

MAGNUM GOLDCORP INC.

**Interim Financial Statements
(Unaudited – Prepared by Management)**

**For the three months ended August 31, 2015
(Expressed in Canadian dollars)**

Contact Information:

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MAGNUM GOLDCORP INC.

Dated October 28, 2015

Management's Comments on Unaudited Interim Financial Statements

The accompanying unaudited interim financial statements of Magnum Goldcorp Inc. for the three months ended August 31, 2015 and 2014 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim financial statements for the three month period ended August 31, 2015.

MAGNUM GOLDCORP INC.

Interim Statements of Financial Position

As at August 31, 2015 and May 31, 2015

(Unaudited – Expressed in Canadian Dollars)

	August 31, 2015	May 31, 2015
ASSETS		
Current		
Cash	\$ 16,518	\$ 242,551
Accounts receivable	12,112	7,649
Prepaid expenses (Note 5)	15,292	13,819
	43,922	264,019
Exploration and evaluation assets (Note 4)	351,778	183,021
Reclamation deposit (Note 4)	15,000	15,000
	\$ 410,700	\$ 462,040
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 125,114	\$ 117,491
Shareholders' equity		
Capital stock (Note 6)	678,414	678,414
Reserves (Note 7)	190,341	190,341
Deficit	(583,169)	(524,206)
	285,586	344,549
	\$ 410,700	\$ 462,040

Nature of operations and going concern (Note 1)

On behalf of the Board:

“Douglas L. Mason” Director “Sead Hamzagic” Director

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

MAGNUM GOLDCORP INC.

Interim Statements of Comprehensive Loss

Three months ended August 31,

(Unaudited – Expressed in Canadian Dollars)

	2015	2014
GENERAL AND ADMINISTRATIVE EXPENSES		
Consulting fees (Note 5)	\$ 26,750	\$ 24,500
Office and miscellaneous	4,959	5,656
Professional fees (Note 5)	10,611	14,610
Regulatory and transfer agent fees	4,901	9,083
Rent (Note 5)	5,707	8,871
Wages and benefits (Note 5)	6,066	6,557
	(58,994)	(69,277)
OTHER ITEMS		
Interest income	31	7
Loss and comprehensive loss for the period	\$ (58,963)	\$ (69,270)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding	12,120,000	11,120,000

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

MAGNUM GOLDCORP INC.**Interim Statement of Changes in Shareholders' Equity**

(Unaudited – Expressed in Canadian Dollars)

	Number of Common Shares	Amount	Share-based payment reserve	Deficit	Total Shareholders' Equity
Authorized Capital:					
Unlimited number of common shares without par value					
Balance, May 31, 2014	11,120,000	\$ 638,414	\$ 170,829	\$ (390,410)	\$ 418,833
Loss for the period	-	-	-	(69,270)	(69,270)
Balance, August 31, 2015	11,120,000	638,414	170,829	(459,680)	349,563
Shares issued under option agreement (Note 6)	1,000,000	40,000	-	-	40,000
Share-based payments (Note 7)	-	-	19,512	-	19,512
Loss for the period	-	-	-	(64,526)	(64,526)
Balance, May 31, 2015	12,120,000	678,414	190,341	(524,206)	344,549
Loss for the period	-	-	-	(58,963)	(58,963)
Balance, August 31, 2015	12,120,000	\$ 678,414	\$ 190,341	\$ (583,169)	\$ 285,586

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

MAGNUM GOLDCORP INC.
Interim Statements of Cash Flows
Three months ended August 31,
(Unaudited – Expressed in Canadian Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (58,963)	\$ (69,270)
Changes in non-cash working capital items		
Accounts receivable	(4,463)	(5,801)
Prepaid expenses	(1,473)	(2,221)
Accounts payable and accrued liabilities	7,623	8,845
Net cash flows used in operating activities	(57,276)	(68,447)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets expenditures	(168,757)	(88,051)
Net cash flows used in investing activities	(168,757)	(88,051)
Change in cash during the period	(226,033)	(156,498)
Cash, beginning of period	242,551	410,476
Cash, end of period	\$ 16,518	\$ 253,978
Supplemental disclosures:		
Cash paid (received) during the period for interest	\$ -	\$ -
Cash paid during the period for income taxes	\$ -	\$ -
Non-cash financing and investing activities:		
Exploration and evaluation assets included in accounts payable and accrued liabilities	\$ -	\$ -
Fair value of shares issued for exploration and evaluation assets	\$ -	\$ -
Fair value transferred from reserves to deficit	\$ -	\$ -

