CWN MINING ACQUISITION CORPORATION

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIODS
ENDING SEPTEMBER 30, 2015

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

NOTICE TO READER

The accompanying unaudited condensed interim financial reports of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

CWN Mining Acquisition Corporation
Statements of Financial Position
(Unaudited)

	Note		September 30, 2015		June 30, 2015
Assets					
Current					
Cash and cash equivalents	2	$	1,574,663	$	1,836,729
Short term investments	2		2,015,738		2,020,364
Sales tax receivable			13,869		21,351
Total current assets			3,604,270		3,878,444
Exploration and evaluation assets	4		43,000		43,000
Total Assets		$	3,647,270	$	3,921,444
Liabilities					
Accounts payable and accrued liabilities		$	1,000	$	213,761
Total Liabilities			1,000		213,761
Shareholders' Equity					
Share capital	5		4,253,622		4,253,622
Reserves			18,133		18,133
Deficit			(625,485)		(564,072)
Total shareholders' equity			3,646,270		3,707,683
Total liabilities and shareholders' equity		$	3,647,270	$	3,921,444

They are signed on behalf of the Board:

"Wen Hua Li "
CEO & Director

"Kevin Wen Lai"
Director

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

CWN Mining Acquisition Corporation

Statements of Operations and Comprehensive Loss
(Unaudited)

	Notes		Three months Ended September 30, 2015	Three months Ended September 30, 2014
Operating Expenses				
Accounting and legal fee		$	12,660	6,000
(Interest income) and bank charges			479	(1,460)
Consulting fee	9a		18,000	-
Director fee	6		12,000	-
Filing fee			1,650	1,360
Office and miscellaneous			1,624	4,933
Rent	9b		15,000	-
Net loss and comprehensive loss for the period		$	(61,413)	(10,833)
(Loss) per share – basic and diluted		$	(0.00)	(0.00)
Weighted average number of common shares outstanding – basic and diluted			12,527,200	4,400,000

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

CWN Mining Acquisition Corporation
Statements of Changes in Equity

	Notes	Number of Shares	Share Capital	Reserves	Deficit	Shareholders' Equity
			$	$	$	$
Balance, June 30, 2013		**4,400,000**	**213,370**	**21,665**	**(52,468)**	**182,567**
Net loss and comprehensive loss for the year		-	-	-	(33,789)	(33,789)
Balance, June 30, 2014		**4,400,000**	**213,370**	**21,665**	**(86,257)**	**148,778**
Shares issued for private placement at $0.5 per share	4	8,000,000	4,000,000	-	-	4,000,000
Shares issued for mineral property at $0.5 per share	4	60,000	30,000	-	-	30,000
Shares issued for cash pursuant to the exercise of agent option at $0.1 per share		67,200	10,252	(3,532)	-	6,720
Net loss and comprehensive loss for the year		-	-	-	(477,815)	(477,815)
Balance, June 30, 2015		**12,527,200**	**4,253,622**	**18,133**	**(564,072)**	**3,707,683**
Net loss and comprehensive loss for the year		-	-	-	(61,413)	(61,413)
Balance, September 30, 2015		**12,527,200**	**4,253,622**	**18,133**	**(625,485)**	**3,646,270**

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

CWN Mining Acquisition Corporation
Condensed Interim Statement of Cash Flows
(Unaudited)

		Three months Ended September 30, 2015	Three months Ended September 30, 2014
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:			
Net loss for the period	$	(61,413)	(10,833)
Change in non-cash operating working capital:			
Increase (decrease) in accounts payable and accrued liabilities		(212,761)	5,513
Decrease (increase) in sales tax receivable		7,482	(340)
Net cash flows used in operating activities		(266,692)	(5,660)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Short term investments		-	130,000
Net cash flows provided by investing activities		-	130,000
Increase in cash and cash equivalents		(266,692)	124,340
Cash and cash equivalents, beginning of period		1,836,729	16,998
Cash and cash equivalents, end of period	$	1,570,037	141,338

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

1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

The Company is incorporated and domiciled in Canada and is a reporting issuer with its common shares publicly traded on the TSX – Venture exchange under the stock symbol "CWN". The principal head office of the Company is located at Suite 368 – 1199 West Pender St., Vancouver, BC.

