MONSTER MINING CORP.

FINANCIAL STATEMENTS

For the years ended July 31, 2015 and 2014

(Stated in Canadian Dollars)

WOLRIGE MAHON

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Monster Mining Corp.

We have audited the accompanying financial statements of Monster Mining Corp., which comprise the statements of financial position as at July 31, 2015 and 2014, and the statements of comprehensive loss, statements of cash flows and statement of changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Monster Mining Corp. as at July 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 2 in the financial statements which indicates that Monster Mining Corp. does not have sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period. These conditions, along with other matters as set forth in note 2, indicate the existence of a material uncertainty that may cast significant doubt about Monster Mining Corp.'s ability to continue as a going concern.

Wolrige Mahon LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

November 24, 2015
Vancouver, B.C.

MONSTER MINING CORP.
STATEMENTS OF FINANCIAL POSITION
(Stated in Canadian Dollars)

As at		July 31, 2015		July 31, 2014
ASSETS				
Current assets				
Cash	**$**	**2,766**	$	252
Taxes recoverable		**2,437**		9,639
Prepaid expenses		**15,000**		15,000
		20,203		24,891
Non-current assets				
Equipment – Note 5		**1,436**		3,111
Drilling advance – Notes 6 and 8		**-**		165,256
		1,436		168,367
Total assets	**$**	**21,639**	$	193,258
LIABILITIES				
Current liabilities				
Trade and other payables – Note 8	**$**	**350,871**	$	574,677
Advances payable – Note 8		**128,065**		63,500
Total liabilities		**478,936**		638,177
EQUITY				
Share capital – Note 7		**5,739,239**		5,739,239
Equity reserve – Note 7		**926,814**		926,814
Accumulated deficit		**(7,123,350)**		(7,110,972)
		(457,297)		(444,919)
Total liabilities and equity	**$**	**21,639**	$	193,258

SIGNED ON BEHALF OF THE BOARD:

"Stephen Pearce"	Director	*"Andrew de Verteuil"*	Director
Stephen Pearce		Andrew de Verteuil	

MONSTER MINING CORP.
STATEMENTS OF COMPREHENSIVE LOSS
(Stated in Canadian Dollars)

Years ended July 31		**2015**		2014
Expenses				
Accounting and audit fees – Note 8	**$**	**10,721**	$	39,121
Depreciation – Note 5		**1,675**		5,724
Finance cost		**4,004**		11,725
Foreign exchange (gain) loss		**(525)**		2,165
Legal and corporate services		**563**		1,003
Management activities – Note 8		**5,000**		70,000
Office, rent and administration – Note 8		**10,727**		63,468
Shareholder communications – Note 8		**2,356**		15,972
Transfer agent and filing fees		**13,616**		14,007
Total expenses		**(48,137)**		(223,185)
Other				
Reversal of trade and other payables		**45,905**		-
Gain on sale of equipment		**1,854**		-
Impairment on marketable securities		**-**		(14,000)
Impairment of exploration and evaluation assets - Note 6		**(12,000)**		(4,387,269)
Loss for year		**(12,378)**		(4,624,454)
Other comprehensive gain				
Realized loss on available for sale investments		**-**		7,350
Total comprehensive loss for the year	**$**	**(12,378)**	$	(4,617,104)
Basic and diluted loss per share – Note 9	**$**	**(0.00)**	$	(0.15)

MONSTER MINING CORP.
STATEMENTS OF CASH FLOWS
(Stated in Canadian Dollars)