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

MAGNUM GOLDCORP INC.

Notes to the Interim Financial Statements

For the three months ended August 31, 2015 and 2014

(Unaudited – Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

Magnum Goldcorp Inc. (the “Company”) was incorporated under the Alberta Business Corporations Act on April 4, 2011 and, effective July 25, 2014, continued into the Province of British Columbia under the provisions of the Business Corporations Act (British Columbia). The Company was a Capital Pool Company (“CPC”), as such term is defined in Policy 2.4 of the TSX Venture Exchange until November 11, 2013.

On November 8, 2013, the Company changed its name to Magnum Goldcorp Inc. under the Alberta Business Corporations Act and since that time has traded under the symbol “MGI” on the TSX Venture Exchange (formerly Magnum Capital Corp “MGK”).

The Company’s registered and records office is Suite 2600, 1066 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3X1.

The Company is engaged in the acquisition and exploration of mineral resource properties.

Going concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

Management believes the Company will be successful at securing additional funding so that its capital resources will be sufficient to carry its operations through the next twelve months and intends to continue the programs on its exploration and evaluation assets. However, there are several conditions that cast significant doubt on the Company’s ability to continue as a going concern, including that the Company has incurred significant operating losses in the past years including a loss of \$133,796 for the year ended May 31, 2015. It is currently financed but unable to self-finance operations in the long term, has working capital deficit of \$81,192 (May 31, 2015 - working capital of \$146,528), has a deficit of \$583,169 (May 31, 2015 - \$524,206), has limited resources, no source of operating cash flows and no assurances that sufficient funding will be available to conduct further exploration and development of its exploration and evaluation assets. The recoverability of amounts shown for exploration and evaluation assets is dependent upon several factors. These include the discovery of economically recoverable reserves and the ability of the Company to obtain the necessary financing to complete the development of these properties and future profitable production or proceeds from disposition of exploration and evaluation assets. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

The application of the going concern concept is dependent upon the Company’s ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. Management is actively engaged in the review and due diligence on new projects, is seeking to raise the necessary capital to meet its funding requirements and has undertaken available cost cutting measures. There can be no assurance that management’s plan will be successful. If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

MAGNUM GOLDCORP INC.

Notes to the Interim Financial Statements

For the three months ended August 31, 2015 and 2014

(Unaudited – Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN (Continued)

Going concern (Continued)

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue and has significant cash requirements to meet its administrative overhead and maintain its mineral interests. The recoverability of amounts shown for resource properties is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets.

2. BASIS OF PREPARATION

Statement of compliance

These interim financial statements are unaudited and have been prepared in accordance with IAS 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of August 31, 2015. The Board of Directors approved the financial statements for issue on October 28, 2015.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value or amortized cost, as explained in the accounting policies set out in Note 3. These financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated and have been rounded to the nearest dollar.

Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the impairment of assets, valuation of share-based payments and recognition of deferred tax amounts.

MAGNUM GOLDCORP INC.

Notes to the Interim Financial Statements

For the three months ended August 31, 2015 and 2014

(Unaudited – Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (Continued)

Significant accounting judgements:

(a) Recoverability of asset carrying values

The Company assesses its exploration and evaluation assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, at each reporting period. The assessment of any impairment of property and equipment and exploration and evaluation assets is dependent upon estimates of recoverable amounts that take into account factors such as reserves, economic and market conditions, timing of cash flows, the useful lives of assets and their related salvage values.