On October 31, 2014, the Company entered into an option agreement wherein the Company was granted, subject to several conditions precedent, an option to acquire an undivided 100% interest in and to 234 claims located at the Whitehorse Mining District, Yukon, Canada, and generally and collectively known as the "TOP Project" (the "Transaction"). As part of the option agreement, operatorship of the Top Project will remain with YES Exploration Syndicate Inc ("YES Exploration"). YES Exploration is responsible for the planning and execution of the exploration work for the TOP Project in accordance with the recommendations of the National Instrument 43-101 – Standards of Disclosure for Mineral Project compliant technical report dated October 31, 2014.

The Company has not yet determined whether its mineral property interest contains mineral reserves that are economically recoverable. During the quarter ended September 30, 2015, the Company has no source of revenue, has an accumulated deficit of $625,485 and expects to incur further losses in the exploration and development of its mineral property.

On January 7, 2015, the Company successfully completed a $4,000,000 private placement along with the qualifying transaction (QT). The Company's ability to continue as a going concern is dependent upon it securing the necessary working capital and exploration requirements and eventually to generate positive cash flows either from operations or additional financing. There is no assurance that the Company will be able to obtain adequate financing in the future. However, the Company has adequate working capital to continue operations for at least the next 12 months.

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, and do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses and balance sheet classifications that would be necessary were the going concern assumption deemed inappropriate. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed interim financial statements for the three months ended September 30, 2015 are unaudited and have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They do not include all of the information required for full annual financial statements. These condensed interim consolidated financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in and should be read in conjunction with the Company's June 30, 2015 audited financial statements. These unaudited financial reports of the Company for the three months ended September 30, 2015 were authorized for issue in accordance with a resolution of the directors on November 16, 2015.

Basis of preparation

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The financial statements are presented in Canadian dollars which is the functional currency of the Company and all values are rounded to the nearest dollar.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Significant Accounting Judgments and Estimates

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

Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Economic recoverability and probability of future economic benefits of mineral interest and capitalized exploration and evaluation costs
Management uses several criteria to assess economic recoverability and probability of future economic benefits associated with its mineral property interests including geological information, scoping and feasibility studies, and existing permits. The carrying amount of the Company`s exploration and evaluation assets do not necessarily represent current or future values and the recoverability of such costs is dependent on various events including the discovery of economically recoverable resources.

Share-based payments
The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of the shares, the probable life of share options granted and the time of exercise of those share options. The model used by the Company is the Black-Scholes option pricing model.

Deferred tax liabilities and assets
Deferred tax liabilities and assets are measured at tax rates expected to apply in the period during which the asset is realized or the liability is settled, based on tax rates (and tax laws) that are enacted or substantively enacted at the end of the reporting period of the financial information. The measurement of liabilities and deferred tax assets reflects the tax consequences that result from the manner in which the Company expects, at the end of the reporting period of the financial information, to recover or settle the carrying amount of its assets and liabilities.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less. As at September 30, 2015, the cash and cash equivalents consist of cash and guaranteed investment certificates (GICs) with 1.05% interest rate and a maturity of 60 days which maturity date is on October 20, 2015.

Short term investments

Short term investment, which is bond fund with high liquidity, held in the bank for within one year time frame, is recorded at fair value with realized and unrealized gains and losses reported in the statement of operations and comprehensive loss. During the three months ended September 30, 2015, the Company has recognized unrealized loss of $4,627 (2014 - $ Nil). As at September 30, 2015, the Company has short term investments of $2,015,738 (2014: $130,000).

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Exploration and evaluation assets

Management has elected to capitalize to exploration and evaluation assets certain expenditures, namely professional fees, site sampling costs, and mining rights until the commencement of commercial production. All assets included in exploration and evaluation assets have been transferred to property, plant and equipment. Capitalized expenditures are not depreciated until the assets are ready for their intended use and after sustainable production levels have been achieved.

Impairment is tested in the same way as other non-financial assets. The recorded cost of mineral claims and exploration costs represents costs incurred and are not intended to reflect present or future values. The ultimate recovery of such capitalized costs is dependent upon the discovery and development of economic reserves or the sale of mineral rights. Exploration and evaluation assets are assessed for impairment upon the transfer of property, plant and equipment.

Impairment of non-financial assets:

The carrying amount of the Company's non-financial assets (which include exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment.
If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Taxes

Any income tax on profit or loss for the period 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 or other comprehensive income, in which case the income tax is recognized in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously. Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, on a non-discounted basis using tax rates at the end of the reporting period applicable to the period of expected realization.

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 future tax asset will be recovered, the deferred tax asset is not recorded.

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.

Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury method. The treasury method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate. Diluted loss per share is equal to the basic loss per share as the outstanding options and warrants are anti-dilutive.