Years ended July 31,	**2015**	2014
Operating Activities:		
Loss for the year	**$ (12,378)**	$(4,624,454)
Adjustments to reconcile loss to net cash used in operating activities:		
Depreciation	**1,675**	5,724
Reversal of trade and other payables	**(45,905)**	-
Gain on sale of equipment	**(1,854)**	-
Impairment on marketable securities	**-**	14,000
Impairment of exploration and evaluation assets - Note 6	**12,000**	4,387,269
Changes in non-cash working capital items:		
Taxes recoverable	**7,202**	(7,791)
Trade and other payables	**3,684**	175,120
Cash outflows for operating activities	**(35,576)**	(50,132)
Investing Activities:		
Sale of equipment	**1,854**	-
Investment in exploration and evaluation assets	**-**	(5,221)
Cash inflow (outflow) for investing activities	**1,854**	(5,221)
Financing Activity:		
Advances payable	**36,236**	53,500
Total increase (decrease) in cash during the year	**2,514**	(1,853)
Cash, beginning of the year	**252**	2,105
Cash, end of the year	**$ 2,766**	$ 252

See Supplemental cash flow and non-cash activities (note 11)

MONSTER MINING CORP.
STATEMENT OF CHANGES IN EQUITY
For the years ended July 31, 2015 and July 31, 2014
(Stated in Canadian Dollars)

	Number of shares outstanding	Share capital	Equity reserve	Accumulated comprehensive gain (loss)	Accumulated deficit	Total equity
Balance – July 31, 2013	31,817,519	$ 5,604,185	$ 1,061,868	$ (7,350)	$ (2,486,518)	$ 4,172,185
Realized loss on marketable securities	-	-	-	7,350	-	7,350
Shares released from escrow	-	135,054	(135,054)	-	-	-
Net loss for the year	-	-	-	-	(4,624,454)	(4,624,454)
Balance – July 31, 2014	31,817,519	5,739,239	926,814	-	(7,110,972)	(444,919)
Net loss for the year	-	-	-	-	(12,378)	(12,378)
Balance – July 31, 2015	**31,817,519**	**$ 5,739,239**	**$ 926,814**	**$ -**	**$ (7,123,350)**	**$ (457,297)**

Note 1 Corporate Information

Monster Mining Corp. (the "Company") was incorporated in the Province of British Columbia on May 3, 2007 under the Business Corporations Act (British Columbia) under the name "Northex Ventures Inc." and changed its name to "Monster Mining Corp." on August 20, 2008. The Company was registered as an extra-territorial corporation under the Business Corporations Act (Yukon) on July 10, 2009. The Company completed its IPO pursuant to its prospectus dated April 26, 2011 (the "Prospectus") and commenced trading on the TSX Venture Exchange (the "Exchange") on May 19, 2011 under the symbol MAN. The Company is in the exploration stage and has entered into option and purchase agreements to acquire mineral properties in the Yukon, Canada.

The address of the Company's corporate office and principal place of business is 750 – 580 Hornby Street, Vancouver, British Columbia, Canada.

Note 2 Basis of Preparation

a) Statement of Compliance

These financial statements for the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The financial statements were authorized for issue by the Board of Directors on November 24, 2015.

b) Basis of Measurement

The financial statements have been prepared on a historical cost basis, as modified by the revaluation of held-for-trading and available-for-sale financial assets.

The financial statements are presented in Canadian dollars ("CDN"), which is also the Company's functional currency and all values are rounded to the nearest dollar, unless otherwise indicated.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Note 2 Basis of Preparation – (cont'd)

c) Going Concern of Operations

The Company has not generated revenue from operations. The Company incurred a loss of $12,378 (July 31, 2014 – $4,624,454) during the year July 31, 2015, and, as of that date, the Company's accumulated deficit was $7,123,350 (July 31, 2014 - $7,110,972). As at July 31, 2015, the Company had $2,766 (July 31, 2014 - $252) in cash, working capital deficiency of $458,733 (July 31, 2014 - $613,286) and no long-term debt. The Company does not have sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting year. While the Company has been successful in obtaining the necessary financing through the issuance of common shares and loans from related parties in the past, there is no assurance it will be able to raise funds in this manner in the future and there remains significant doubt as to the Company's ability to continue as a going concern.

These financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of operations, and at amounts different from those in the accompanying financial statements.

Note 3 Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently during the year ended July 31, 2015, unless otherwise indicated.

a) Cash

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. There are no cash equivalents at years end July 31, 2015 and 2014.

b) Pre-Exploration Costs

Pre-exploration costs are expensed in the period in which they are incurred.