(b) Income taxes

Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences and, accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time.

(c) Going concern risk assessment (see note 1)

3. SIGNIFICANT ACCOUNTING POLICIES

The following is a list of significant accounting policies used by the Company.

(a) Cash and cash equivalents

Cash and cash equivalents includes highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(b) Financial instruments

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

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. Regular way purchases and sales of fair value through profit or loss financial assets are accounted for at trade date rather than settlement date. They are carried in the statements of financial position at fair value with changes in fair value recognized in profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity dates. They are initially recognized at fair value and subsequently carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

MAGNUM GOLDCORP INC.

Notes to the Interim Financial Statements

For the three months ended August 31, 2015 and 2014

(Unaudited – Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial instruments (Continued)

Financial assets (Continued)

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are initially recognized at fair value and subsequently are measured at amortized cost using the effective interest rate method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in other comprehensive income, within equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

Transactions costs associated with fair value through profit or loss 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.

All financial assets, except for those at fair value through profit or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities - This category includes amounts due to related parties and accounts payable and accrued liabilities, both of which are initially recognized at fair value, net of transaction costs, and are subsequently stated at amortized cost.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – 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 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

MAGNUM GOLDCORP INC.

Notes to the Interim Financial Statements

For the three months ended August 31, 2015 and 2014

(Unaudited – Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs upon obtaining the legal right to explore relating to the acquisition of, exploration for and evaluation of mineral claims and crediting all proceeds received against the cost of the related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a exploration and evaluation asset is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on exploration and evaluation assets when amounts received or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets. At such time as commercial production commences, these costs are reclassified as mining assets and will be charged to operations on a unit-of-production method based on proven and probable reserves.

All capitalized exploration and evaluation expenditure is monitored for indications of impairment at each reporting date. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations.

Although the Company has taken steps to verify the title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

(d) Impairment

At each reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

MAGNUM GOLDCORP INC.

Notes to the Interim Financial Statements

For the three months ended August 31, 2015 and 2014

(Unaudited – Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Impairment (Continued)

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(e) Joint arrangements

A joint arrangement is classified as either a joint operation or a joint venture, depending on the rights and obligations of the parties to the arrangement.

Joint operations arise when the Company has a direct ownership interest in jointly controlled assets and obligations for liabilities. The financial statements include the Company's proportionate share of the assets, liabilities, revenues, expenses, and cash flows of this type of arrangement.

Joint ventures arise when the Company has rights to the net assets of the arrangement. For these arrangements the Company uses the equity method of accounting and recognizes initial and subsequent investments at cost, adjusting for the Company's share of the joint venture's income or loss, less dividends received thereafter. Joint ventures are tested for impairment whenever objective evidence indicates that the carrying amount of the investment may not be recoverable under the equity method of accounting. The impairment amount is measured as the difference between the carrying amount of the investment and the higher of its fair value less costs of disposal and its value in use. Impairment losses are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

(f) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Valuation of equity units issued in private placements:

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to common shares issued in the private placements at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the warrants. Any fair value attributed to the warrants is recorded in reserves.

MAGNUM GOLDCORP INC.

Notes to the Interim Financial Statements

For the three months ended August 31, 2015 and 2014

(Unaudited – Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Share capital (Continued)

Flow-through shares:

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through shares into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital.

Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration and expenditures within a two-year period. 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 the Government of Canada flow-through regulations. When applicable, this tax is accrued as an expense until paid.

(g) Share based payment transactions

The Company's stock option plan allows employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in Shareholders' equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Share-based payments to non-employees are measured at the fair value of the goods or services received or at the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

The fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. The fair value of the options is accrued and charged either to operations or exploration and evaluation assets, with the offset credit to share-based payments reserve, over the vesting period. If and when the stock options are exercised, the applicable amounts from share-based payments reserve are transferred to capital stock. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in share-based payments reserve is transferred to retained earnings. The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.

