 2,197,787</b>	<b>\$ 1,014,694</b>	<b>\$ (1,964,091)</b>	<b>\$ 11,914,341</b>

<sup>(1)</sup>On December 4, 2014, Pinecrest completed a consolidation of its share capital on a 4:1 basis, meaning four pre-consolidated shares for one post-consolidated share. Based on the 23,000,000 common shares of Pinecrest previously issued and outstanding, this resulted in an aggregate of 5,750,000 issued and outstanding shares on a post-consolidated basis. All share numbers presented in these consolidated financial statements including stock options and share purchase warrants are in post-consolidated basis.

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

**Pinecrest Resources Ltd.**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (INCOME)**

(Expressed in Canadian Funds - Unaudited)

	<b>For the Three Months Ended June 30, 2015</b>	For the Three Months Ended June 30, 2014	<b>For the Six Months Ended June 30, 2015</b>	For the Six Months Ended June 30, 2014
<b>EXPENSES</b>				
Accounting and audit fees	\$ 12,740	\$ 5,103	\$ 21,240	\$ 10,653
Amortization	510	-	1,111	-
Consultants (Note 7(b))	28,369	-	48,392	-
Foreign exchange loss	6,500	-	4,549	-
Insurance	5,375	-	11,583	-
Legal	7,821	52,452	12,959	72,612
Management fees (Note 7(b))	33,000	-	66,000	2,500
Office	19,780	345	48,732	703
Rent (Note 7(a))	15,084	-	30,113	-
Share-based compensation (Note 6(b))	45,609	-	109,669	-
Shareholder relations, marketing and conferences	22,413	893	50,816	1,304
Transfer agent and regulatory fees	4,565	7,162	14,261	16,402
	<u>\$ 201,766</u>	<u>\$ 65,955</u>	<u>\$ 419,425</u>	<u>\$ 104,174</u>
<b>OTHER INCOME</b>				
Interest income	<u>(1,551)</u>	<u>(71)</u>	<u>(3,540)</u>	<u>(180)</u>
<b>Loss for the period</b>	<u>\$ 200,215</u>	<u>\$ 65,884</u>	<u>\$ 415,885</u>	<u>\$ 103,994</u>
<b>OTHER COMPREHENSIVE LOSS (INCOME)</b>				
Items that will be reclassified subsequently to profit or loss:				
Foreign currency translation	<u>337,528</u>	<u>-</u>	<u>(819,432)</u>	<u>-</u>
<b>Comprehensive loss (income) for the period</b>	<u>537,743</u>	<u>65,884</u>	<u>(403,547)</u>	<u>103,994</u>
<b>Loss per share – basic and diluted</b>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.01</u>	<u>\$ 0.00</u>
<b>Weighted average number of shares outstanding:</b>				
<b>Basic and fully diluted<sup>(1)</sup></b>	<u>54,907,124</u>	<u>5,750,000</u>	<u>54,898,056</u>	<u>5,750,000</u>

<sup>(1)</sup>On December 4, 2014, Pinecrest completed a consolidation of its share capital on a 4:1 basis, meaning four pre-consolidated shares for one post-consolidated share. Based on the 23,000,000 common shares of Pinecrest previously issued and outstanding, this resulted in an aggregate of 5,750,000 issued and outstanding shares on a post-consolidated basis. All share numbers presented in these consolidated financial statements including stock options and share purchase warrants are in post-consolidated basis.

