MARGARET LAKE DIAMONDS INC.

(Formerly JDV Capital Corp.)

Condensed Interim Financial Statements

For the nine months ended February 28, 2015 and 2014

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

MARGARET LAKE DIAMONDS INC.

(Formerly JDV Capital Corp.)

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NOTICE TO READER

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

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

April 27, 2015

MARGARET LAKE DIAMONDS INC.
(Formerly JDV Capital Corp.)

Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars - Unaudited)

	Note	**February 28, 2015**	May 31, 2014
		(unaudited)	(audited)
Assets			
Current assets			
Cash	3	**$ 267,583**	$ 965,357
Short-term investment	3	–	11,000
Receivables	4	**18,430**	25,800
Prepaid expenses		**8,500**	–
Exploration advances		–	203,864
		294,513	1,206,021
Exploration and evaluation assets	8	**2,487,358**	766,337
		$ 2,781,871	$ 1,972,358
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	5	**$ 227,178**	$ 46,735
Due to related parties	11	**71,408**	5,236
Convertible debt	7	**204,000**	196,776
Flow-through premium liability	6	–	57,368
		502,586	306,115
Shareholders' equity			
Share capital	9	**2,645,161**	2,093,736
Common stock subscribed	9	**100,620**	–
Equity portion of convertible debt	7	**10,644**	10,644
Reserves	9	**151,285**	118,848
Deficit		**(628,425)**	(556,985)
		2,279,285	1,666,243
		$ 2,781,871	$ 1,972,358

Nature of operations (Note 1)
Commitments (Note 10)
Subsequent events (Note 14)
The accompanying notes form an integral part of these condensed interim financial statements.

MARGARET LAKE DIAMONDS INC.
(Formerly JDV Capital Corp.)

Condensed Interim Statements of Changes in Equity
(Expressed in Canadian Dollars - Unaudited)

	Note	Equity Shares	Equity Amount	Equity component of convertible debt	Common stock subscribed	Reserves	Deficit	Total Equity
Balance, May 31, 2013		3,064,009	$ 360,269	$ –	$ –	$ 52,219	$ (305,634)	$ 106,854
Cancellation of escrowed shares	9(b)(v)	(775,000)	–	–	–	–	–	–
Comprehensive loss		–	–	–	–	–	(34,901)	(34,901)
Balance, February 28, 2014		2,289,009	360,269	–	–	52,219	(340,535)	**71,953**
Shares issued for property	9(b)(vii)	6,500,000	650,000	–	–	–	–	650,000
Flow-through private placement	9(b)(viii)	3,000,000	300,000	–	–	–	–	300,000
Flow-through premium liability	9(b)(viii)	–	(57,368)	–	–	–	–	(57,368)
Private placement	9(b)(ix)	9,000,000	900,000	–	–	–	–	900,000
Share issuance costs	9(b)(x,xi)	–	(107,251)	–	–	–	–	(107,251)
Shares issued to agent	9(b)(x)	100,000	10,000	–	–	–	–	10,000
Fair value of agent's options	9(b)(x)	–	(49,271)	–	–	49,271	–	–
Exercise of options	9(b)(xii)	275,000	87,357	–	–	(32,357)	–	55,000
Stock-based compensation		–	–	–	–	49,715	–	49,715
Convertible debt		–	–	10,644	–	–	–	10,644
Comprehensive loss		–	–	–	–	–	(216,450)	(216,450)
Balance, May 31, 2014		21,164,009	2,093,736	10,644	–	118,848	(556,985)	**1,666,243**
Shares issued for property	9(b)(i)	100,000	28,000	–	–	–	–	28,000
Flow-through private placement	9(b)(ii)	1,160,000	324,800	–	–	–	–	324,800
Flow-through premium liability	9(b)(ii)	–	(34,800)	–	–	–	–	(34,800)
Private placement	9(b)(iii)	1,070,000	267,500	–	–	–	–	267,500
Share issuance costs	9(b)(iv)	–	(27,200)	–	–	–	–	(27,200)
Fair value of agent's options	9(b)(iv)	–	(6,875)	–	–	6,875	–	–
Common stock subscribed	9(c)	–	–	–	100,620	–	–	100,620
Stock-based compensation	9(c)	–	–	–	–	25,562	–	25,562
Comprehensive loss		–	–	–	–	–	(71,440)	(71,440)
Balance, February 28, 2015		**23,494,009**	**$ 2,645,161**	**$ 10,644**	**$ 100,620**	**$ 151,285**	**$ (628,425)**	**$ 2,279,285**

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

MARGARET LAKE DIAMONDS INC.
(Formerly JDV Capital Corp.)