The Black-Scholes option valuation model used by the Company to determine fair values of options and similar financial instruments requires the input of highly subjective assumptions including future stock volatility and expected time until exercise. Changes in the subjective input assumptions can materially affect the fair value estimate.

MAGNUM GOLDCORP INC.

Notes to the Interim Financial Statements

For the three months ended August 31, 2015 and 2014

(Unaudited – Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Loss per share

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common shares. The dilutive effect on loss per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. For the periods presented, this calculation proved to be anti-dilutive.

(i) Income taxes

Income tax on the profit or loss for the years 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 as equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable profit; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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 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. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it will not be recognized. Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

MAGNUM GOLDCORP INC.

Notes to the Interim Financial Statements

For the three months ended August 31, 2015 and 2014

(Unaudited – Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Restoration and rehabilitation provision

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of an exploration and evaluation asset interest. Such costs arising from the decommissioning of plant and other site preparation 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 reflects 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 the unit-of-production or the straight-line method. The related liability is adjusted for each period for the unwinding of the discount rate 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. As at August 31, 2015, the Company does not have any significant restoration obligations.

(k) Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as interest expense.

(l) New and amended accounting pronouncements

New and amended standards adopted by the Company during the period ended August 31, 2015

The following new and amended standards adopted by the Company did not result in a significant impact on the Company's financial statements:

(i) IFRS 2 Share-based Payment

The amendment clarifies vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition.

(ii) IAS 24 Related Party Disclosures

The amendments to IAS 24 clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation.

MAGNUM GOLDCORP INC.

Notes to the Interim Financial Statements

For the three months ended August 31, 2015 and 2014

(Unaudited – Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) New and amended accounting pronouncements (Continued)

A number of new standards, amendments to standards and interpretations are not yet effective as of August 31, 2015 and have not been applied in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company. The Company is currently assessing the impact on the financial statements.

- IFRS 9, *Financial Instruments* - Classification and Measurement

A revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing de-recognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement*.

The revised financial liability provisions maintain the existing amortized 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.

This standard is effective for reporting periods beginning on or after January 1, 2018.

- IFRS 15 Revenue from Contracts with Customers

The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service.

This standard is effective for reporting periods beginning on or after January 1, 2017.

MAGNUM GOLDCORP INC.

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4. EXPLORATION AND EVALUATION ASSETS

Realization of assets

The investment in and expenditures on mineral properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the confirmation of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company. Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of the exploration and the development of a mineral property, the potential for production on the property may be diminished or negated.

Title to mineral properties

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing. However, such properties may be subject to prior agreements or transfer and title may be affected by undetected defects.

The Company has entered into agreements to acquire, explore and develop certain mineral properties located in various regions of Canada. Numerous aboriginal groups are claiming inextinguishable aboriginal title to the lands and resources in these regions, which may include one or more of the mineral claims beneficially owned by the Company. The extent to which any successful aboriginal claim would materially affect the ability of the Company to exploit its mineral properties is not determinable at this time.

Reclamation deposits

As at August 31, 2015, the Company has refundable deposits of \$15,000 (May 31, 2015 - \$15,000) with the British Columbia Ministry of Mines relating to the Company's LH & Willa properties.

MAGNUM GOLDCORP INC.

Notes to the Interim Financial Statements

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4. EXPLORATION AND EVALUATION ASSETS (Continued)

The Company's expenditures on exploration and evaluation assets are as follows:

	LH & Willa
Balance, May 31, 2014	\$ 133,303
Deferred costs:	
Additions during the year:	
Accommodations	4,868
Assays	21,443
Drilling	124,989
Environmental	5,393
Equipment rental	8,615
Field office expenses	2,993
Geological and labour	93,680
Option payments	40,000
Permits	1,140
Storage	2,932
Surveying	38,963
Transportation	564
Travel	4,138
Option payment and expense recovery	(300,000)
Net additions for the year	49,718
Balance, May 31, 2015	183,021
Deferred costs:	
Additions during the period:	
Accommodations	4,898
Assays	8,434
Drilling	116,880
Equipment rental	2,750
Field office expenses	8,902
Geological and labour	25,468
Storage	450
Transportation	372
Travel	603
Net additions for the period	168,757
Balance, August 31, 2015	\$ 351,778

MAGNUM GOLDCORP INC.