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

**Pinecrest Resources Ltd.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in Canadian Funds - Unaudited)

	<b>For the Three Months Ended June 30, 2015</b>	For the Three Months Ended June 30, 2014	<b>For the Six Months Ended June 30, 2015</b>	For the Six Months Ended June 30, 2014
<b>CASH PROVIDED BY (USED IN):</b>				
<b>Cash flows from operating activities:</b>				
Loss for the period	\$ (200,215)	\$ (65,884)	\$ (415,885)	\$ (103,994)
Non-cash items:				
Share-based compensation	45,609	-	109,669	-
Unrealized foreign exchange	1,543	-	(267)	-
Amortization	510	-	1,111	-
Changes in non-cash working capital:				
Trade and other receivables	17,131	(1,817)	4,178	(3,805)
Prepaid expenses	6,359		1,618	
Trade and other payables	(16,070)	59,155	(42,796)	65,738
	<b>(145,133)</b>	<b>(8,546)</b>	<b>(342,372)</b>	<b>(42,061)</b>
<b>Cash flows from investing activities:</b>				
Redemption (purchase) of short-term investment ( <i>Note 4</i> )	375,000	-	(1,750,000)	-
Exploration and evaluation costs	(198,515)	-	(358,801)	-
Purchase of property and equipment	(921)	-	(13,285)	-
	<b>175,564</b>	<b>-</b>	<b>(2,122,086)</b>	<b>-</b>
<b>Cash flows from financing activities:</b>				
Exercise of warrants ( <i>Note 6(c)</i> )	5,532	-	5,532	-
Effect of exchange rate on cash	94	-	(4,485)	-
<b>Increase (decrease) in cash</b>	<b>36,057</b>	<b>(8,546)</b>	<b>(2,463,411)</b>	<b>(42,061)</b>
<b>Cash – beginning of period</b>	<b>71,006</b>	<b>57,287</b>	<b>2,570,474</b>	<b>90,802</b>
<b>Cash – end of period</b>	<b>\$ 107,063</b>	<b>\$ 48,741</b>	<b>\$ 107,063</b>	<b>\$ 48,741</b>
<b>Supplemental disclosure on non-cash investing activities:</b>				
Deferred costs	\$ -	\$ 20,848	\$ -	\$ 20,848

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

## **Pinecrest Resources Ltd.**

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

(Expressed in Canadian Funds - Unaudited)

**FOR THE PERIOD ENDED JUNE 30, 2015**

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#### **1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION**

Pinecrest Resources Ltd. and its subsidiary (collectively, "Pinecrest or the "Company") engage principally in the acquisition, advancement and development of precious mineral properties particularly its Enchi Gold Project in Ghana. Pinecrest Resources Ltd., the parent, was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (British Columbia) on January 18, 2010. Pinecrest is a public company listed on the TSX Venture Exchange (the "Exchange") (TSX-V: PCR) and its head office is located at Suite 1820 – 999 West Hastings Street, Vancouver, British Columbia, V6C 2W2.

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information and footnotes required by the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board for full annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2014. The same accounting policies and methods of computation are used in the preparation of these unaudited condensed interim consolidated financial statements as for the most recent audited annual financial statements and reflect all the adjustments necessary for fair presentation in accordance with IFRS for the interim periods presented.

The unaudited condensed interim consolidated financial statements were authorized for issue by the Audit Committee on August 25, 2015.

#### **2. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Estimates and assumptions are continually 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. Actual results could differ from these estimates. The areas that require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

##### *Impairment of exploration and evaluation assets*

Management assesses its exploration and evaluation assets for impairment indicators at the end of each reporting period. Such assessment is based on the facts and circumstances for each project, which considers the Company's intentions for a property. If any impairment indicator exists, an estimate of the recoverable amount is undertaken. If the asset's carrying amount exceeds its recoverable amount, an impairment loss is recognized in the Statement of Loss and Comprehensive Loss.

In calculating recoverable amount, the Company uses discounted cash flow techniques to determine fair value when it is not possible to determine fair value either by quotes from an active market or a binding sales agreement. The determination of discounted cash flows is dependent on a number of factors, including future metal prices, the amount of reserves, the cost of bringing the project into production, production schedules, production costs, sustaining capital expenditures, and site closure, restoration and environmental rehabilitation costs. Additionally, the reviews take into account factors such as political, social and legal, and environmental regulations. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount. The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding its projects.

## **Pinecrest Resources Ltd.**

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

(Expressed in Canadian Funds - Unaudited)

**FOR THE PERIOD ENDED JUNE 30, 2015**

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#### **2. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd.)**

##### *Fair value of warrants and share-based payments*

The Company uses the fair-value method of accounting for share-based payments related to incentive stock options and warrants issued, modified or settled. Under this method, compensation cost attributable to options is measured at fair value at the grant date and expensed over the vesting year. Proceeds from the issuance of units is allocated between common shares and common share purchase warrants on a pro-rata basis on a relative fair value basis, wherein the fair value of the common share purchase warrants is determined using the Black-Scholes pricing model. In determining the fair value of the options or warrants, the Company makes estimates of the expected volatility of the stock, the expected life of the options or warrants, and an estimated risk-free interest rate. Changes to these estimates could result in the fair value of the options and warrants being less than or greater than the amount recorded.

