Transition Metals Corp.

Condensed Interim Consolidated financial statements for the three months ended February 29, 2016
(expressed in Canadian dollars)
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

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Transition Metals Corp.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited)

	Notes	February 29, 2016	August 31, 2015
		$	$
Assets			
Current assets			
Cash		1,433,975	2,297,929
Restricted cash equivalents	5	63,697	63,483
Amounts receivable		179,450	345,378
Investment in marketable securities	6	80,000	80,000
Prepaid expenses		32,166	55,837
Total current assets		1,789,288	2,842,627
Non-current assets			
Mineral exploration property acquisition costs	10	1,039,005	1,199,005
Equipment	7	40,992	46,270
Total assets		2.869,285	4,087,902
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	9	242,717	466,334
Lease payable	13	235	1,579
Total liabilities		242,952	458,044
Equity			
Share capital	8(a,b)	8,864,858	8,765,033
Warrants	8(d)	1,168,118	1,168,118
Share-based payment reserve	8(c)	1,316,699	1,316,699
Deficit		(9,127,125)	(8,793,278)
Equity attributable to shareholders		2,222,550	2,456,572
Net assets attributed to non-controlling interest	4	208,488	315,470
Options and warrants of subsidiary	4	195,295	847,947
Equity attributable to non-controlling interest		403,783	1,163,417
Total equity		2,626,333	3,619,989
Total liabilities and equity		2,869,285	4,087,902

Going concern (Note 2)

Commitments and contingencies (Notes 10 and 13)

Please see accompanying notes to the condensed interim consolidated financial statements

Transition Metals Corp. (formerly HTX Minerals Corp.)
Condensed Interim Consolidated Statements of loss and Comprehensive loss
(Unaudited and Expressed in Canadian dollars)

		Three Months Ended February 29,		Six Months Ended February 29,	
		2016	2015	2016	2015
				$	$
Revenues					
Revenues from strategic alliances	10	141,600	-	141,600	371,522
Management fee	10	14,160	277	14,160	37,742
Total revenues		155,760	277	155,760	409,264
Expenses					
Exploration and evaluation expenditures	10	376,685	810,308	939,060	1,421,049
Consultant fees		22,867	63,706	56,166	124,459
Depreciation		3,046	4,283	6,093	10,240
Investor relations		19,134	13,712	49,627	24,191
Professional fees		72,965	62,246	98,528	79,681
Office and general		72,931	79,581	126,384	140,042
Rent		15,387	13,631	31,000	22,029
Total expense		583,015	1,047,467	1,306,858	1,821,691
Other Items					
Interest income		4,879	4,527	8,519	8,411
Gain on sale of equipment		-		714	
Other income		-	70,728	-	70,728
Unrealized (loss) on investment in marketable securities		-	(10,000)	-	(10,000)
Total other items		4,879	65,255	9,233	69,139
Loss before income taxes		(422,376)	(981,934)	(1,141,865)	(1,343,288)
Income taxes (recovery)		-	-	-	-
Net loss and comprehensive loss for the period		(422,376)	(981,935)	(1,141,865)	(1,343,288)
			-		
Net loss and comprehensive loss for the period attributable to:					
Non-controlling interest		(54,411)	(263,359)	(137,530)	(490,666)
Common shareholders		(367,965)	(718,576)	(1,004,335)	(852,622)
Net loss and comprehensive loss for the period		(422,376)	(981,935)	(1,141,865)	(1,343,288)
Loss per share					
Basic and diluted		(0.01)	(0.02)	(0.03)	(0.03)
Weighted average number of shares outstanding:					
Basic and diluted		33,060,838	32,710,708	32,732,791	32,707,374

Please see accompanying notes to the condensed interim consolidated financial statements

Transition Metals Corp. (formerly HTX Minerals Corp.)
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)
(Unaudited))

	Note	Common shares	Share capital	Share-based payment reserve	Warrants	Deficit	Total	Options and warrants of subsidiary	Non-controlling interest	Total
		#	$	$	$	$	$	$	$	$
Balance, August 31, 2014		32,704,041	8,760,133	1,316,699	1,168,118	(8,508,796)	2,736,154	847,947	218,448	3,802,549
Shares issued for property acquisition	8(b)	20,000	4,000		-	-	4,000	-	-	4,000
Issuance of units by subsidiary, net of costs	4	-	-	-	-	834,664	834,664		996,959	1,831,623
Net loss for the period		-	-	-	-	(852,622)	(852,622)	-	(490,666)	(1,343,288)
Balance, February 28, 2015		32,724,041	8,764,133	1,316,699	1,168,118	(8,526,754)	2,722,196	847,947	724,741	4,294,884
Balance, August 31, 2015		32,731,541	8,765,033	1,316,699	1,168,118	(8,793,278)	2,456,572	847,947	315,470	3,619,989
Shares issued for property acquisitions	8(b)	987,892	99,825		-	-	99,825	-	-	99,825
Warrants of subsidiary expired						652,652	652,652	(652,652)	-	-
Issuance of units by subsidiary, net of costs	4	-	-	-	-	17,836	17,836		30,548	48,384
Net loss for the period		-	-	-	-	(1,004,335)	(1,004,335)	-	(137,530)	(1,141,865)
Balance, February 29, 2016		33,719,433	8,864,858	1,316,699	1,168,118	(9,127,125)	2,222,550	195,295	208,488	2,626,333

Please see accompanying notes to the condensed interim consolidated financial statements

Transition Metals Corp.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

For The Six Months Ended February 29,	Notes	2016 $	2015 $
Operating Activities			
Net loss for the period		(1,141,865)	(1,343,288)
Add items not affecting cash			
Shares issued for property acquisitions		99,825	4,000
Depreciation		6,093	10,240
Gain on sale of equipment		(714)	-
Unrealized loss on investment in marketable securities		-	10,000
Stock based compensation			
Write down of mineral exploration property acquisition costs	10	160,000	12,000
Net change in non-cash working capital		(34,019)	76,660
Cash flows from operating activities		(910,680)	(1,230,388)
Investing Activities			
Purchase of Equipment		(1,600)	-
Proceeds on sale of equipment		1500	-
Restricted cash equivalents		(214)	(20)
Cash flows from investing activities		(314)	(20)
Financing Activities			
Repayment of lease payable		(1,344)	(1,215)
Issuance of common shares and warrants		-	-
Issuance of non-controlling interest	4	48,384	1,831,623
Cost of issuances			
Cash flows from financing activities		47,040	1,830,408
Increase (decrease) in cash		(863,954)	600,000
Cash, beginning of period		2,297,929	2,565,109
Cash, end of period		1,433,975	3,165,109
Supplemental information		-	-

Please see accompanying notes to the interim condensed consolidated financial statements

1. Nature of Operations

Transition Metals Corp. (“TMC”) and its legal subsidiaries, HTX Minerals Corp. (“HTX”) *Canadian Gold Miner Corp. (“CGM”)*and Sudbury Platinum Corp. (“SPC”), (collectively referred to as the “Company”) are engaged in the acquisition and exploration of mineral exploration properties in Canada and the United States. The Company’s registered office is 77 King Street West – Suite 400, Toronto, Ontario, M5K 0A1.