Condensed Interim Statements of Comprehensive Loss
(Expressed in Canadian Dollars - Unaudited)

	Note	Three months ended February 28, 2015	Three months ended February 28, 2014	Nine months ended February 28, 2015	Nine months ended February 28, 2014
Expenses:					
Accretion of convertible debt	7	**$ 1,087**	**$ –**	**$ 7,224**	$ –
Consulting		**1,375**	–	**3,825**	–
Interest on convertible debt	7	**4,527**	–	**13,732**	–
Office and administration	11	**9,752**	5,469	**34,404**	16,388
Professional fees		**930**	437	**30,020**	7,040
Regulatory fees		**1,284**	525	**6,012**	7,212
Rent	11	**3,000**	–	**9,000**	–
Stock-based compensation	9	**–**	–	**25,562**	–
Transfer agent fees		**2,428**	1,220	**7,812**	2,999
Travel and promotion		**6,051**	1,234	**26,096**	1,767
		(30,434)	(8,885)	**(163,687)**	(35,406)
Other items:					
Interest Income		**16**	66	**79**	505
Loss before income taxes		**(30,418)**	(8,819)	**(163,608)**	(34,901)
Deferred income tax recovery	6	**–**	–	**92,168**	–
Comprehensive loss		**$ (30,418)**	$ (8,819)	**$ (71,440)**	$ (34,901)
Loss per common share Basic and diluted		**$ (0.00)**	$ (0.01)	**$ (0.00)**	$ (0.03)
Weighted average number of common shares outstanding		**23,494,009**	1,014,009	**22,214,668**	1,014,009

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

MARGARET LAKE DIAMONDS INC.
(Formerly JDV Capital Corp.)

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

	Three months ended February 28,		Nine months ended February 28,	
	2015	2014	**2015**	2014
Cash provided by (used in):				
Operations:				
Net loss for the period	**$ (30,418)**	$ (8,819)	**$ (71,440)**	$ (34,901)
Accretion of convertible debt	**1,087**	–	**7,224**	–
Deferred income tax recovery	–	–	**(92,168)**	–
Interest accrued on convertible debt	**4,527**	–	**13,732**	–
Stock-based compensation	–	–	**25,562**	–
Changes in non-working capital items:				
Receivables	**40,153**	(66)	**7,370**	504
Prepaid expenses	**2,335**	–	**(8,500)**	2,912
Trade and other payables	**(1,098)**	1,840	**889**	(2,960)
Due to related parties	–	–	**7,440**	(509)
	16,586	(7,045)	**(109,891)**	(34,954)
Investing:				
Short-term investment	**11,000**	(70,000)	**11,000**	41,000
Exploration advances	**28,142**	–	**203,864**	–
Exploration and evaluation assets	**(193,919)**	–	**(1,468,467)**	–
	(154,777)	(70,000)	**(1,253,603)**	41,000
Financing:				
Private placement proceeds, net	–	–	**565,100**	–
Common stock subscribed	**100,620**	–	**100,620**	–
	100,620	–	**665,720**	–
Change in cash	**(37,571)**	(77,045)	**(697,774)**	6,046
Cash, beginning of period	**305,154**	86,580	**965,357**	3,489
Cash, end of period	**$ 267,583**	$ 9,535	**$ 267,583**	$ 9,535

Supplemental cash flow information:

Other significant non-cash transactions during the nine months ended February 28, 2015 included:

- Accrued exploration expenditures of $192,943 (May 31, 2014 - $13,389) in trade payable and accrued liabilities (Note 5) and $45,000 (May 31, 2014 - $Nil) in due to related parties (Note 11);
- Accrued interest of $13,732 (2014 - $Nil) in due to related parties (Note 7);
- Fair value of shares issued for exploration and evaluation assets of $28,000 (2013 - $Nil) (Note 8);
- Fair value of agent's warrants of $6,875 (2014 - $Nil) recorded as share issuance costs (Note 9(b)(vi));
- Allocation of $34,800 (2014 - $Nil) to flow-through premium liability on issuance of shares (Note 8); and
- Amortization of flow-through premium liability of $92,168 (Note 6).

During the period ended February 28, 2014, the Company did not record any significant non-cash transactions.

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

1. Nature of operations

Margaret Lake Diamonds Inc. (formerly JDV Capital Corp.) (the “Company”) was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia) on February 9, 2011. Effective September 7, 2011, the Company completed an Initial Public Offering (“IPO”) and commenced trading under the symbol JAI.P. Effective September 10, 2013, the TSX Venture Exchange (the "Exchange") suspended the common shares of the Company for failure to complete a Qualifying Transaction (“QT”) by the 24 month anniversary date of September 9, 2013. Pursuant to the Exchange Policy 2.4 Capital Pool Company, on November 15, 2013, the Company transferred its listing to the NEX board of the Exchange, cancelled 775,000 escrow seed shares and returned them to its treasury. Effective December 10, 2013, the Company commenced trading under the symbol JAI.H. Effective March 27, 2014, the Company changed its name to Margaret Lake Diamonds Inc., consolidated its issued and outstanding shares on a 2 old for 1 new basis, and changed its symbol to DIA.H. All shares and per share references in these financial statements have been retroactively restated accordingly unless noted otherwise.