Comprehensive Income (Loss)

Comprehensive income (loss) is the overall change in the net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net income and other comprehensive income. The historical make up of net income has not changed. Other comprehensive income includes gains or losses, which IFRS requires be recognizing in a period, but excluding from net income for that period. The Company has no other comprehensive income during the three months ended September 30, 2015 and 2014.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Share-based payment transactions

The stock option plan allows Company directors, officers and technical consultants to acquire shares of the Company. The fair value of share purchase options granted is recognized as an employee or consultant expense with a corresponding increase in 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. The fair value is measured at grant date and the share based compensation is expensed based on graded vesting. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value of the share purchase options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share purchase options were granted. Forfeiture rates are estimated in advance and are used in the estimate of the share-based expense for the financial statement period. Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Financial Assets

All financial assets are initially recorded at fair value and classified upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings.

The Company classifies cash and cash equivalents and short term investments as FVTPL. At September 30, 2015 and 2014, the Company has not classified any financial assets as held to maturity or available for sale.

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

Financial liabilities

All financial liabilities are initially recorded at fair value and classified upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities (cont'd)

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss. The Company has no financial liabilities classified as FVTPL.

Impairment of Financial Assets

An assessment of whether there is objective evidence that a financial asset or a group of financial assets is impaired is performed at each balance sheet date. A financial asset or group of financial assets is considered to be impaired if one or more loss events that have an impact on the estimated future cash flows occur after their initial recognition and the loss can be reliably measured. If such objective evidence has occurred, the loss is based on the difference between the carrying amount of the financial asset, or portfolio of financial assets, and the respective estimated future cash flows discounted at the financial assets' original effective interest rate. Impairment losses are recorded in the consolidated statement of earnings with the carrying amount of the financial asset or group of financial assets reduced through the use of impairment allowance accounts.

In periods subsequent to the impairment where the impairment loss has decreased, and such decrease can be related objectively to an event occurring after the impairment was initially recognized, the previously recognized impairment loss is reversed through the consolidated statement of earnings. The impairment reversal is limited to the lesser of the decrease in impairment or the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized, after the reversal.

Change in accounting policies

The following new or amended standards, and their resulting consequential amendments, were applied for the first time in the current year and the adoption standards and/or amendments does not have any impact on the Company's financial statements:

IFRS 2 Share-based payment
The amendments to IFRS 2, issued in December 2013 clarify the definition of "vesting conditions", and separately define a "performance condition" and a "service condition". A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments are effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

IAS 36 Impairment of assets
The amendments to IAS 36, issued in May 2013, require:

- Disclosure of the recoverable amount of impaired assets; and
- Additional disclosures about the measurement of the recoverable amount when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount.

The application of those standards did not result in additional disclosure.

3. NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS NOT YET ADOPTED

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material.

IFRS 9 Financial Instruments (2014)
This is a finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

• **Classification and measurement.** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

• **Impairment.** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized

• **Hedge accounting.** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures

• **Derecognition.** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

Amendments to IAS 1 Presentation of Financial Statements
In December 2014, the IASB amended IAS 1, "Presentation of Financial Statements", providing guidance on the application of judgment in the preparation of financial statements and disclosures. The amendments are effective for annual periods beginning on or after January 1, 2016 with early adoption permitted, but the Company does not intend to do so at this time.

Amendments to IAS 32 Financial Instruments: Presentation
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) amends to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:
· The meaning of "currently has a legally enforceable right of set-off";
· The application of simultaneous realization and settlement;
· The offsetting of collateral amounts;
· The unit of account for applying the offsetting requirements.

This standard is effective for annual periods beginning on or after January 1, 2015.

4. EXPLORATION AND EVALUATION ASSETS

On October 31, 2014, the Company entered into an option agreement (the "Option Agreement") with YES Exploration Syndicate Inc. ("YES" or "Optionor"), granting the Company an option (the "Option") to acquire 100% undivided interest, net of a 2% royalty reserved for YES, in certain mining claims (the "Property") situated in the Whitehorse Mining District, Yukon, Canada, and generally and collectively known as the "TOP Project". The grant of the Option constituted the Company's QT and the Company was listed on the TSXV as a Tier 2 mining issuer effective January 8, 2015.

The Property comprises 234 claims, 4,886 hectare epithermal gold-silver target on the northern edge of the Carmacks Caldera area, Yukon. The Property is situated approximately 200 km northwest of Whitehorse, Yukon and 60 km west-northwest of Carmacks, Yukon, and is less than 15 km from the now decommissioned Mt. Nansen gold mine.