On August 14, 2013, TMC completed a plan of arrangement with HTX pursuant to which TMC acquired all of the issued and outstanding shares of HTX in exchange for 15,391,200 common shares of TMC. As a result of the transaction, the former shareholders of HTX became the majority shareholders of TMC and the transaction was accounted for as a reverse acquisition (Note 4(a)), with HTX identified as the accounting acquirer. The consolidated entity continued under the name of Transition Metals Corp.

On September 9, 2013, the Company incorporated a wholly owned subsidiary, SPC and transferred to it two properties being Aer Kidd (Note 10(s)) and Owen Nickel (Note 10(t)) in exchange for 15,000,000 common shares in SPC, representing 100% of the common stock of SPC (Note 4(b)). SPC has issued a further 16,416,905 common shares to outside parties since incorporation resulting in the Company owning 48% of this subsidiary at February 29, 2016.

Effective February 15, 2016 the Company’s newly incorporated private subsidiary named Canadian Gold Miner Corp. to acquire, certain gold exploration projects in the Abitibi Greenstone Belt from Transition Metals Corp. The Company assigned five property groupings that are part of the Abitibi Gold portfolio including; West Matachewan, Jumping Moose, Elephant Head, Golden Elk and New Kirkland in consideration of 15 million common shares of Canadian Gold Miner.

2. Going Concern

These consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they become due. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programmes will result in profitable mining operations. The Company’s continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves and the achievement of the Company’s ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest in accordance with industry standards to the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities and commitments in other than the normal course of business and at amounts different from those presented in these consolidated financial statements.

2. Going Concern - Continued

The Company in part, raises capital and equity for working capital and exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent on its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

3. Summary of Significant Accounting Policies

Statement of Compliance

These interim consolidated financial statements of the Company have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"). The accounting policies are based on the IFRS standards and International Reporting Interpretations Committee ("IFRIC") interpretations and are in compliance with IAS 34 Interim Financial Reporting.

Basis of Measurement and Presentation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets which are carried at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements are presented in Canadian dollars which is also the Company's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. These consolidated financial statements reflect the following accounting policies which have been applied consistently to all periods presented, except where disclosed.

Principles of Consolidation

These consolidated financial statements include the accounts of HTX (100% owned – Ontario), TMC and SPC (48% owned – Ontario). All intercompany transactions and resulting balances have been eliminated on consolidation.

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

For non-wholly-owned, controlled subsidiaries, the net assets attributable to outside equity shareholders are presented as "non-controlling interests" in the equity section of the consolidated statement of financial position. Profit for the period that is attributable to non-controlling interests is calculated based on the ownership of the minority shareholders in the subsidiary. Warrants and stock options issued by subsidiaries, exercisable into subsidiary shares, are presented as a component of non-controlling interest in the consolidated statement of financial position.

3. Summary of Significant Accounting Policies - Continued

Financial Instruments

Financial Assets

Financial assets are initially recorded at fair value and designated upon inception into one of the following categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss. Financial assets are recognized on the trade date at which the Company becomes party to the contractual provisions of the instrument.

A financial asset is classified at fair value through profit or loss ("FVTPL") if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as FVTPL if the Company manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Realized and unrealized gains and losses are reflected in the statement of comprehensive loss. Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset. The Company has designated its restricted cash equivalents and its investments in marketable securities as FVTPL.

Loans and receivables are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are de-recognized or impaired, as well as through the amortization process. The Company has designated its cash and amounts receivable as loans and receivables.

Available-for-sale instruments are non-derivative financial assets that do not meet the definition of loans and receivables, are classified as available-for-sale. Available-for-sale investments are carried at fair value with changes in fair value recognized in other comprehensive loss/income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost. On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to profit or loss. The Company did not have any available-for-sale instruments during the periods ended February 29, 2016 and 2015.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transactions costs associated with all other financial assets are included in the initial carrying amount of the asset.

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced by the amount of the impairment and the loss is recognized in the statement of loss and comprehensive loss.

3. Summary of Significant Accounting Policies - Continued

Financial Instruments (Continued)

If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been, had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in the statement of loss and comprehensive loss.

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). During the periods ended February 29, 2016 and 2015, the restricted cash equivalents have been classified as Level 2 of the fair value hierarchy, and investments in marketable securities have been classified as Level 1 for publicly traded securities.

Financial Liabilities

Financial liabilities are initially recorded at fair value and designated upon inception as other financial liabilities. Accounts payable and accrued liabilities, and lease payable are recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Accounts payable and accrued liabilities and lease payable are classified as other financial liabilities. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Financial liabilities are derecognized when the contractual obligations are discharged, cancelled or expire.

Cash and Cash Equivalents

Cash and cash equivalents include cash-on-hand and balances with banks and short-term investments with original maturities of three months or less.

Revenue Recognition

Revenues received from strategic alliances are recognized in the period in which they are received, reflecting the nature of the strategic alliance agreement, which allows for either the Company or the strategic partner to terminate the agreement at any time.

Management fee revenue is recognized when the services are rendered and collectability is reasonably assured. Interest income and other income are recorded on an accrual basis.

3. Summary of Significant Accounting Policies – Continued

Investments in Associates

Investments over which the Company has the ability to significantly influence are initially recorded at cost. When the initial recognition of the investment in the associate occurs as a result of a loss of control of a former subsidiary, the fair value of the retained interest in the former subsidiary on the date of the loss of control is deemed to be the cost on initial recognition. Investment income (loss) is calculated using the equity method. Under this method the investor's proportionate share of income (loss) is recognized similar to if the investor's operations had been consolidated with those of the investor.

When there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss.

The investment account of the investor reflects:

i) the cost of the investment in the investee;
ii) the investment income or loss (including the investor's proportionate share of discontinued operations and extraordinary items) relating to the investee subsequent to the date when the use of the equity method first became appropriate; and
iii) the investor's proportion of dividends paid by the investee subsequent to the date when the use of the equity method first became appropriate.

The Company had no investments in associates during the periods ended February 29, 2016 and 2015.