On April 22, 2014, the Company received final approval from the Exchange for its QT. Pursuant to an assignment agreement dated March 14, 2014 (the “Assignment Agreement”) with Harsbo Minerals Ltd. (“Harsbo”), the Company was granted the sole and exclusive option (the "Option") to acquire up to a seventy percent (70%) undivided interest in nineteen (19) mineral claims located in the Northwest Territories, Canada, known as the Margaret Lake Diamond Property (the “Margaret Lake Property”). In consideration of the assignment of the Option, on closing the Company issued Harsbo 6,000,000 escrow shares, releasable under the terms of a value escrow agreement. As a result of closing the QT, the Company is no longer a Capital Pool Company, and has been listed as a “Tier 2” mining issuer on the Exchange trading under the symbol “DIA”.

In October 2014, the Company earned its initial 60% interest in the Margaret Lake Property after completing its 2014 exploration program and incurring exploration expenditures in excess of the requirements of the Assignment Agreement (Note 8).

On August 28, 2014, the Company signed a property option agreement with Canterra Minerals Corporation (“Canterra”) (the “Marlin Property Option Agreement”) whereby the Company has been granted the right to acquire an aggregate of 49% right, title and interest in and to Canterra’s Marlin Property (the “Marlin Property”) in the Northwest Territories. The Exchange approved the transaction on September 5, 2014.

The Company’s principal address and head office is Suite 2050-1055 W. Georgia Street, Vancouver BC, V6E 3P3. The registered and records office is Suite 700-595 Burrard Street, Vancouver BC, V7X 1S8.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company’s ability to continue as a going concern and the recoverability of the amounts shown for exploration and evaluation assets are dependant on the ability of the Company to raise additional financing in order to complete the exploration of its property, the discovery of economically recoverable reserves and upon future profitable production or proceeds from disposition of the Company’s exploration and evaluation assets. As a resource company in the exploration stage, the ability of the Company to complete its acquisition, exploration and development will be affected principally by its ability to raise adequate amounts of capital through equity financing, debt financings, joint venturing of projects and other means. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

1. Nature and continuance of operations (continued)

The Company has and may continue to have capital requirements in excess of its currently available resources. For the nine months ended February 28, 2015, the Company has incurred a net loss of $71,440 (2014 - $34,901) with no operating revenue and, to date, has an accumulated deficit of $628,425 (May 31, 2014 - $556,985). At February 28, 2015, the Company had working capital deficiency of $208,073 (May 31, 2014 – working capital of $899,906), including its cash deposits of $266,662, of which $100,620 is restricted to exploration expenditures qualifying for a flow-through program. In order for the Company to meet its liabilities and continue operations, the Company will need to generate additional funding through financing activities that may include issuance of additional equity securities or debt arrangement.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. Significant accounting policies and basis of presentation

These condensed interim financial statements were authorized for issue on April 27, 2015 by the directors of the Company.

Statement of compliance

These condensed interim financial statements are unaudited and have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The Company adopted accounting policies consistent with IFRS since incorporation on February 9, 2011.

Basis of presentation

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

These condensed interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company’s audited financial statements for the year ended May 31, 2014.

These condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the Company’s audited annual financial statements for the year ended May 31, 2014.

Significant estimates and assumptions

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

2. Significant accounting policies and basis of presentation (continued)

Significant judgments

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

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

Significant accounts that require estimates relate to valuation allowances for deferred income taxes, valuation of stock-based compensation, shares issued for acquisition of mineral properties, shares issued as finder's fees, warrants in private placements and valuation of the equity portion of convertible debt.

Summary of significant accounting policies

New accounting standards and interpretations

The following standards are effective for the Company on June 1, 2014. There was no material impact on the financial statements arising from the implementation of these standards.

• IAS 32, Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32). On December 16, 2011, the IASB published amendments to IAS 32, Financial Instruments: Presentation to clarify the application of the offsetting requirements.

• IFRIC 21, Levies: IFRIC 21 is an interpretation of IAS 37, Provisions, Contingent Liabilities and Contingent Assets, on the accounting for levies imposed by governments. 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.

New standard not yet adopted

IFRS 9 Financial Instruments (Revised) was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing derecognition requirements from IAS 39 Financial instruments: recognition and measurement. The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The impact of IFRS 9 on the Company's financial instruments has not yet been determined.

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

(Expressed in Canadian dollars - Unaudited)

3. Cash and short term investment

The components of cash and cash equivalents are as follows:

	February 28, 2015	May 31, 2014
Cash in bank	$ 266,662	$ 489,891
Cash held in trust	921	475,466
Short-term investment	–	11,000
	$ 267,583	$ 976,357

As at February 28, 2015, cash in bank included flow-through share subscriptions of $100,620 that are committed to the Company's 2015 exploration expenditures qualifying for a flow-through program (Note 9 and 14).