On October 16, 2015, the Company entered into an amending agreement to option agreement (the "Amending Agreement") with the Optionor to amend to exploration expenses payment date.

Terms of the Option Agreement

The Amended Option Agreement provides that the Company will have the right, but not the obligation, to acquire 100% undivided interest in the Property, net of a 2% royalty reserved for YES, for the following future consideration.

(i) Paying a total of $160,000 as follows:

- (a) $10,000 to the Optionor by not later than 4:30 p.m. (local Vancouver time) on the tenth Business Day after the receipt of TSXV Final Approval (the "Effective Date"); (paid)
- (b) an additional $20,000 to the Optionor not later than 4:30 p.m. (local Vancouver time) on the first anniversary of the Effective Date;
- (c) an additional $30,000 to the Optionor not later than 4:30 p.m. (local Vancouver time) on the second anniversary of the Effective Date;
- (d) an additional $50,000 to the Optionor not later than 4:30 p.m. (local Vancouver time) on the third anniversary of the Effective Date; and
- (e) an additional $50,000 to the Optionor not later than 4:30 p.m. (local Vancouver time) on the fourth anniversary of the Effective Date;

(ii) Issuing to and in the name of the Optionor common shares of the Company in the amount of $180,000:

- (f) $30,000 worth of the common shares of the Company at the Issue Price per common share by not later than 4:30 p.m. (local Vancouver time) on the Effective Date; (issued)
- (g) an additional $20,000 worth of the common shares of the Company at the Market Price per common share by not later than 4:30 p.m. (local Vancouver time) on the first anniversary of the Effective Date;
- (h) an additional $30,000 worth of the common shares of the Company at the Market Price per common share by not later than 4:30 p.m. (local Vancouver time) on the second anniversary of the Effective Date;
- (i) an additional $50,000 worth of the common shares of the Company at the Market Price per common share by not later than 4:30 p.m. (local Vancouver time) on the third anniversary of the Effective Date; and
- (j) an additional $50,000 worth of the common shares of the Company at the Market Price per common share by not later than 4:30 p.m. (local Vancouver time) on the fourth anniversary of the Effective Date;

4. EXPLORATION AND EVALUATION ASSETS (cont'd)

(iii) Financing Exploration Expenses totalling $35,417 (comprised of $24,570, representing the amount required to keep all claims for the TOP Property in good standing, and $10,847, representing expenses incurred for work completed on the TOP Property to date) by October 23, 2015 (paid), and financing Exploration Expenses totalling a minimum of $264,583 by the second year anniversary of the Effective Date.

The Company has incurred expenditures on the property as follows:

Mining Property - Acquisition Costs	**Amount**
Balance, December, 2014	$ -
Cash payment	13,000
Fair value of 60,000 shares issued	30,000
Balance, September 30, 2015	$ 43,000

5. SHARE CAPITAL

Authorized and Issued Share Capital

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

As of September 30, 2015, the Company had 12,527,200 (2014: 4,400,000) common shares issued and outstanding.

(a) On January 23, 2015, the Company has issued a 60,000 common shares at $0.50 per common share to YES Exploration as part of the Option agreement's terms (see Note 4).

(b) On January 7, 2015, the Company has completed an 8,000,000 common shares non-brokered private placement at $0.50 per common share for gross proceeds of $4,000,000. The shares were issued in connection with the closing of the Company's QT.

(c) On December 20, 2012, the Company completed the IPO and issued 2,000,000 common shares at $0.10 per share for gross proceeds of $200,000. As part of the IPO, the Company incurred share issuance costs of $106,630, which included the fair value of the 10,513 agent's warrants. The Company granted 200,000 agent's options to acquire common shares of the Company at an exercise price of $0.10 per common share. The agent's options are exercisable for a period of 24 months from December 20, 2012, the date the Company was listed on the TSX Venture. The agent's options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk- free interest rate of 1.12%, expected volatility of 107.21% and expected life of two years. Volatility was estimated based on the historical volatility of similar companies over a period equal to the expected life of the options. As of December 20, 2014, 67,200 agent's warrants have been exercised at the price of $0.10 per share for a gross processed of $6,720 and the remaining 132,800 agent's option have expired.

(d) On May 15, 2012, the Company issued its initial seed shares of 1,300,000 common shares for gross proceeds of $65,000. On May 29, 2012, the Company issued additional seed shares of 1,100,000 common shares for gross proceeds of $55,000.

5. SHARE CAPITAL (cont'd)

Stock option

Upon closing of the Company's IPO on December 20, 2012, the Company granted 125,000 incentive stock options to the directors and officers of the Company. The options were granted with an exercise price of $0.10 per common share where the exercise price is equal to the market price at the date of grant and are exercisable for a period of ten years from the date of the grant.