Exploration and Evaluation Expenditures

The Company expenses exploration and evaluation expenditures as incurred other than property interests acquired in a business combination, which are capitalized. Exploration and evaluation expenditures include acquisition costs of mineral exploration properties, property option payments and exploration and evaluation activity. Properties acquired under option agreements or by joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at the time of payment.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized into property, plant and equipment. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

Joint Ventures

A joint arrangement is defined as one over which two or more parties have joint control, which is the contractually agreed sharing of control over an arrangement. This exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. There are two types of joint arrangements, joint operations ("JO") and joint ventures ("JV"). A JO is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. A JV is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

3. Summary of Significant Accounting Policies – Continued

Equipment

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Equipment is subsequently measured at cost less accumulated depreciation, less any 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. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Equipment - Continued

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss. Depreciation is based on the cost of an asset less its residual value. Depreciation is recognized in profit or loss over the estimated useful lives as follows:

Computer equipment and software	-	2 years straight line
Exploration equipment	-	30% diminishing balance
Furniture	-	20% diminishing balance
Vehicles	-	30% diminishing balance

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets, including equipment and mineral exploration property acquisition costs are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of individual assets, the impairment test is carried out on the asset's cash-generation unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely dependent of the cash inflows from other assets. An impairment loss is charged to the profit or loss, except to the extent they reverse gains previously recognized in other comprehensive income/loss.

3. Summary of Significant Accounting Policies – Continued

Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to taxes payable with regards to previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. At the end of each reporting year, the Company reassesses unrecognized tax deferred assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.

Share-Based Payments and Warrants

Where equity-settled share options are awarded to employees and consultants, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period. When stock options and warrants are granted by TMC the corresponding increase is recorded to share based payment reserve and when granted by a subsidiary the corresponding increase is recorded to non-controlling interest and classified as stock options and warrants.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period based on the Company's estimate of options that will eventually vest. The number of forfeitures likely to occur is estimated on the grant date.

Where equity instruments are granted to employees, they are recorded at the fair value at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the transaction is measured at the fair value of the equity instrument granted.

3. Summary of Significant Accounting Policies - Continued

Share-Based Payments and Warrants

All equity-settled share-based payments are reflected in share-based payment reserve, until exercised. Upon exercise, the shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital for any consideration paid.
Where cash-settled share-based payments are granted, the goods or services acquired and the liability incurred is measured at the fair value of the liability. Until the liability is settled, the fair value is remeasured at the end of each reporting period and at the date of settlement, by applying an option pricing model, with any changes in fair value recognized in profit or loss for the period. The measurement of the liability takes into account, the terms and conditions on which the share appreciation rights were granted and to the extent to which the employees or consultants have rendered service to the date of measurement.

Foreign Currency Transactions and Translation

The Company's functional currency and reporting currency is the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the date of the statement of financial position while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates in effect on the date of the transactions. Exchange gains and losses arising on translation are included in operations.

Provisions

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to passage of time is recognized as interest expense.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under contract. At each statement of financial position reporting date, provisions are reviewed and adjusted to reflect the current best estimate of the expenditure required to settle the present obligation. The Company had no material provisions as at February 29, 2016 and 2015.

Decommissioning Liabilities

A legal or constructive obligation to incur decommissioning liabilities may arise when environmental disturbance is caused by the exploration, development or mining of a mineral property interest. Such costs arising from the decommissioning of plant and other site work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount and for changes to the current market based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses. The Company had no material decommissioning liabilities as at February 29, 2016 and 2015. See Note 13.

3. Summary of Significant Accounting Policies - Continued

Loss per Share

Basic loss per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted loss per share is calculated by assuming that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would decrease loss per share or increase income per share. In the Company's case, diluted loss per share is the same as basic loss per share for the periods presented as the effects of including all outstanding options and warrants would be anti-dilutive.

Flow-through Shares

The Company may, from time to time, issue flow through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource properties to investors. On the date of issuance of the flow-through shares, the premium relating to the proceeds received in excess of the fair value of the Company's common shares is allocated to premium on flow-through shares liability. If renouncement is retrospective, the Company derecognizes the premium liability when the paperwork to renounce is filed. If the renouncement is prospective, the Company derecognizes the premium liability as qualifying flow-through expenditures are incurred. The reduction to the premium liability in the period of renunciation is recognized through operations.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the look-back rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is reflected as a financial expense.

Company as Lessee

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a lease payable.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. Summary of Significant Accounting Policies - Continued

Critical Accounting Estimates and Judgments

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

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

<u>Impairment of Mineral Exploration Property Acquisition Costs</u>

While assessing whether any indications of impairment exist for mineral exploration property acquisition costs, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mineral exploration property acquisition costs.

<u>Income Taxes and Recoverability of Potential Deferred Tax Assets</u>

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

3. Summary of Significant Accounting Policies - Continued

Critical Accounting Estimates and Judgments (Continued)

Share-Based Payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Notes 4 and 8. The expected volatility assumptions for both SPC and TMC option and warrant grants was based on the historical volatility of TMC shares.

Existence of Decommissioning and Restoration Costs and the Timing of Expenditure

Decommissioning, restoration, and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration, or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations with regulatory authorities.

Classification of SPC Investment as Subsidiary

An investment is classified as a subsidiary if the Company controls the investee. In assessing whether control exists, management considers ownership percentages, board representation and participation in policy making processes, material transactions between the Company and the investee and common management. If the Company holds greater than 50% of the voting rights, it is presumed that the Company has control unless it can be clearly demonstrated that this is not the case.

The Company has classified SPC as a subsidiary based on management’s judgment that the Company has control through common board representation and management, 48% voting rights with the remainder of the shares widely held, and a service agreement between the Company and SPC whereby the Company manages all operations related to SPC’s sole property until the earlier of October 17, 2017 and the date SPC incurs $5,000,000 of exploration related expenditures on the Aer Kidd property.

3. Summary of Significant Accounting Policies – Continued

New standards adopted

IAS 32 *Financial Instruments: Presentation* ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014. The adoption of the IAS 32 amendments did not have a material impact on the Company's consolidated financial statements.

IFRIC 21 *Levies* ("IFRIC 21") was issued in May 2013. IFRIC 21 provides guidance on the accounting for levies within the scope of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"). IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The adoption of IFRIC 21 did not have a material impact on the Company's consolidated financial statements.

New standards not yet adopted and interpretations issued but not yet effective

The IASB and IFRIC have issued a number of new or revised standards or interpretations that will become effective for future periods and have a potential implication for the Company.

i. IFRS 9 *Financial Instruments* ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

ii. IFRS 10 – *Consolidated Financial Statements* ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

iii. IFRS 11 *Joint Arrangements* ("IFRS 11") was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted.