4. Receivables

	February 28, 2015	May 31, 2014
Interest receivable	$ –	$ 42
Sales taxes recoverable	18,430	25,758
	$ 18,430	$ 25,800

5. Trade and other payables

	February 28, 2015	May 31, 2014
Accrued liabilities	$ 32,806	$ 10,483
Exploration payables	192,943	13,389
Trade payables	1,429	22,863
	$ 227,178	$ 46,735

(Expressed in Canadian dollars - Unaudited)

6. Flow-through premium liability

	February 28, 2015		May 31, 2014	
Balance, beginning of period	$	57,368	$	–
Recorded		34,800		57,368
Amortized		(92,168)		–
Balance, end of period	$	–	$	57,368

The flow-through premium liability of $57,368 recorded at May 31, 2014 arose in connection with the flow-through private placement of the Company completed on April 22, 2014 (Note 9 (b)(viii)) based on an estimated premium of $0.02 per a flow-through share issued.

The flow-through premium liability of $34,800 arose in connection with the flow-through private placement of the Company completed on October 28, 2014 (Note 9 (b)(ii)) based on an estimated premium of $0.03 per flow-through share issued.

As at February 28, 2015, the Company incurred $624,800 in qualified exploration expenditures for the flow-through programs completed in calendar 2014 and renounced the expenditures to flow-through subscribers. Accordingly, the flow-through premium liabilities have been fully amortised to the statement of comprehensive loss.

7. Convertible debt

The convertible debt consists of a promissory note with a face value of $204,000 payable to the President and CEO of the Company (the "Lender"), who is also a significant shareholder of Harsbo. Pursuant to a loan agreement with Harsbo dated February 18, 2014, the Lender advanced $204,000 as a loan to Harsbo, the proceeds of which were deposited with the airborne gravity survey contractor for the 2014 exploration program.

The loan was assigned by Harsbo to the Company under an assignment and amendment agreement dated March 26, 2014 (the "Loan Agreement"). Pursuant to the terms of the Loan Agreement, the Company issued the Lender a convertible promissory note payable maturing on April 23, 2015. The note is unsecured and bears interest at 9% per annum, and the principal amount of the note and any outstanding interest are convertible into units at the option of the Lender at a price of $0.10 per unit at any time following the closing date of the QT. Each unit consists of one common share of the Company and one-half share purchase warrant of the Company. Each warrant entitles the Lender to purchase one additional common share at a price of $0.25 for a period of 24 months from the date of the issuance of the note.

On the assignment of the note, the Company allocated $193,356 of the face value of the note to the liability component and $10,644 to the equity component. The fair value of the liability component was estimated by discounting the future payments of interest and principal and will be accreted to the $204,000 face value using the estimated effective interest rate of 15%. The residual carrying value of $10,644 of the loan was classified as equity component of convertible debentures.

During the nine months ended February 28, 2015, the Company accrued interest of $13,732 (2014 - $Nil) and recorded an accretion expense of $7,224 (2014 - $Nil) relating to the convertible debt.

8. Exploration and evaluation assets

Margaret Lake Diamond Property

Pursuant to the Assignment Agreement (Note 1), the Company was assigned the sole and exclusive option to acquire up to a seventy percent (70%) undivided interest in the Margaret Lake Property in exchange for the issue of 6,000,000 common shares of the Company valued at $600,000 and 500,000 finders' fees shares valued at $50,000.

The Margaret Lake Property is located east-northeast of Yellowknife, Northwest Territories in the District of MacKenzie and comprises nineteen (19) mineral claims totalling approximately 48,720 acres.

Pursuant to the terms of the underlying option agreement between Harsbo and Margaret Lake Diamonds Ltd. ("MLD"), the Company can earn a 70% interest in the Margaret Lake Property by:

a) making cash payments in lieu of filing assessment work ($102,312 paid by Harsbo);
b) incurring $1,000,000 in qualifying expenditures by October 13, 2014 to earn an undivided 60% interest (incurred); and
c) incurring $1,000,000 in exploration expenditures by October 13, 2015 to earn an additional 10% interest.

During the nine months ended February 28, 2015, the Company earned its 60% interest in the Margaret Lake Property. The Company exceeded the $1,000,000 expenditure requirement, having undertaken ground till sampling, an airborne geophysical survey and bathymetry analysis on the Margaret Lake Property during 2014 exploration season.

Upon earning either a 60% or 70% interest in the Margaret Lake Property, the Company and MLD may enter into a joint venture to further explore and develop the Margaret Lake Property.

In addition, MLD has the right and option, but not the obligation, to sell its undivided 30% right, title and interest in and to the Margaret Lake Property to the Company in consideration for common shares of the Company having a value of $3,000,000 based on the volume weighted trading price of the Company's common shares for the ten trading days immediately preceding the date MLD gives the Company notice of its intention to so transfer its 30% interest. This vend-in right is open for exercise until March 31, 2016.