Note 3 Summary of Significant Accounting Policies – (cont'd)

c) Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying and sampling costs, drilling costs, payments made to contractors, geologists, consultants, and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to E&E activities, including general and administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, E&E assets in respect of that project are deemed to be impaired. As a result, those E&E expenditures, in excess of estimated recoveries, are written off to the Company's profit or loss.

The Company assesses E&E assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". E&E assets are tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation assets are classified as intangible assets.

d) Option Payments Received

Where a third party has been granted the option to acquire an interest in a property owned by the Company, the fair value of any proceeds received in respect of that property is applied to the exploration and evaluation assets cost which is capitalized on the Company's statement of financial position. Once the amount capitalized in respect of that property has been reduced to $Nil, any further payments received are reported as revenue in the Company's profit or loss.

A portion of the Company's development activities are conducted jointly with others. These financial statements reflect only the Company's proportionate interest in such activities. The Company does not record any exploration expenditures made by the joint venture partner on its account.

Note 3 Summary of Significant Accounting Policies – (cont'd)

e) Equipment

Recognition and Measurement

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

Equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Subsequent Costs

The cost of replacing part of an item of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its costs can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of equipment are recognized in the Company's profit or loss as incurred.

Gains and Losses

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized, net, within profit or loss.

Depreciation

Depreciation in profit or loss is provided on a straight-line basis over the estimated useful life of the assets as follows:

Computer equipment	Straight line over 2.5 years
Vehicle	Straight line over 3.3 years
Furniture & equipment	Straight line over 5.0 years

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

Note 3 Summary of Significant Accounting Policies – (cont'd)

f) Impairment of Non-Financial Assets

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

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit. A cash-generating unit is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company has no cash generating unit for which impairment testing was performed.

An impairment loss is charged to the Company's profit or loss, except to the extent that they reverse gains previously recognized in other comprehensive loss/income.

g) Financial Instruments

Financial assets are classified in one of the following categories based upon the purpose for which the asset was acquired:

- Financial assets at fair value through profit or loss
- Available-for-sale financial assets
- Loans and receivables
- Held-to-maturity investments

All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy on the financial asset it owns is as follows:

Loans and Receivables

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

The Company's cash is accounted for as loans and receivables.

Note 3 Summary of Significant Accounting Policies – (cont'd)

g) Financial Instruments – (cont'd)

Impairment on Financial Assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred subsequent to the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and are comprised of trade and other payables and advances payable. These liabilities are initially recognized at fair value, net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that, any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

The Company classifies its trade and other payables and advances payable as other financial liabilities. Trade and other payables represent goods and services provided to the Company prior to the end of the period which are unpaid. Trade payable amounts are unsecured and are usually payable within 30 days of recognition. Advances payable represent amounts advanced to the company with no fixed repayment terms.

Note 3 **Summary of Significant Accounting Policies – (cont'd)**

h) Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by E&E activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities include: restoration, reclamation and revegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on the passage of time, current market discount rates and liability specific risks. Adjustments to the liability as a result of any of the charges are recognized as a corresponding change to evaluation and exploration asset.

Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

The Company has recorded a rehabilitation provision on these financial statements (see Note 6).

i) Share Capital

Financial instruments issued by the Company are classified as equity, to the extent that they do not meet the definition of a financial liability or asset. The Company's common shares, share warrants and share options are classified as equity instruments.

Incremental costs, directly attributable to the issue of new shares, warrants or options, are shown in equity as a deduction, net of tax, from proceeds. The residual method was used to calculate the fair value of the warrant component of the units, whereby the residual of the private placement proceeds less the fair value of the share component was assigned as the fair value of the warrant.

j) Profit or Loss Per Share

Basic profit or loss per share is computed by dividing the Company's profit or loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period.

Diluted profit or loss per share is computed by dividing the Company's profit or loss applicable to common shares, by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted at the beginning of the period.