3. Summary of Significant Accounting Policies - Continued

Recent Accounting Pronouncements (Continued)

iv. IFRS 15 - *Revenue from Contracts with Customers* ("IFRS 15") proposes to replace IAS 18 - Revenue, IAS 11 - Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

v. IAS 1 – *Presentation of Financial Statements* ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

vi. IAS 16 – Property, Plant and Equipment ("IAS 16") and IAS 41 – Agriculture ("IAS 41") were amended in June 2014 in order to bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

The Company has not early adopted any of these standards or interpretations and is currently assessing the impact of the revised standards and interpretations on its consolidated financial statements

4. Incorporation of Sudbury Platinum Corp.

On September 9, 2013, the Company incorporated a wholly owned subsidiary Sudbury Platinum Corporation ('SPC') and transferred to SPC two properties being Aer Kidd (Note 10(u)) and Owen Nickel (Note 10(v)) in exchange for 15,000,000 common shares in SPC, representing 100% of the common stock of SPC. The underlying option for the Aer Kidd project was assigned to SPC by HTX. The terms of this agreement entitle SPC to earn a 50% or 70% interest in the Aer Kidd property. On August 19, 2014 SPC purchased a 100% interest in the mineral rights of the Aer-Kidd project from CaNickel Mining Company Limited ("CML"), for a cash payment of $1,250,000. Consequently, the underlying assigned option and joint venture agreement was terminated.

In addition, TMC has entered into a multi-year operating agreement with SPC to provide exploration services related to the Aer Kidd property, the terms of the agreement allow for the Company to earn a 10% management fee on all exploration costs incurred by SPC and administered through the operating agreement with the Company. In addition, the Company may receive an additional 5,000,000 common shares in SPC if a defined resource equal to 125,000,000 pounds of nickel equivalent is discovered prior to the earlier of October 17, 2017 and the expenditure of $5,000,000 on exploration activities on the property.

4. Incorporation of Sudbury Platinum Corp - Continued

On November 6, 2013, SPC completed its initial financing raising $310,500 through the issuance of 3,105,000 units consisting of one common share and one common share purchase warrant exercisable into one SPC share at $0.20 for a 36 month period. The fair value of the warrants was estimated using the Black-Scholes option pricing model to be $111,855 based on the following assumptions: expected life of 3 years, expected volatility of 130%, expected dividend yield of 0%, and a risk free interest rate of 1.24%. After giving effect to the financing, the Company held approximately 83% of the common shares of SPC.

On April 14, 2014, SPC completed a non-brokered private placement with Royal Nickel Corporation ("RNC") of 6,000,000 units at a price of $0.25 for gross proceeds of $1,500,000. Each unit consisted of one common share and one common share purchase warrant entitling the holder to purchase an additional common share of SPC at $0.45 for a period of eighteen months. The fair value of the warrants was estimated using the Black-Scholes option pricing model to be $501,423 based on the following assumptions: expected life of 1.5 years, expected volatility of 162%, expected dividend yield of 0%, and a risk free interest rate of 1.05%. After giving effect to the financing, the Company held approximately 62% of the common shares of SPC. As a condition of the financing, RNC appointed a member to the Board of Directors of SPC.

On July 14, 2014, SPC closed a non-brokered private placement of $637,500. The placement included 1,720,000 units and 830,000 flow through shares each at a price of $0.25. Each non-flow through unit consists of one common share and one common share purchase warrant entitling the holder to purchase an additional common share of SPC at $0.45 for a period of eighteen months. The fair value of the warrants was estimated using the Black-Scholes option pricing model to be $119,669, net of costs, based on the following assumptions: expected life of 1.5 years, expected volatility of 150%, expected dividend yield of 0%, and a risk free interest rate of 1.16%. SPC paid finder's fees totaling $30,800 and issued 123,200 broker warrants (exercisable at $0.25 into one common share of SPC for eighteen months). The fair value of the broker warrants was estimated using the Black-Scholes option pricing model to be $12,000 based on the following assumptions: expected life of 1.5 years, expected volatility of 150%, expected dividend yield of 0%, and a risk free interest rate of 1.16%. After giving effect to the financing, the Company held approximately 57% of the common shares of SPC.

On October 10, 2014, SPC completed a non-brokered private placement for gross proceeds of $2,000,000. SPC issued 1,428,571 common shares at $0.35 and 3,333,334 flow through shares at $0.45. After giving effect to the financing, the Company held approximately 48% of the common shares of SPC. As a condition of the financing, a subscriber appointed a member to the Board of Directors of SPC.

On December 29, 2015, SPC completed a non-brokered private placement for gross proceeds of $53,840. SPC issued 145,514 flow through common shares at $0.37. After giving effect to the financing, the Company held approximately 48% of the common shares of SPC.

Total share subscriptions by directors and key management personnel of TMC were 400,000 units pursuant to the November 6, 2013 financing for gross proceeds to SPC of $40,000, 70,000 common shares and 70,000 units pursuant to the July 14, 2014 financing for gross proceeds to SPC of $35,000 and 118,514 common shares pursuant to the December 29, 2015 financing for gross proceeds to SPC of $43,850.

(Expressed in Canadian Dollars)

4. Incorporation of Sudbury Platinum Corp - Continued

Summarized financial information for SPC as at February 29, 2016 is as follows:

	$
Current and total assets	453,110
Current and total liabilities	55,836
Total equity	397,274
Net loss and comprehensive loss	(262,764)
Cash flows from operating activities	(250,866)
Cash flows from investing activities	(105)
Cash flows from financing activities	48,384

At February 29, 2016, the following SPC options, exercisable into SPC shares, were outstanding and available to be exercised:

Grant Date	Number	Exercise Price	Expiry Date	Remaining Years	Grant Date Fair Value
June 27, 2014	770,000	$0.45	June 27, 2019	3.33	$0.13

On June 27, 2014, SPC granted 770,000 incentive stock options to directors, management and employees of SPC, exercisable at $0.45 per share for a period of 5 years. The grant date fair value of $0.13 per option was estimated using the Black-Scholes option pricing model based on the following assumptions: expected life of 5 years, expected volatility of 137%, expected dividend yield of 0%, and a risk free interest rate of 1.60%. The options vested immediately.

At February 29, 2016, the following SPC warrants, exercisable into SPC shares, were outstanding and available to be exercised:

Grant Date	Number	Exercise Price	Expiry Date	Remaining Years	Grant Date Fair Value
November 6, 2013	3,105,000	$0.20	November 6, 2016	1.67	$0.04

5. Restricted Cash Equivalents

As at February 29, 2016, the Company held GICs in the aggregate amount of $63,697 (August 31, 2015 - $63,483) as security for its corporate credit cards.

6. Investment in Marketable Securities

The Company owns 1,000,000 common shares (August 31,2016: 1,000,000) of Gowest Gold Ltd. ("Gowest") (TSX Venture: GWA,) pursuant to an option agreement (Note 10(j)). The Gowest shares have been valued at $.08 per share as at February 29, 2016 and August 31, 2015.