During the nine months ended February 28, 2015, the Company expanded its project to the north of the Property by staking 4 additional claims ("Kirk Lake") totaling 3,483 hectares and completed an airborne geophysical survey on these claims.

Marlin Property

Pursuant to the Marlin Property Option Agreement (Note 1), the Company has been granted the right to acquire 49% right, title and interest in and to Marlin Property. The Company may exercise two options under the agreement, the first allows the Company to earn a 30% interest and the second is to earn a further 19% interest.

(Expressed in Canadian dollars - Unaudited)

8. Exploration and evaluation assets (continued)

The Company can exercise the first option to earn 30% right, title and interest in and to the Marlin property for the following consideration:

(a) Cash payments totalling $80,000 as follows:
- i) $20,000 upon signing the agreement (paid);
- ii) $20,000 on or before September 15, 2014 ("Payment Date") (paid);
- iii) $20,000 one year from the Payment Date; and
- iv) $20,000 two years from the Payment Date.

(b) Share issuances totalling 300,000 shares as follows:
- i) 100,000 common shares on or before September 15, 2014 (issued); and
- ii) 200,000 additional common shares on or before September 15, 2015.

(c) Incurring $1,000,000 in exploration expenditures as follows:
- i) $500,000 (incurred) on or before September 15, 2015, of which $100,000 must be advanced to Canterra by September 20, 2014 (paid and applied against exploration expenditures incurred by Canterra for the till sampling program); and
- ii) $500,000 on or before September 15, 2016.

The Company may earn an additional 19% interest in the Marlin Property by paying Canterra an additional $20,000 and incurring an additional $750,000 in exploration expenditures on or before September 15, 2017, the end of the third year.

After either the 30% or, if elected, the 49% earned-in, the Company and Canterra anticipate to form a joint venture for the purpose of continuing exploration and development of the Marlin Property. Upon execution of a joint venture agreement, the Company will issue Canterra a further 300,000 common shares.

The following table summarizes the Company's exploration and evaluation asset expenditures to date:

	Margaret Lake	Marlin Property	Kirk Lake	Total
Acquisition Costs:				
Balance, May 31, 2013	$ –	$ –	$ –	$ –
Additions:				
6,000,000 common shares	600,000	–	–	600,000
500,000 finders' fee shares	50,000	–	–	50,000
Legal and regulatory costs	77,872	–	–	77,872
Balance, May 31, 2014	727,872	–	–	727,872
Additions:				
Cash payments	–	40,000	16,000	56,000
100,000 common shares	–	28,000	–	28,000
Legal and regulatory costs	–	11,153	–	11,153
Balance, February 28, 2015	$ 727,872	$ 79,153	$ 16,000	**$ 823,025**

(Expressed in Canadian dollars - Unaudited)

8. Exploration and evaluation assets (continued)

	Margaret Lake	Marlin Property	Kirk Lake	Total
Deferred exploration costs:				
Balance, May 31, 2013	$ –	$ –	$ –	$ –
Additions:				
Technical reports	11,000	–	–	11,000
Airborne survey	27,465	–	–	27,465
Balance, May 31, 2014	38,465	–	–	38,465
Additions:				
Airborne survey	775,322	354,719	138,393	1,268,434
Bathymetry	53,577	38,553	7,473	99,603
Till sampling	54,903	130,533	–	185,436
Data analysis	16,150	–	–	16,150
Exploration consulting	56,245	–	–	56,245
Balance, February 28, 2015	**$ 994,662**	**$ 523,805**	**$ 145,866**	**$ 1,664,333**
Total, May 31, 2014	$ 766,337	$ –	$ –	$ 766,337
Total, February 28, 2015	**$ 1,722,534**	**$ 602,958**	**$ 161,866**	**$ 2,487,358**

9. Share capital

a. Authorized

Unlimited number of common shares without par value.

b. Issued and outstanding

During the nine months ended February 28, 2015,

(i) the Company issued 100,000 common shares of the Company valued at $28,000 to Canterra recorded as acquisition costs for Marlin Property (Notes 1 and 8);

(ii) the Company completed a flow-through private placement of 1,160,000 flow-through shares at a price of $0.28 per share for gross proceeds of $324,800. The amount recorded to share capital was reduced by the flow-through premium liability of $34,800, being the excess of the proceeds over the market price of the shares (Note 6);

(iii) the Company completed a private placement of 1,070,000 units at a price of $0.25 per unit for gross proceeds of $267,500. Each unit consisted of one common share and one-half share purchase warrant; each warrant entitles the holder to purchase one common share at a price of $0.30 per share for a one year period; and

9. Share capital (continued)

b. Issued and outstanding (continued)

(iv) in connection with the private placements, the Company paid Jordan Capital Markets Inc. (the “Agent”) cash based finder’s fee of $22,744 and issued 113,000 non-transferable share purchase warrants (“agent’s warrant”). Each agent’s warrant entitles the Agent to purchase one common share of the Company at a price of $0.30 per share for a one year period. The agent’s warrants were recorded at a fair value of $6,875 (Note 9(e)). The Company also paid $4,456 in regulatory filing fees in connection with the private placements.