#### **3. NEW ACCOUNTING POLICIES EFFECTIVE JANUARY 1, 2015**

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2015, and have not been applied in preparing these consolidated financial statements. Those standards with the potential to impact the Company are as follows:

IFRS 9, Financial Instruments ("IFRS 9"), addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("OCI") and FVTPL. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at FVTPL. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company is currently assessing the impact of IFRS 9.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

#### **4. SHORT-TERM INVESTMENT**

Guaranteed investment certificate ("GIC") with a principal value of \$1,750,000 is held with a Canadian chartered bank as at June 30, 2015. The GIC is for a 1-year term, redeemable at any time without penalty, and earns an interest rate of 1.30% per annum.

**Pinecrest Resources Ltd.****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Funds - Unaudited)

**FOR THE PERIOD ENDED JUNE 30, 2015****5. EXPLORATION AND EVALUATION ASSETS**

	<b>June 30, 2015</b>	December 31, 2014
<b>Acquisition costs</b>		
Balance, beginning of period	\$ 8,356,926	\$ -
Shares and warrants issued to Red Back Mining Ghana Limited	-	2,956,218
Shares issued and cash paid to Edgewater Exploration Ltd.	-	4,772,268
Provision for bonus payment	-	112,457
Professional and regulatory fees	-	515,983
Balance, end of period	<u>\$ 8,356,926</u>	<u>\$ 8,356,926</u>
<b>Exploration and evaluation costs</b>		
Balance, beginning of period	\$ 259,654	\$ -
Camp costs	16,691	3,158
Concession fees, mining permits, and licenses	80,202	3,405
Drilling	1,425	-
Geological ( <i>Note 7(b)</i> )	45,800	16,743
General and administrative	992	227
Management fees ( <i>Note 7(b)</i> )	54,000	-
Resource estimate and studies	77,370	144,708
Salaries and wages	68,926	7,817
Share-based compensation ( <i>Notes 6(b) and 7(b)</i> )	125,887	81,590
Travel and lodging	-	2,007
Vehicle rental	32,869	-
	<u>\$ 504,162</u>	<u>\$ 259,654</u>
Balance, end of period	\$ 763,817	\$ 259,654
Foreign exchange impact	1,019,843	192,062
<b>Total exploration and evaluation assets</b>	<u><u>\$ 10,140,585</u></u>	<u><u>\$ 8,808,642</u></u>

**6. SHARE CAPITAL**

The authorized share capital of the Company is comprised of an unlimited number of common shares without par value.

(a) Share Consolidation

On December 4, 2014, Pinecrest completed a consolidation of its share capital on a 4:1 basis, meaning four pre-consolidated shares for one post-consolidated share. Based on the 23,000,000 common shares of Pinecrest previously issued and outstanding, this resulted in an aggregate of 5,750,000 issued and outstanding shares on a post-consolidated basis. All share numbers presented in these condensed interim consolidated financial statements including stock options and share purchase warrants are in post-consolidated basis.

**Pinecrest Resources Ltd.****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Funds - Unaudited)

**FOR THE PERIOD ENDED JUNE 30, 2015****6. SHARE CAPITAL (cont'd.)**(b) Stock Options

The total fair value of share-based compensation that vested during the period was \$235,556 of which \$109,669 was expensed and \$125,887 was capitalized into exploration and evaluation assets.