(Expressed in Canadian Dollars)

7. Equipment

	Furniture	Vehicles	Computer Equipment and Software	Exploration Equipment	Total
Cost	$	$	$	$	$
Balance August 31, 2014	32,906	107,514	269,453	57,170	467,043
Additions	-	-	-	-	-
Balance August 31, 2015	32,906	107,514	269,453	57,170	467,043
Additions	-	-	-	1,600	1,600
Disposals	-	-	-	(5,500)	(5,500)
Cost at February 29, 2016	32,906	107,514	269,453	53,270	463,143
Accumulated depreciation and impairment					
Balance at August 31, 2014	19,567	72,105	269,036	41,258	401,966
Additions	2,668	10,623	417	5,099	18,807
Balance at August 31, 2015	22,235	82,728	269,453	46,357	420,773
Additions (disposals)	1,060	3,620	-	(3,302)	1,378
Balance at February 29, 2016	23,295	86,348	269,453	43,055	422,151
Net book value August 31, 2015	13,339	35,409	417	15,912	65,077
Net book value February 29, 2016	9,611	21,166	-	10,215	40,992

As at February 29, 2016, furniture under finance lease with a cost of $11,000 (2013 - $11,000) and accumulated depreciation of $7,350 (2014 - $6,444)), have been included in the above table.

8. Share Capital

a) Authorized

An unlimited number of common shares with no par value
An unlimited number of preferred shares, non-voting, non-participating, retractable, redeemable

b) Transactions

Period ended February 29, 2016

On January 25, 2016 the Company completed the acquisition of several exploration properties for the issuance of 980,392 common shares valued at $100,000 and $100,000 in cash. See note 10 (v) (w) (x) for a description of the exploration assets acquired.

On February 1, 2016, the Company issued 7,500 common shares valued at $825 based on the market price on the date of issue, pursuant to the Golden Elk agreement as disclosed in Note 10 (f).

(Expressed in Canadian Dollars)

8. Share Capital - Continued

Year ended August 31, 2015

During the year ended August 31, 2015, the Company issued 27,500 common shares valued at $4,900 based on the market price on the date of issue, pursuant to the Golden Elk and Matachewan West option agreements as disclosed in Note 10.

c) Stock Options

The Company has a stock option plan (the "Plan") for its directors, officers, consultants and key employees under which the Company may grant options to acquire a maximum number of 10% of the total issued and outstanding common shares of the Company. These options are non-transferrable and are valid for a maximum of 5 years from the date of issue. Vesting terms and conditions are determined by the Board of Directors at the time of the grant. The exercise price of the options is fixed by the Board of Directors of the Company at the time of the grant at a minimum of the market price of the common shares, subject to all regulatory requirements. Expected volatility has been determined using the share price of the Company for the period equivalent to the life of the options prior to grant date.

At February 29, 2016, the following options were outstanding and available to be exercised:

Grant Date	Number	Exercise Price	Expiration	Remaining Years	Grant Date Fair Value
August 14, 2013	845,625	$0.23	August 14, 2018	2.46	$0.08
December 5, 2013	100,000	$0.20	December 5, 2018	2.83	$0.10
April 25, 2014	1,454,375	$0.40	April 25, 2019	3.17	$0.35
	2,400,000	$0.33		3.14	$0.25

A summary of stock option activity during the period ended February 29, 2016 is as follows:

	Number of Outstanding Options	Weighted Average Exercise Price
Outstanding - August 31, 2015 and February 29, 2016	2,400,000	$0.33

d) Warrants

At February 29, 2016, the Company had the following warrants outstanding:

Grant Date	Number	Exercise Price	Expiration	Remaining Years	Grant Date Fair Value
August 14, 2013	1,116,600	$0.20	August 14, 2016	0.46	$ 0.39
April 15, 2014	6,894,999	$0.40	April 15, 2016	0.13	$ 0.11
April 15, 2014	270,550	$0.30	April 15, 2016	0.13	$ 0.12
	8,282,149	$0.37		0.20	$ 0.15

(Expressed in Canadian Dollars)

8. Share Capital - Continued

A summary of warrant activity during the period ended February 29, 2016 is as follows:

	Number of Issued and Outstanding Warrants	Exercise Price
Outstanding – August 31, 2015 and February 29, 2016	8,282,149	$ 0.37

9. Related Party Transactions

a) In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key management of the Company for the six-month period ended February 29, 2016 and 2015 was as follows:

		2016		2015
Short term benefits	$	95,627	$	180,780
Share based payments		-		-
	$	95,627	$	180,780

Short term benefits are included in: consultant fees and exploration and evaluation expenditures.

Included in accounts payable and accrued liabilities as at February 29, 2015, is $22,992 (2015 - $25,008) owing to officers and management of TMC. The amounts are unsecured, non-interest bearing, and are due on demand.

b) See also Notes 4 and 8(c).

(Expressed in Canadian Dollars)

10. Exploration Properties

As at February 29, 2016, property exploration costs totalling $1,039,005 are related to the acquisition of TMC by HTX, the costs are allocated to the former TMC properties as follows: Gowganda Gold - $581,505, Janice Lake - $117,000 (August 31 2015 - $147,000), New Kirkland - $18,000 (August 31 2015 - $48,000), Jumping Moose - $50,000 (August 31 2015 - $85,500), Pipestone - $85,500, West Matachewan - $48,000, Golden Elk - $10,000(August 31 2015 - $44,500), Elephant Head - $55,000, Kidd Gold - $17,000, Homathko - $52,000 (August 31 2015 - $82,000), Doherty Lake - $5,000. During the six month period ended February 28, the above properties were written down $160,000.

Summary of exploration and evaluation expenditures for the six month periods ended February 29 2016 and 2015.

Property	2016 $	2015 $
New project generation expenditures	50,980	46,972
Gowganda	7,399	-
West Matachewan	8,801	13,527
Golden Elk	40,468	8,273
Elephant Head	1,002	5,595
Jumping Moose	42,827	12,550
NRC new project generation expenditures	13,809	19,220
NRC Itchen Lake	765	9,199
NRC CO-20 Fire Shear	5,250	-
Janice Lake	30,000	75,149
Sunday Lake	293,137	323,235
Eva Kitto	15,30	23,850
Aer-Kidd	168,791	844,364
Timber Wolf	(1,580)	1,600
Other	93,078	25,515
Former projects	-	12,000
Totals	939,060	1,421,049

Abitibi Gold – Ontario (a - j)

Gowganda Gold (a – c)

a) Haultain

The Company has a 100% interest in 24 claims in Haultain and Nicol Townships in the Province of Ontario. The Company acquired 8 of the 24 claims by exercising an option agreement during the year ended August 31, 2015. The Company completed payments totaling $35,000 and completed work expenditures totalling $250,000 in order to exercise its option. The Optionor retained a 2% net smelter return ("NSR") of which half (1%) can be purchased at any time for an aggregate sum of $1,000,000.