During the year ended May 31, 2014:

(v) the Company cancelled and returned 775,000 escrowed seed shares to its treasury. (Note 9(c));

(vi) the Company consolidated its shares on a 2 old for 1 new basis effective March 27, 2014. All shares and per share references prior to share consolidation have been retroactively restated accordingly;

(vii) the Company issued 6,000,000 common shares of the Company valued at $600,000 to Harsbo and an additional 500,000 common shares of the Company valued at $50,000 as finders’ fees, which were recorded as acquisition costs for the Property (Note 8);

(viii) the Company completed a flow-through private placement of 3,000,000 units at a price of $0.10 per share for gross proceeds of $300,000. The amount recorded to share capital was reduced by the flow-through premium liability of $57,368, being the excess of the proceeds over the market price of the shares (Note 6);

(ix) the Company completed a private placement of 9,000,000 units at a price of $0.10 per share for gross proceeds of $900,000. Each unit consisted of one common share and one-half share purchase warrant; each warrant entitles the holder to purchase one common share at a price of $0.25 per share for a two year period. The warrants have an accelerated exercise provision, whereby their expiry date will be reduced to 30 days in the event that the Company's common shares trade at $0.50 or greater for ten consecutive days. The provision will not be effective until October 22, 2014;

(x) in connection with the private placements, the Company paid Jordan Capital Markets Inc. an agent’s commission of $59,840 and a corporate finance fee of $29,080. In addition, the Company issued to the agent 100,000 common shares of the Company valued at $10,000 and non-transferable agent’s options to acquire up to 848,000 agent’s units for two years from the closing date. The agent’s options entitles the agent to purchase one common share of the Company and one-half share purchase warrant, which entitles the agent to purchase one additional common share of the Company at a price of $0.25 per share for a two year period. The agent’s options were recorded at a fair value of $49,271 (Note 9(e));

(xi) the Company paid $8,331 in regulatory filing fees in connection with the private placements;

(xii) an aggregate of 275,000 share options were exercised at a price of $0.20 per share and 275,000 common shares were issued for total proceeds of $55,000. In addition, a reallocation of $32,357 from reserves to share capital was recorded on the exercise of these options. This amount constitutes the fair value of options recorded at the original grant date of the options.

(Expressed in Canadian dollars - Unaudited)

9. Share capital (continued)

c. Common stock subscriptions

During the third quarter ended February 28, 2015, the Company received gross proceeds of $100,620 in common stock subscriptions for 559,000 flow-through shares at a price of $0.18 per share for the Company's flow-through financing. The Company received Exchange acceptance on this financing subsequent to the period end (Note 14).

d. Escrow

Under the escrow agreements dated June 20, 2011 and April 16, 2014, 10% of the escrowed common shares are to be released from escrow on the date of the issuance of the final Exchange bulletin (the "Initial Release") upon completion of the QT and an additional 15% will be released every six months following the Initial Release over a period of thirty six months. As at February 28, 2015, 1,818,750 common shares were released from escrow.

	February 28, 2015		May 31, 2014	
	Number of shares in escrow	Weighted average price	Number of shares in escrow	Weighted average price
Balance, beginning of period	6,547,500	$ 0.10	2,050,000	$ 0.10
Cancelled (Note 9(b)(v))	–	0.10	(775,000)	0.10
Issued (Note 9(b)(vii))	–	0.10	6,000,000	0.10
Released	(1,091,250)	0.06	(727,500)	0.06
Outstanding, end of period	5,456,250	$ 0.10	6,547,500	$ 0.10

During the year ended May 31, 2014, the Company cancelled 775,000 seed shares held by certain non-arm's length escrow holders as part of its transfer process to the NEX board of the Exchange (Note 1).

e. Share options

The Company adopted an incentive stock option plan (the "Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares. The Company follows the policies of the Exchange where the number of common shares which may be issued pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding shares of the Company from time to time, at the date of granting of options. Each option agreement with the grantee sets forth, among other things, the number of options granted, the exercise price and the vesting conditions of the options. Such options will be exercisable for a period of up to 5 years from the date of grant.