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4. EXPLORATION AND EVALUATION ASSETS (Continued)

LH and Willa Property

By way of background, International Bethlehem Mining Corp. ("IBC") acquired 19 crown-granted mineral claims in the Slocan Mining Division, British Columbia (the "LH Property"). The vendors retained a 1% net smelter return ("NSR") royalty. Once royalties of \$350,000 have been paid, the NSR royalty will reduce to 0.5%. IBC has the option to purchase the entire NSR royalty at any time up until December 31, 2015 from the vendors for \$1,200,000. IBC also acquired 4 mineral claims near Silverton in the Slocan Mining Division, British Columbia (the "Willa Property"). The vendors retained a 1% NSR. Once royalties of \$500,000 have been paid, the NSR royalty will reduce to 0.5%. IBC has the option to purchase the entire NSR royalty at any time up until July 15, 2015 from the vendors for \$3,000,000. The LH Property and the Willa Property are adjacent properties.

The Company entered into an Option Agreement, dated September 6, 2012 (the "Option Agreement") with IBC, pursuant to which the Company was granted an option to acquire a 51% interest in IBC's "LH" and "Willa" gold exploration properties (collectively the "Property"). Under the Option Agreement, the Company agreed to pay IBC \$100,000 (paid) following the date (November 12, 2013) when the Exchange accepted the Option Agreement (the "Effective Date"). Additionally, the Company was required to incur expenditures on the Property totalling \$500,000 (\$250,000 by the first anniversary of the Effective Date (completed) and an additional \$250,000 by the second anniversary of the Effective Date (completed). As well, the Company will be required to issue 3,000,000 shares to IBC (1,000,000 shares by the first anniversary of the Effective Date (issued December 1, 2014); an additional 1,000,000 shares by the second anniversary of the Effective Date; and an additional 1,000,000 shares upon the Property receiving a bankable feasibility report on or before 10 years after the Option has been earned in). As a condition to the Company performing its obligations under the Option Agreement, IBC was required to incur between \$100,000 to \$150,000 in exploration expenditures on the Property (completed). The Company and IBC have certain directors in common.

The Company entered into a purchase agreement (the "Purchase Agreement") dated February 24, 2015, with IBC and Cobra Venture Corporation ("Cobra"), pursuant to which the Company has agreed to sell and Cobra has agreed to purchase one half (25.5%) of the Company's 51% option interest in the LH Property and the Willa Property (collectively the "Properties") owned by IBC in exchange for a \$300,000 payment (received). The Company was required to spend \$200,000 to complete certain expenditures on the Properties (completed) and is required to use reasonable commercial efforts to fulfil its obligations under the Option Agreement such that the Option becomes exercised. Upon exercise by the Company of the Option in accordance with the Option Agreement, Cobra will acquire a 25.5% interest in the Properties and a joint venture will be deemed to have been formed between the Company, IBC and Cobra, the terms of which will be negotiated in good faith and finalized upon the full exercise of the option. The Company and Cobra have certain directors in common.

5. RELATED PARTY TRANSACTIONS

The following is a list of related party transactions that have occurred during the three month period ended August 31, 2015:

- a) Included in prepaid expenses at August 31, 2015 is \$10,000 (May 31, 2015 - \$10,000) as a security deposit paid to Waterfront Communications Inc. (a company with certain directors in common), to cover shared payroll and expense recoveries.