10. Exploration Properties - Continued

b) Haultain West

The Company entered into an option agreement as amended with Goldeye Explorations Limited to acquire a 100% interest, subject to a 2% NSR with an option to buy back 1% for $1,000,000, in certain mining claims located in the Van Hise Township, Larder Lake Mining District, Ontario. To earn its interest, TMC must make cash payments of $50,000 ($20,000 paid) and incur cumulative work expenditures of $250,000 on or before August 1, 2017 ($50,000 incurred). During the year ended August 31, 2015, the agreement was terminated.

c) Nicol

The Company holds a 100% interest in 10 claims (2015 – 10 claims) in Nicole Township Ontario.

d) West Matachewan

The Company owns a 100% interest in 12 claims in Doon Township, Larder Lake Mining District. The Company acquired 6 of the 12 claims from Ashley Gold Mines Limited ("Ashley") by exercising an option agreement during the year ended August 31, 2015. The Company completed payments totaling $30,000, and issued 15,000 common shares in order to exercise its option. Ashley has retained a 2% NSR from any commercial production. The Company may purchase 1.0% of the NSR for $1,000,000 at any time.

As of the date of these financial statements this project was put under exclusion by the Ministry of Northern Development and Mines while consultation with local stakeholders is ongoing.

e) New Kirkland

The Company owns a 100% interest in 4 claims (2015 – 14 claims) in Bayly and Skead Townships, Larder Lake Mining District. The Company also holds a 100% interest in 7 that were staked in Boston Township, Ontario.

f) Golden Elk

On February 10, 2012, the Company executed an option agreement to acquire certain mineral rights on patented property in Tudhope Township located near Elk Lake Ontario, Larder Lake Mining District, by making total cash payments of $25,000 ($25,000 paid) and issuing a total of 30,000 shares over four years (30,000 shares issued). The optionor shall retain a 2% NSR from any commercial production. The Company may purchase a 0.5% NSR for $250,000 and a further 0.5% NSR for an additional $750,000 at anytime. During the reporting period the Company vested a 100% ownership interest in the property.

On July 16, 2012, the Company signed an option agreement to acquire certain mineral rights on patented property in Timiskaming Mining District, Ontario. During the period, the Company exercised the option by making the final option payment which completed the total cash payments of $25,000 and the issuance of 30,000 common shares. The optionor has retained a 3% NSR from any commercial production. The Company may purchase a 1% NSR for $750,000 at any time.

Adjacent to these two properties, the Company holds a 100% interest in an additional 4 claims. During the period ended February 29, 2016, 4 claims were allowed to lapse.

10. Exploration Properties – Continued

g) Elephant Head

The Company holds a 100% interest in 10 claims (2015 – 11 claims) located in Connaught Township, Ontario.

As of the date of these consolidated financial statements these claims were put on a temporary hold by the Ministry of Northern Development and Mines while consultation with local stakeholders is ongoing.

h) Kidd Gold

The Company holds a 100% interest in 4 claims (2015 – 4 claims) located in Kidd Township, Ontario.

As of the date of these financial statements these claims were put under exclusion by the Ministry of Northern Development and Mines while consultation with local stakeholders is ongoing.

i) Jumping Moose

The Company entered into an option agreement with Swain & Decker ("Swain") to acquire a 100% interest in properties in Burrows and Kemp Townships in the Province of Ontario, subject to a 2% NSR of which half (1%) can be purchased any time for the aggregate sum of $1,000,000.

In 2015, the Company exercised its option and acquired a 100% interest in the Jumping Moose Property by completing total cash payments of $35,000, issuing 50,000 shares of TMC and incurring work expenditures of $250,000. The property now consists of 13 claims totaling 1,088 hectares.

j) Pipestone – Optioned to Gowest Gold Ltd.

This group of properties is comprised of 27 claims (2014 – 27 claims) located in the Wark, Prosser, Little and Evelyn townships in Ontario, wholly owned by the Company. On April 27, 2011 and as amended February 3, 2014, the Company entered into an option and joint venture agreement with Gowest Gold Ltd. ("Gowest") that provides Gowest with the option to acquire a 60% interest or 75% interest in the Pipestone Property. To earn a 60% in the Pipestone Property, Gowest would be required to make cash payments of $100,000 ($100,000 received), issue 500,000 common shares of Gowest to the Company (500,000 issued) and incur exploration expenditures of $1,000,000 by the fourth year anniversary of the agreement. Furthermore, Gowest retains the one time option upon vesting its 60% interest to increase its ownership to 75% by issuing an additional 150,000 Gowest common shares to the Company and incurring an additional $2,000,000 in exploration expenditures within two years.

On July 31, 2015, an amendment was entered into between the companies whereby 500,000 (issued) additional common shares of Gowest were issued to TMC to extend the initial option expiration date to April 25, 2016.

10. Exploration Properties – Continued

Nunavut Gold and Diamonds – NRC Alliance (l-q)

Nunavut Resources Corporation Strategic Alliance

HTX entered into a strategic alliance agreement with Nunavut Resources Corporation ("NRC") dated March 1, 2012 whereby HTX carries out project generation and mineral exploration in the Kitikmeot Region of the Territory of Nunavut on behalf of the parties on both Inuit Owned Lands ("IOL") and federal owned lands in Nunavut over the five year agreement. Exploration projects can be designated under the agreement that convert to joint ventures between the parties.

Projects designated on IOLs where the mineral rights are administered by the Nunavut Tunngavik Corporation ("NTI"), are initially assigned 20% HTX and 80% NRC ownership, with an option for HTX to earn another 30% of the joint venture designated property by solely incurring an additional $2,000,000 of expenditures, within 24 months. Projects designated on Crown Lands administered by the Federal government will have an initial ownership of 50% HTX and 50% NRC. HTX will be the initial operator and will collect a 10% operator's fee. HTX also has the casting vote in terms of making exploration committee decisions, except in situations that involve cost overruns in amounts exceeding 10% of approved budgets.

If either party dilutes to less than a 10% interest through non-participation in future joint venture programs, their interest converts to a 2.0% NSR of which 50% can be purchased by the other party for $1,000,000.

During the period ended February 29, 2016, the Company received $nil (2015 – $nil) in expense recoveries which is recorded as revenue from strategic alliances in the statement of loss.

k) Itchen Lake

The Itchen Lake property is comprised of 15 contiguous staked claims (2015 – 19 claims), in western Nunavut under the terms of the NRC strategic alliance. Once designated a joint venture project, a 50% interest will be held by HTX and 50% will be held by NRC and subject to the HTX/NRC strategic alliance agreement. During the six month period ended February 29, 2016, 4 claims was allowed to lapse.

l) Article 41

The Article 41 property is 36 kilometres northeast of Yellowknife and was granted to the Kitikmeot Init Association as part of the Nunavut Land Claims Agreement (1993/1999). Under the definition of the NRC strategic alliance agreement described above, HTX has the right to hold an initial 20% interest in the property and the further right to increase that interest to 50% by incurring $2,000,000 of expenditures.

m) CO-82 – Gondor Lake

The CO-82 property is an IOL acquired by NRC on behalf of the NRC strategic alliance through a mineral exploration agreement (MEA) with NTI, dated June 1, 2013. HTX has the right to hold an initial 20% interest in the property and the further right to increase that interest to 50% by incurring $2,000,000 of expenditures.

n) CO-20 Fire Shear

The CO-20 Fire Shear property is an IOL acquired by NRC on behalf of the NRC alliance through a mineral exploration agreement with NTI, dated July 1, 2014. The property consists of two non-contiguous irregular blocks. The Company has the right to hold an initial 20% interest in the property and the further right to increase that interest to 50% by incurring $2,000,000 of expenditures.