(Expressed in Canadian dollars - Unaudited)

9. Share capital (continued)

e. Share options (continued)

A summary of the Company's share option transactions is presented below:

	February 28, 2015		May 31, 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	980,000	$ 0.10	305,000	$ 0.20
Exercised	–	–	(275,000)	0.20
Granted	–	–	950,000	0.10
Outstanding, end of period	980,000	$ 0.10	980,000	$ 0.10

The share options outstanding and exercisable as at February 28, 2015:

Expiry Date	Exercise Price	Number of options outstanding	Options exercisable
April 22, 2015 (*)	$0.20	30,000	30,000
April 22, 2019	$0.10	950,000	950,000
	$0.10	980,000	950,000

* Expired unexercised subsequent to February 28, 2015

The weighted average life of options outstanding is 4.02 years.

During the nine months ended February 28, 2015, $25,562 (2014 - $Nil) in stock-based compensation expense was recorded for the vested portion of the 950,000 stock options granted to directors, officers and employees of the Company in fiscal 2014.

The fair value of the stock options granted was calculated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

February 28,	2015	2014
Risk free rate	1.47%	–
Dividend yield	–	–
Weighted average volatility	111%	–
Weighted average expected life	5 years	–
Weighted average fair value	$ 0.08	–

(Expressed in Canadian dollars - Unaudited)

9. Share capital (continued)

f. Agent's options

In connection with the private placements, the Company granted non-transferable options to the agent to acquire up to 848,000 agent's units at an exercise price of $0.10 per unit expiring April 22, 2016. The agent's unit entitles the agent to one common share of the Company and one-half share purchase warrant, which entitles the agent to purchase one additional common share of the Company at a price of $0.25 per share for a two year period.

The agent's options outstanding and exercisable as at February 28, 2015:

Expiry Date	Exercise Price	Number of options outstanding	Number of options exercisable
April 22, 2016	$ 0.10	848,000	848,000

The number of agent's options outstanding is summarized as follows:

	February 28, 2015		May 31, 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	848,000	$ 0.10	85,992	$ 0.20
Granted	–	–	848,000	0.10
Expired	–	–	(85,992)	0.20
Outstanding, end of period	848,000	$ 0.10	848,000	$ 0.10

The weighted average life of options outstanding is 1.15 years.

g. Warrants

The number of share purchase warrants outstanding is summarized as follows:

	February 28, 2015		May 31, 2014	
	Number of Warrants	Weighted average exercise price	Number of Warrants	Weighted average exercise price
Outstanding, beginning of period	4,500,000	$ 0.25	–	$ –
Issued (Note 9(b))	648,000	0.30	4,500,000	0.25
Outstanding, end of period	5,148,000	$ 0.26	4,500,000	$ 0.25

(Expressed in Canadian dollars - Unaudited)

9. Share capital (continued)

g. Warrants (continued)

The share purchase warrants outstanding and exercisable as at February 28, 2015:

Expiry Date	Exercise Price	Number of warrants outstanding	Warrants exercisable
April 22, 2016	$ 0.25	4,500,000	4,500,000
October 28, 2015 (Note 9(b)(iii))	$ 0.30	535,000	535,000
October 28, 2015 (Note 9(b)(iv))	$ 0.30	113,000*	113,000

* Non-transferable agent's warrants

The weighted average life of warrants outstanding is 1.09 years.

The fair value of the agent's warrants granted in connection with the October 2014 private placement (Note 9(b)(iv)) was calculated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

February 28,	2015	2014
Risk free rate	1.02%	–
Dividend yield	–	–
Weighted average volatility	83%	–
Weighted average expected life	1 year	–
Weighted average fair value	$ 0.06	–

h. Reserves

Reserves consist of options reserve items recognized as stock-based compensation and share based payments until such time that the options are exercised, at which time the corresponding amount will be reallocated to share capital.

	Stock options	Agent's options and warrants	Total
Balance, May 31, 2014	$ 53,245	$ 65,603	$ 118,848
Stock-based compensation (Note 9(e))	25,562	–	25,562
Fair-value of agent's warrants (Note 9(f))	–	6,875	6,875
Balance, February 28, 2015	$ 78,807	$ 72,478	$ 151,285

(Expressed in Canadian dollars - Unaudited)

10. Commitments

On May 1, 2014, the Company entered into a one year (the "Initial Term") rent and administrative services contract with Varshney Capital Corp. ("VCC"), a company partially controlled by a director of the Company. The Company is obligated to pay $3,000 per month plus taxes for administrative services and $1,000 per month plus applicable taxes for office premises. The agreement can be terminated with 1 month notice after the Initial Term.

11. Related party transactions

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers. Key management personnel compensation comprised of:

February 28,		2015		2014
Administrative fee (a)	$	27,000	$	14,175
Office rent (a)		9,000		–
Stock-based payments (c)		25,024		–
Exploration consulting (e)		45,000		–
	$	106,024	$	14,175

a. On April 1, 2011, the Company entered into a rent and administrative services contract with VCC, pursuant to which the Company was obligated to pay $1,500 per month plus taxes until the Company completes the QT. The agreement was terminated effective April 30, 2014. After completing the QT, the Company retained VCC to provide administrative services and entered into a new rent and administrative service contract with VCC effective May 1, 2014 (Note 10).