The Company recorded the fair value of the options granted of $11,152 using the Black-Scholes option pricing model. The share-based payment expense was calculated using the following assumptions:

Expected life of options in years	10
Expected volatility	100.92%
Expected dividend yield	Nil
Risk free interest rate	1.82%
Expected forfeiture rate	Nil

The following table reflects the outstanding and exercisable of stock options for the three months ended September 30, 2015:

Number of outstanding	Weighted Average Exercise Price ($)	Expiry Date
125,000	$0.10	December 20, 2022
125,000	$0.10	

As at September 30, 2015, stock options of 125,000 were outstanding and exercisable with a remaining life of 7.25 years, and no options were exercised during the year.

Escrow Shares

Subject to an Escrow Agreement pursuant to the requirements of the TSX Venture, the 2,400,000 common shares prior to the closing of the Company's IPO are held in escrow. Under the Escrow Agreement, 10% of the escrowed shares will be released on the issuance of the Final Exchange Bulletin (the Exchange's acceptance of the QT) and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release. 240,000 were released on January 8, 2015 and 360,000 will be released every six months thereafter. As at September 30, 2015, 2,160,000 common shares are held in escrow (2014: 2,400,000).

6. Related Party Transactions

During the three months ended September 30, 2015 the Company entered into the following transactions with related parties:

a) Paid or accrued direct fees of $12,000 (2014 - $ Nil) to directors.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related party.

7. FINANCIAL RISK MANAGEMENT

(a) Overview

The Company has exposure to credit risk, liquidity risk and market risk from its use of financial instruments. This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(b) Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits its exposure to credit risk on liquid financial assets through investing its cash and short term investments with high credit quality financial institutions.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company's cash is currently invested in business accounts with high-credit quality financial institutions which are available on demand by the Company for its programs. As at September 30, 2015, the Company had a cash and cash equivalents balance and short term investments of $3,590,401 (June 30, 2015 – $3,857,093), and need to settle liabilities of $1,000 (June 30, 2015 – $213,761).

(d) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

i. Interest Rate Risk

The Company is subject to interest rate risk with respect to its investments in cash. The Company's current policy is to invest cash at floating rates of interest and cash reserves are to be maintained in cash in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates when cash mature impact interest income earned.

(e) Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Company manages its capital structure through the preparation of operating budgets, which are approved by the Board of Directors. There were no changes in the Company's approach to capital management during the period. The Company does not have any externally imposed capital requirements or external covenants to which it is subject to except as defined in note 5.

7. FINANCIAL RISK MANAGEMENT (cont'd)

(f) Fair Value

The fair value of the Company's cash and cash equivalents and short term investments approximate their carrying value due to their short-term nature.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – inputs that are not based on observable market data.

The fair value of cash and cash equivalents and short term investments are based on level 1 inputs of the fair value hierarchy.

8. INCOME TAXES

The following table reconciles the expected income taxes expenses (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statements of operations and comprehensive loss for the three months ended September 30, 2015 and 2014:

	2015	**2014**
Loss before income taxes	$ (61,413)	$ (10,833)
Statutory rate	26%	25.25%
Income tax at statutory rate	(15,967)	(2,735)
Total income tax (recovery) expense	$ -	$ -

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred tax assets (liabilities) at September 30, 2015 and 2014 are comprised of the following:

	September 30, 2015	**September 30, 2014**
Non-capital loss carry forwards	$ 15,967	$ 2,735
Financing cost	-	-
Deferred tax asset not recognized	(15,967)	(2,735)
Net deferred tax assets (liabilities)	$ -	$ -

The Company has non-capital losses carried forward of approximately $644,588 (2014 - $132,783) that may be carried forward to apply against a future year's income taxes for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

2032	$ 3,230
2033	76,541
2034	53,012
2035	497,040
2036	15,967
Total	$ 645,790

9. COMMITMENTS

(a) Services agreement

The Company signed a corporate administrative services and corporate secretary agreement with NAI Interactive Ltd. for $5,000 plus applicable taxes on the first of each month. The agreement will be in effect for a period of 12 months beginning on the date January 1, 2015.

(b) Operating lease

The Company signed an office rent and IT support services, and corporate accounting services agreement with NAI Interactive Ltd. for $5,000 plus applicable taxes on the first of each month. The agreement will be in effect for a period of 12 months beginning on the date January 1, 2015.

(c) See Note 4.