10. Exploration Properties – Continued

o) CO-30 Anialik

The CO-30 Anialik property is an IOL acquired by NRC on behalf of the NRC alliance through a mineral exploration agreement with NTI, dated July 1, 2014. The property is an irregular block. The Company has the right to hold an initial 20% interest in the property and the further right to increase that interest to 50% by incurring $2,000,000 of expenditures.

p) CO-31 Arcadia Bay

The CO-31 Arcadia Bay property is an IOL acquired by NRC on behalf of the NRC alliance through a mineral exploration agreement with NTI, dated July 1, 2014. The property is an irregular block. The Company has the right to hold an initial 20% interest in the property and the further right to increase that interest to 50% by solely incurring $2,000,000 of expenditures.

Saskatchewan Copper

q) Janice Lake, Saskatchewan

The Company currently holds a 100% interest in 8 mining claims (2015 – 10 claims) in Saskatchewan

Thunder Bay - Ni-Cu-PGM's - Implats Alliance

Impala Platinum Holdings Inc. Strategic Alliance

The Company entered into a three year strategic alliance with Implats Platinum Holdings Inc. ("Implats") dated January 1, 2011, who committed to provide guaranteed annual payments of $1,300,000 per year for three years to conduct project generation and exploration activities in and adjacent to the mid-continent rift region, north of Lake Superior Ontario. This alliance expired on January 31, 2014.

On February 1, 2014, the Company entered into an agreement with Implats, which assigned 100% of rights and interests in properties generated under the alliance to the Company, with the exception of the Sunday Lake Property subject to a 1.0% to 1.5% NSR royalty held by Implats. At the end of the reporting period, the Company maintained 4 property groupings.

During the three month period ended February 29, 2016, the Company received $141,600 (2014 – $371,522) in expense recoveries which is recorded as revenue from strategic alliances in the statement of loss

r) Sunday Lake

On February 1, 2014, the Company entered into a joint venture agreement with Implats to advance exploration activities at Sunday Lake. Under the terms of this agreement, Implats will fund 100% of expenses on the project and TMC will hold a 25% free carried interest through to the completion of a Feasibility Study. TMC retains the ability to secure a controlling interest in the project in the event that Implats chooses not to fund a minimum annual exploration budget of $50,000 or to maintain underlying property agreements.

10. Exploration Properties – Continued

The Sunday Lake property is located in northwestern Ontario, 25 kilometres north-east of Thunder Bay and 25 kilometres to the west of Panoramic Resources Limited's Thunder Bay North (Current Lake) deposit. The property consists of staked and optioned land that the Company optioned from Rio Tinto Explorations Canada Inc. ("RTEC") and property that the Company has staked and leased from others in the area.

Parcels 19889, 19890 and eight claims are subject to an option agreement between the Company and RTEC dated May 10, 2013. Under the terms of the option agreement, the Company can acquire a 100% interest in the properties by making payments to RTEC totaling $350,000 ($225,000 paid) by the third anniversary of the agreement, subject to a payment of $3,500,000 upon commercial production with an additional payment of $1,500,000 on or before the first anniversary of commercial production. The Company's interest in the optioned properties is also subject to a 1.5% NSR held by RTEC, of which 0.5% can be purchased for $1,000,000.

Parcel 19889, is subject to an underlying agreement between RTEC and a vendor that allows the Company to conduct mineral exploration on the property by making annual rental payments of $1,132 with an option to purchase the surface and mineral rights by paying the vendors 1.5 times the fair market value of the premises subject to a 1% NSR, of which HTX can purchase 0.5% for $250,000.

Parcel 19890, is subject to an underlying agreement between RTEC and vendors that allows the Company to conduct mineral exploration on the property by making annual rental payments of $1,000, with an option to purchase the surface and mineral rights by paying the vendors 1.5 times the fair market value of the premises subject to a 1% NSR, of which HTX can purchase 0.5% for $250,000.

Parcel 6056 and one claim are subject to an assignment agreement between the Company and RTEC dated March 25, 2013 and underlying agreements between RTEC, Peter DeRozea and the Sunday Lake Syndicate. Under the terms of this agreement, the Company can earn a 100% interest by making cash payments totaling $250,000 by March 31, 2014, subject to a 3% NSR held by the vendors. Upon vesting, pre-production royalty payments of $40,000 per year to a total of $200,000 are due, the total of which will be deducted from future production based NSR payments. The Company maintains the right to purchase 2% of the NSR from DeRozea and the Sunday Lake Syndicate for $2,000,000. On April 3, 2013 an amendment to the Sunday Lake exploration and option agreement was made to extend the schedule of payments now totaling $275,000 to March 31, 2015 of which $35,000 was paid. In December of 2013 a second amendment was executed to adjust the schedule of remaining payments to $50,000 due in January 10, 2014 (paid), $50,000 on March 31, 2015, and an additional $140,000 (paid) by March 31, 2016.

On December 27, 2013, the Company entered into an option to purchase agreement with a private land owner near Sunday Lake. Under the terms of the agreement, the Company must make bi-annual lease payments of $3,000 until June 2016. The Company retains the right during the option period to purchase a 100% interest in the surface and mineral rights of the property for 1.5 times the fair market value of the unimproved property, subject to a 1% NSR of which the Company can purchase back 0.5% for $500,000.

On January 23, 2014, the Company entered into an option to purchase agreement with a private land owner near Sunday Lake. Under the terms of the agreement, the Company must make bi-annual lease payments of $3,725 until July 2018. The Company retains the right during the option period to purchase a 100% interest in the surface and mineral rights of the property for 1.5 times the fair market value of the unimproved property, subject to a 1% NSR, of which the Company can purchase back 0.5% for $500,000.

At February 29, 2016, the property consists of 22 staked and optioned patents and mining claims (2015 – 22) staked and optioned patents and mining claims.

10. Exploration Properties – Continued

s) Thunder Bay – Other

As at February 29, 2016, the Company maintained 6 additional property groupings in the Thunder Bay Mining District. These properties include Owl Lake, Fraser, Hele, Empire Lake, Eva Kitto, Saturday Night and Roaring River.