A summary of the Company's stock options as at June 30, 2015 is as follows:

Exercise price	Opening	Expired	Ending	Expiry date	Remaining contractual life in years	Number of options vested
\$0.20	370,000	(370,000)	-	June 23, 2015	-	-
\$0.60	95,000	-	<b>95,000</b>	July 12, 2016	1.04	95,000
\$0.76	150,000	-	<b>150,000</b>	September 8, 2016	1.19	150,000
\$0.48	127,500	-	<b>127,500</b>	October 29, 2017	2.33	127,500
\$0.22	3,050,000	-	<b>3,050,000</b>	December 4, 2019	4.43	1,525,000
	<b>3,792,500</b>	<b>(370,000)</b>	<b>3,422,500</b>			<b>1,897,500</b>
	\$0.26	\$0.20	<b>\$0.26</b>	Weighted average exercise price		

A summary of the Company's stock options as at June 30, 2014 is as follows:

Exercise price	Opening	Ending	Expiry date	Remaining contractual life in years	Number of options vested
\$0.20	370,000	<b>370,000</b>	June 23, 2015	0.98	370,000
\$0.60	95,000	<b>95,000</b>	July 12, 2016	2.04	95,000
\$0.76	150,000	<b>150,000</b>	September 8, 2016	2.19	150,000
\$0.48	127,500	<b>127,500</b>	October 29, 2017	3.33	127,500
	<b>742,500</b>	<b>742,500</b>			<b>742,500</b>
	\$0.41	<b>\$0.41</b>	Weighted average exercise price		

(c) Warrants

During the period ended June 30, 2015, 27,660 share purchase warrants with an exercise price of \$0.20 per warrant was exercised into 27,660 common shares. The Company received gross proceeds of \$5,532 from the exercise of the share purchase warrants.

A summary of the Company's share purchase warrants as at June 30, 2015 is as follows:

Exercise price	Opening	Exercised	Ending	Expiry date	Remaining contractual life in years
\$0.30	5,000,000	-	<b>5,000,000</b>	December 4, 2019	4.43
\$0.30	18,000,000	-	<b>18,000,000</b>	December 4, 2016	1.43
\$0.20	406,230	(27,660)	<b>378,570</b>	December 4, 2016	1.43
	<b>23,406,230</b>	<b>(27,660)</b>	<b>23,378,570</b>		
	\$0.30	\$0.20	<b>\$0.30</b>	Weighted average exercise price	

**Pinecrest Resources Ltd.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Funds - Unaudited)  
**FOR THE PERIOD ENDED JUNE 30, 2015**

**6. SHARE CAPITAL (cont'd.)**

A summary of the Company's share purchase warrants as at June 30, 2014 is as follows:

<b>Exercise price</b>	<b>Opening</b>	<b>Ending</b>	<b>Expiry date</b>	<b>Remaining contractual life in years</b>
\$0.60	1,750,000	<b>1,750,000</b>	July 12, 2014	0.03

**7. RELATED PARTY TRANSACTIONS**

(a) Trading transactions

The Company's related parties consist of companies owned by management and directors. Included in trade and other payables are amounts due to related parties of \$26,364 (December 31, 2014 - \$1,256). Amounts due to related parties relate to unpaid fees and expense reimbursements incurred in the normal course of operations. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. These related party payables have no interest or specific repayments terms. All related party transactions were recorded at the amount agreed upon by the related parties.

During the period ended June 30, 2015, the Company paid \$30,113 for office rent to a company with directors and officers in common. During the period ended June 30, 2015, the Company paid \$3,032 for shared administration costs to a company with directors in common.

(b) Compensation of key management personnel

Remuneration of key management personnel during the period was as follows:

	<b>June 30, 2015</b>	June 30, 2014
Short-term benefits	\$ <b>168,800</b>	\$ 2,500
Share-based payments	<b>196,940</b>	-
Total	\$ <b>365,740</b>	\$ 2,500

Key management includes the Company's senior management and members of the Board of Directors.

	<b>June 30, 2015</b>	June 30, 2014
Management fees	\$ <b>120,000</b>	\$ 2,500
Geological	<b>30,800</b>	-
Share-based compensation	<b>196,940</b>	-
Consulting	<b>18,000</b>	-
Total	\$ <b>365,740</b>	\$ 2,500
Expensed in:		
General and administrative	\$ <b>193,669</b>	\$ 2,500
Capitalized in:		
Exploration and evaluation assets	<b>172,071</b>	-
Total	\$ <b>365,740</b>	\$ 2,500

## **Pinecrest Resources Ltd.**

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

(Expressed in Canadian Funds - Unaudited)