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5. RELATED PARTY TRANSACTIONS (Continued)

- b) As at August 31, 2015, accounts payable and accrued liabilities included \$118,372 (May 31, 2015 - \$95,177) owing to companies controlled by directors or companies having certain common directors.
- c) The Company paid or accrued the following amounts to companies controlled by directors or companies having certain common directors during the three month period ended August 31, 2015:

	August 31, 2015	August 31, 2014
Consulting fees	\$ 22,500	\$ 22,500
Professional fees	\$ 7,500	\$ 7,500
Rent	\$ 5,707	\$ 8,871

Key management compensation to the CEO, President, CFO and Directors include the following:

	August 31, 2015	August 31, 2014
Consulting fees	\$ 22,500	\$ 22,500
Professional fees	\$ 7,500	\$ 7,500

- d) The Company reimbursed Waterfront Communications Inc. (a company with certain directors in common) on a cost basis, to cover shared administrative and geological payroll costs in the amount of \$7,954 (2014 - \$35,357) and shared expenses in the amount of \$5,998 (2014 - \$4,864).

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the parties. Amounts due to (from) related parties are unsecured and have no stated terms of repayment and/or interest.

6. CAPITAL STOCK

- a) Authorized share capital

Unlimited common shares with no par value

- b) Issued share capital

The Company completed the following share transactions:

- On December 1, 2014, the Company issued 1,000,000 shares with a fair value of \$40,000 to International Bethlehem Mining Corporation ("IBC") pursuant to its Option Agreement with IBC in connection with the LH and Willa Property (see Note 4).

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6. CAPITAL STOCK (Continued)

c) Shares in escrow or pooling agreements:

As at August 31, 2015, 1,125,000 (May 31, 2015 - 1,125,000) shares presently subject to escrow restrictions. Originally 2,500,000 shares were subject to escrow restrictions, however, in accordance with TSX Venture Exchange Policy 2.4, 10% of the escrow shares (250,000 shares) were released as of November 12, 2013, immediately following the issuance of the Final Exchange Bulletin announcing final acceptance of the Qualifying Transaction, with 15% releases (375,000 shares) every six months thereafter.

7. STOCK OPTIONS AND WARRANTS

The Company has a rolling stock option plan, whereby it is allowed to issue options of up to 10% of the Company's issued and outstanding common shares at any given time. Under the plan, options can be granted for a maximum term of ten years and vesting of stock options is at the discretion of the Board of Directors at the time options are granted.

On April 1, 2015, the Company granted 750,000 incentive stock options to certain directors, officers, employees and consultants at an exercise price of \$0.05 per share for a term of 5 years in accordance with the terms of the Company's stock option plan.

The following weighted average assumptions were used for the Black-Scholes option pricing model:

	May 31, 2015
Share price	\$0.03
Risk-free interest rate	0.73%
Expected life of options	5 years
Annualized volatility	145%
Dividend rate	0.00%
Forfeiture rate	0.00%

Stock Options and Agent's Options

	Number of Stock Options	Weighted Average Exercise Price
Balance, May 31, 2014	450,000	\$ 0.10
Issued	750,000	0.05
Balance, May 31, 2015 and August 31, 2015	1,200,000	\$ 0.07

MAGNUM GOLDCORP INC.

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7. STOCK OPTIONS AND WARRANTS (Continued)

The following options were exercisable and outstanding at August 31, 2015:

Expiry Date	Number of Options		Exercise Price
	August 31, 2015	May 31, 2015	
October 26, 2021	450,000	450,000	\$ 0.10
April 1, 2020	750,000	750,000	\$ 0.05
Outstanding and exercisable	1,200,000	1,200,000	
Weighted average remaining contractual life	5.12 years	5.43 years	

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, May 31, 2014, May 31, 2015 and August 31, 2015	2,555,000	\$ 0.10

The following warrants were exercisable and outstanding at:

Expiry Date	Exercise Price	August 31, 2015	May 31, 2015
November 8, 2015	\$ 0.10	2,555,000	2,555,000
		2,555,000	2,555,000

8. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 26% to income before income taxes. The reasons for the differences for the year ended May 31, 2015 are as follows:

	2015
Loss before tax	\$ (133,797)
Statutory income tax rate	26.00%
Expected income tax recovery	\$ (34,787)
Non-deductible temporary differences	(34,772)
Effect of tax rate changes	-
Tax benefits not recognized	69,559
	\$ -

MAGNUM GOLDCORP INC.**Notes to the Interim Financial Statements**

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8. INCOME TAXES (Continued)

The Company recognizes tax benefits on losses or other deductible amounts generated in countries where the probable criteria for the recognition of deferred tax assets has been met.