<u>Sudbury - Ni-Cu-PGM's (t-u)</u>

t) Aer Kidd Property

On October 18, 2013, the Company entered into an assignment agreement to transfer 100% of its option and joint venture agreement in the Aer Kidd property to its subsidiary SPC in exchange for 14,000,000 shares of SPC plus 5,000,000 contingently issuable bonus shares. The bonus shares are payable upon achievement by SPC of the estimation of an inferred, indicated or measured resource on the property that is equal to 125,000,000 pounds of nickel equivalent metal, if such a resource estimate is made before October 17, 2017 or before $5,000,000 of exploration costs has been incurred on the property

On August 19, 2014, SPC purchased a 100% interest in the mineral rights of the Aer-Kidd project from CaNickel Mining Company Limited ("CML"), for a cash payment of $1,250,000. Consequently, the underlying assigned option and joint venture agreement was terminated.

The Company has also entered into a multi-year operating agreement with SPC to provide exploration services during the term of the underlying option. SPC's primary focus will be to explore for nickel, copper and platinum group metals (Ni-Cu-PGM) in the Sudbury District with an initial focus on the Aer Kidd property.

The property remains subject to a pre-existing underlying agreement that provides a 3% NSR royalty to a previous owner of which 1.5% NSR can be purchased for $1,250,000. The underlying royalty arrangement includes advanced royalty bi-annual payments of $50,000 which are deductible from future production royalties.

SPC also has the option to purchase 100% of the property surface rights from the Greater City of Sudbury at any time prior to December 31, 2017 for a cash payment of $250,000 and a further cash payment of $250,000 if a mine is brought to commercial production on the property.

u) Owen Nickel

On October 1, 2013, the Company entered into an assignment agreement to transfer 100% of its interests in the Owen Nickel property to its subsidiary SPC in exchange for 1,000,000 shares of SPC.

At February 29, 2016, the property consists of 7 staked and patented mining claims (2015 – 10 staked and patented mining claims).

10. Exploration Properties – Continued

New Nickel Exploration Assets Purchased (v – x)

On January 25, 2016 the Company purchased approximately 8,700 hectares of mining claims, leases and patents, some of which conveying real property rights through a purchase agreement with the court appointed receiver of First Nickel Inc. in consideration of $100,000 cash and 980,392 common shares valued at $100,000. Included in the purchase were three Ni-Cu-PGM exploration projects; Lockerby East, Dundonald, and Bancroft, which are summarized below.

v) Lockerby East Property (Ni-Cu-PGM's)

The property consists of approximately 390 hectares of freehold patents located on the south range of the Sudbury Igneous Complex (SIC), Sudbury, Ontario including 100% of the Lockerby East and South Patents as well as a 70% interest in the West Graham Property (30% owned by Landore Resources Ltd.).

w) Dundonald (Ni-Cu-PGM's and Cu-Zn)

The Dundonald property near Timmins consists of approximately 950 hectares of freehold patents, mining leases and claims

x) BANCROFT (Ni-Cu-PGM's)

The Bancroft project consists of approximately 7,351 hectares of mining claims located in the Southern Mining district near Bancroft.

<u>Other</u>

y) Doherty Lake, Ontario

On December 12, 2012, The Company acquired a 100% interest in 5 claims in DeMorest Township, Ontario in exchange for a 1% NSR. The Company can purchase the NSR at any time for $500,000.

z) North Vermilion, Ontario

On June 1, 2014, 5 claims were staked in Fairbanks Township, Sudbury Mining District. The claims are owned 100% by the Company.

aa) Homathko, British Columbia

The Homathko Property consists of 3 claims (2015 – 5 staked claims) in the Caribou Regional District, British Columbia, located approximately 200 kilometres west of Williams Lake.

11. Capital Management

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the current size of the Company. There were no changes to its capital management approach during the period ended February 29, 2016. The Company is not subject to externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company is dependent on its strategic alliance partners as well as on the capital markets to finance exploration and development activities.

12. Financial Instruments and Financial Risk Factors

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts the Company’s current financial assets and liabilities approximate fair market value because of the limited term of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no material changes in these risks, objectives, policies and procedures during the period ended February 29, 2016.

Credit Risk

The Company's credit risk is primarily attributable to its amounts receivable. Amounts receivable consists of sales taxes due from the Federal Government of Canada. The Company has no significant concentration of credit risk arising from its operations. Management believes that the credit risk concentration with respect to financial instruments included in other assets is low. The Company also received funding from joint venture partners including Implats and NRC. The Company believes that the credit risk associated with both of these corporations is low.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 29, 2016, the Company has current assets totalling $1,789,288 (2015 - $3,736,705) to settle current liabilities of $242,952 (2015 - $695,663).

Price Risk

The Company is exposed to price risk with respect to commodity prices. The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals.

Interest Rate Risk

The Company does not currently have any outstanding variable interest bearing loans and, therefore, the Company is not exposed to interest rate risk through fluctuation in the prime interest rate.

13. Commitments and Contingencies

Finance and Operating Leases

The Company has obligations under a finance lease for which the minimum future lease payments are $235 and are all due within 12 months.

Environmental Contingencies

The Company's exploration activities are subject to various federal, state, provincial, and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The Company, through its interest in the Aer Kidd property (Note 10(s)), may be subject to certain statutory rehabilitation and closure obligations imposed by the Ontario Mining Act related to historical reclamation, restoration and abandonment obligations. The amount of the obligation, if any, cannot be estimated at this time and as such no provision has been recorded in these consolidated financial statements.

Flow-through Expenditures

The Company has indemnified the subscribers for any tax related amounts that become payable by the subscriber as a result of the Company not meeting its expenditure commitments. As at February 29, 2016, all required flow through funds had been spent in TMC. The Company's subsidiary, SPC has also indemnified the subscribers for any tax related amounts that become payable by the subscribers as a result of SPC not meeting its expenditure commitments. As at February 29, 2016, SPC has a commitment to make $53,840 in eligible flow through expenditures prior to December 31, 2016.

Leases for Premises`

The Company maintains leases for premises and as such the Company has committed to minimum annual rent for 2016 of $5,061 where the leases expire in March 2016.

14. Subsequent Events

On March 21, 2016, The Company's subsidiary, SPC closed a private placement financing of 9,540,776 common shares for gross proceeds of $3,122,956. Agents were paid a cash fee of $38,744 and received 137,071 non-transferable common share purchase warrants. Each warrant entitles the agent to purchase one additional common share for a period of three years, at a price of $0.35. Directors and officers of the Company and its subsidiary SPC purchased a total of 252,382 common shares for gross proceeds of $82,786.

On March 30, 2016, the Company granted 300,000 incentive stock options to directors, management and employees of the Company, exercisable at $0.15 per share for a period of 5 years. The grant date fair value of $0.15 per option was estimated using the Black-Scholes option pricing model based on the following assumptions: expected life of 5 years, expected volatility of 146%, expected dividend yield of 0%, and a risk free interest rate of 1.50%. The options vested immediately.