   During the nine months ended February 28, 2015, the Company paid $27,000 (2014 - $14,175) for administrative fees and $9,000 (2014 - $Nil) in rent to VCC.

b. Included in convertible debt as at February 28, 2015 and May 31, 2014 is a convertible short-term note payable with the principal balance of $204,000 issued to the CEO and President of the Company (Note 7). Accrued interest of $18,863 on the note bearing interest at 9% per annum is included in due to related parties. Subsequent to the period ended February 28, 2015, the principal amount of the note and outstanding interest were converted into 2,252,271 units at a price of $0.10 per unit (Note14).

c. Stock-based payments are the fair value of 930,000 options that have been granted to directors and executive officers, and the related compensation expense recognized over the vesting periods.

d. The Assignment Agreement dated March 14, 2014, pursuant to which the Company was granted the option to acquire up to a 70% percent interest in the Property (Note 1 and 8), involves two companies with common directors and officers.

e. The Company accrued consulting fees of $45,000 (2014 - $Nil) to the VP of Exploration of the Company.

(Expressed in Canadian dollars - Unaudited)

12. Financial instruments

Fair Values

The Company's financial instruments are as follows. Unless otherwise disclosed their carrying values approximate their fair values due to the short term nature of these instruments.

	Loans & receivables	*Available for sale*	*Fair Value through Profit or Loss*	*Other financial liabilities*
Financial assets				
Cash	$ –	$ –	$ 267,583	$ –
Financial liabilities				
Trade payables	–	–	–	194,372
Due to related parties	–	–	–	71,408
Convertible debt				204,000
	$ –	$ –	$ 267,583	$ 469,780

The Company uses the following hierarchy for determining and disclosing fair value of financial instruments:

Level 1 — quoted prices in active markets for identical assets and liabilities.

Level 2 — observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3 — unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

The Company has classified its cash as held-for-trading measured at fair value. Trade payables, due to related parties and convertible debt are classified as other liabilities, which are measured at amortized cost.

There were no transfers between levels during the nine months ended February 28, 2015.

Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash deposits that are held by a Canadian bank. While there is concentration of risk holding all funds with one institution, this risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. As at February 28, 2015, the Company has cash deposits of $266,662 and cash held in trust with a legal advisor of $921. Management assesses credit risk of cash as low.

12. Financial instruments (continued)

The Company's secondary exposure to risk is on its receivables. This risk is minimal as receivables consist primarily of sales taxes recoverable.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates only in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest rate risk

Interest rate risk is the risk that an investment's value will change due to a change in the level of interest rates. The Company is exposed to interest rate risk as its bank account earns interest income at variable rate. The income earned on the bank account is subject to the movements in interest rates. The fair value of cash deposits is relatively unaffected by changes in short term interest rates. A 1% change in interest rates will not have a material effect to the Company.

Liquidity and funding risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and seeking equity financing when needed.

As at February 28, 2015, the Company had cash and cash equivalents of $267,583 (May 31, 2014 - $976,357), of which $100,620 is committed to its 2015 exploration expenditures, and current liabilities of $502,586 (May 31, 2014 - $306,115). Trade and other payables of $227,178 (May 31, 2014 - $46,735) are due within three months. Although, there is sufficient cash to settle outstanding trade payables, new funding will be required to settle other current obligations and to continue operations.

Included in current liabilities are the convertible loan of $204,000 and accrued interest of $18,863 that are payable on April 23, 2015. The loan principal and the outstanding interest can be converted into units, comprising of the Company's shares and warrants (Note 7 and 14), at the option of the Lender, who is also a related party to the Company.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. Under current market conditions, both liquidity and funding risk are assessed as high.

13. Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operations. Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital.

In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. There were no changes in the Company's approach to capital management during the nine months ended February 28, 2015. The Company is not subject to any externally imposed capital requirements.

14. Subsequent events

On March 27, 2015, the Company received final Exchange acceptance for the closing of its non-brokered private placement which consists of 559,000 flow-through common shares of the Company at a price of $0.18 per flow-through share, for total gross proceeds of $100,620.

The securities issued in this closing are subject to a four-month and a day hold period expiring July 27, 2015.

Proceeds from the flow–through shares will be used for Canadian Exploration Expenses within the meaning of the Income Tax Act. This will specifically include the processing and analysis of some 160 indicator mineral samples from the Margaret Lake property.

On April 16, 2015, the President and CEO of the Company converted $225,227.18, being the entire amount of the principal and interest outstanding under the convertible promissory note dated February 18, 2014 (Note 7), into units of the Company at a conversion price of $0.10 per unit. Each unit is comprised of one common share of the Company and one half share purchase warrant, with each such whole warrant being exercisable into one common share of the Company for a period of two years at an exercise price of $0.25.