**FOR THE PERIOD ENDED JUNE 30, 2015**

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#### **8. FAIR VALUE OF FINANCIAL INSTRUMENTS**

(a) The Company's financial assets and liabilities consist of cash, short-term investment, GST and other receivables, trade and other payables, and provision for bonus payment.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company attempts to ensure there is sufficient access to funds to meet short-term business requirements. One of management's goals is to maintain an optimal level of liquidity through the active management of the Company's assets, liabilities, and cash flows. The Company prepares annual budgets which are approved by the Board of Directors and prepares cash flows and liquidity forecasts when appropriate. The Company's cash is held as cash deposits or invested in GICs which are available on demand to fund the Company's short-term financial obligations.

(c) Credit Risk and Concentration Risk

The Company's credit risk is primarily attributable to its cash and GST and other receivables. The risk exposure is limited to their carrying values at the balance sheet date. Cash is held as cash deposits with counterparties that carry investment grade ratings as assessed by external rating agencies. The Company does not invest in asset-backed deposits or investments. GST and other receivables consist primarily of input tax credits reimbursable to the Company. Concentration risk exists in cash because significant balances are maintained with one financial institution. The risk is mitigated because cash is maintained with a large Canadian financial institution.

(d) Market Risks

The significant market risks to which the Company is exposed are currency risk and interest rate risk. The Company does not currently use derivative or hedging instruments to reduce its exposure to fluctuations in such risks.

*i) Currency Risk*

The Company's functional currencies are the Canadian and US dollar. The Company is exposed to foreign currency risk on cash and receivable balances and the settlement of purchases that are denominated in other than the functional currencies. With all other variables held constant, the Company's shareholders' equity and earnings after tax would both increase (decrease) due to changes in the carrying value of monetary assets and liabilities.

*ii) Interest Rate Risk*

The Company's interest rate risk arises from the interest earned on its deposits and short-term investment. Deposits including its short-term investments are invested on a short-term basis to enable adequate liquidity for payment of operational and capital expenditures. The Company's other financial assets and liabilities are not subject to interest rate risk since they do not bear interest.

## Pinecrest Resources Ltd.

### NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Funds - Unaudited)

FOR THE PERIOD ENDED JUNE 30, 2015

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#### 8. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd.)

##### (e) Capital Management

The Company's objectives in managing its capital resources are to safeguard the entity's ability to continue as a going concern and maximize returns to shareholders in the context of the market. The Company satisfies its capital requirements through management of its cash resources and by utilizing equity issues, as necessary, based on the prevailing economic conditions of both the industry and the capital markets and the underlying risks characteristics of the related assets. The Company's principal source of capital is from the issuance of common shares. To meet the objectives, management monitors the Company's ongoing capital requirements against net working capital and assesses additional capital requirements on a case-by-case basis. The Company is not subject to any externally imposed capital requirements. The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued capital, share-based payments reserve, warrants reserve, accumulated other comprehensive income, and accumulated deficit.

#### 9. SEGMENTED INFORMATION

The Company's business is the acquisition, exploration, evaluation, and development of mineral resource properties, which is currently conducted principally in Ghana. The Company is in the exploration stage and accordingly, has no reportable segment revenues for any of the periods presented in these condensed interim consolidated financial statements.

	<b>June 30, 2015</b>	June 30, 2014
<i>Assets by geographic segment, at cost</i>		
<i>Canada</i>		
Total assets	\$ <b>1,820,816</b>	\$ 73,836
Total liabilities	\$ <b>195,849</b>	\$ 105,768
Net loss for period	\$ <b>410,695</b>	\$ 103,994
 <i>Ghana</i>		
Total assets	\$ <b>10,304,466</b>	\$ -
Total liabilities	\$ <b>15,092</b>	\$ -
Net loss for the period	\$ <b>5,190</b>	\$ -

#### 10. COMMITMENT

On June 8, 2015, the Company signed an agreement with a third party to conduct a baseline survey and prepare environmental impact study documentation on the Enchi Gold Project. The total cost of the project is US\$97,200 of which half is payable upon commencement of the work (paid subsequent to June 30, 2015). The remaining half is due upon completion of the environmental impact study documentation.