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts for the year ended May 31, 2015:

	2015
Non-capital losses	\$ 141,523
Share issue costs	2,952
Exploration and evaluation assets	(46,728)
Unrecognized deferred tax assets	(97,267)
Net deferred tax assets	\$ -

As at May 31, 2015, the Company had the following unrecognized unused non-capital tax losses:

2031	\$ 4,000
2032	93,000
2033	83,000
2034	213,000
2035	151,000
Total	\$ 544,000

9. CAPITAL MANAGEMENT

The Company manages its common shares and stock options as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

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

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

There have been no changes to the Company's approach to capital management during the period ended August 31, 2015. The Company is not subject to externally imposed capital requirements.

MAGNUM GOLDCORP INC.**Notes to the Interim Financial Statements**

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10. FINANCIAL INSTRUMENTS**Fair value**

The Company classifies its cash, accounts receivable, and reclamation deposit as loans and receivables; accounts payable and accrued liabilities as other financial liabilities.

The carrying values of cash, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash and accounts receivable.

The Company's credit risk is primarily attributable to cash. Management believes that the credit risk concentration with respect to cash is remote as it maintains accounts with highly-rated financial institutions.

The Company's concentration of credit risk and maximum exposure thereto is as follows:

	August 31, 2015	May 31, 2015
Cash	\$ 16,518	\$ 242,551
Accounts receivable	12,112	7,649
	<u>\$ 28,630</u>	<u>\$ 250,200</u>

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At August 31, 2015, the Company had accounts payable and accrued liabilities of \$125,114 (May 31, 2015 - \$117,491).

The amounts listed below are the remaining contractual maturities for financial liabilities held by the Company:

	Accounts Payable and Accrued Liabilities	Due to Related Parties	Total
August 31, 2015			
Due date:			
0 to 90 days	\$ 6,742	\$ 118,372	\$ 125,114
May 31, 2015			
Due date:			
0 to 90 days	\$ 22,314	\$ 95,177	\$ 117,491

MAGNUM GOLDCORP INC.

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10. FINANCIAL INSTRUMENTS (Continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

Interest rate risk consists of two components:

- (a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's cash consists of cash held in bank accounts and a reclamation deposit of \$15,000 (May 31, 2015 - \$15,000) at the prime rate minus 1.95% (May 31, 2015 - 1.95%) held as per instructions on the Safekeeping Agreement from the Ministry of Energy and Mines. Due to the short-term nature of the Company's financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values.

Future cash flows from interest income on cash will not be affected by interest rate fluctuations. Given the balance of the cash, any fluctuations in the interest rate would lead to an immaterial change in the profit or loss.

(ii) Foreign currency risk

The Company is not exposed to foreign currency risk.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk.

The Company is not exposed to significant other price risk.

11. COMMITMENTS

The Company entered into four five-year term renewable agreements with companies controlled by four directors of the Company for the provision of consulting and/or legal services at a monthly cost of \$2,500 for each agreement and a collective aggregate cost of \$10,000 per month (\$120,000 per annum). If any of such agreements are terminated without cause or if there is a change in control of the Company, the Company is required to pay an amount equal to three times the annual fee payable under the agreements.

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12. CHANGE IN ACCOUNTING POLICY

During the year ended May 31, 2015, the Company changed its accounting policy for expired options and warrants. Previously, the Company left the fair value of expired options and warrants in reserves. Under the new policy, the fair value of vested options that are forfeited or not exercised at the expiry date is transferred from reserves to deficit. This accounting policy has been retrospectively applied and the impact is as follows:

	May 31, 2014 (as previously reported)	May 31, 2014 (restated)
Reserves	\$ 189,648	\$ 170,829
Deficit	\$ (409,229)	\$ (390,410)