Note 3 Summary of Significant Accounting Policies – (cont'd)

k) Share Based Payments

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

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modifications, is charged to the Company's profit or loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the Company's profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for effects of non-transferability, exercise restrictions and behavioural considerations.

All equity-settled share based payments are reflected in equity reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in equity reserve is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and immediately recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent that the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Note 3 Summary of Significant Accounting Policies – (cont'd)

l) New and Revised Accounting Standards

The following accounting standards have been issued or amended but are not yet effective. The Company has not early adopted these new and amended standards. The Company continues to evaluate the new standards but currently no material impact is expected as a result of the adoptions of these new and amended standards:.

- IFRS 9 "Financial Instruments"
- Amendments to IAS 16 "Property Plant and Equipment" and IAS 38 "Intangible Assets"

Note 4 Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in the Company's profit or loss in the period of the change, if it affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

a) Exploration and Evaluation Expenditures

The application of the Company accounting policy for E&E expenditures requires judgment in determining whether it is likely that future economic benefits will follow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the Company's profit or loss in the period the new information becomes available.

Stated in Canadian Dollars

Note 4 Critical Accounting Estimates and Judgments – (cont'd)

b) Title to Mineral Property Interests

Although the Company takes steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

c) Going Concern

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 2.

Note 5 Equipment

	Computer Equipment	Vehicles	Furniture & Equipment	Total
Cost				
Balance, July 31, 2013 and 2014	$ 5,456	$ 35,464	$ 8,373	$ 49,293
Disposal of asset	-	(35,464)	-	(35,464)
Balance, July 31, 2015	**$ 5,456**	**$ -**	**$ 8,373**	**$ 13,829**
Depreciation				
Balance, July 31, 2013	$ 5,456	$ 31,415	$ 3,587	$ 40,458
Depreciation for the year	-	4,049	1,675	5,724
Balance, July 31, 2014	5,456	35,464	5,262	46,182
Disposal of asset	-	(35,464)	-	(35,464)
Depreciation for the year	-	-	1,675	1,675
Balance, July 31, 2015	**$ 5,456**	**$ -**	**$ 6,937**	**$ 12,393**
Carrying amounts				
Balance, July 31, 2014	$ -	$ -	$ 3,111	$ 3,111
Balance, July 31, 2015	**$ -**	**$ -**	**$ 1,436**	**$ 1,436**

Stated in Canadian Dollars

Note 6 **Exploration and Evaluation Assets**

	Keno Lightning	McKay Hill	Cobalt Hill	Total
Acquisition costs:				
Balance, July 31, 2013	$ 392,000	$ 212,000	$ 50,000	$ 654,000
Option payment	6,000	6,000	5,000	17,000
Property write-off	(398,000)	(218,000)	(55,000)	(671,000)
Balance July 31, 2014	-	-	-	-
Option payment	6,000	6,000	-	12,000
Property write-off	(6,000)	(6,000)	-	(12,000)
Balance July 31, 2015	$ -	$ -	$ -	$ -
Exploration costs:				
Balance, July 31, 2013	$ 3,545,101	$ 170,947	$ -	$ 3,716,048
Transportation	221	-	-	221
Property impairment write-down	(3,545,322)	(170,947)	-	(3,716,269)
Balance, July 31, 2014 & July 31, 2015	$ -	$ -	$ -	$ -
Balance, July 31, 2014	$ -	$ -	$ -	$ -
Balance, July 31, 2015	**$ -**	**$ -**	**$ -**	**$ -**

a) Keno Lightning

By agreement dated August 1, 2007, the Company entered into an option agreement to acquire a 100% interest (the “Option”) from the owners (the “Optionors”) of certain mining claims situated in the Mayo Mining District, Yukon, more commonly known as the Keno Lightning Property (“Keno”).

In order to maintain the Option in good standing and earn a 100% undivided interest in Keno, the Company must pay $100,000 and issue 700,000 common shares of the Company to the Optionors and incur $300,000 in exploration expenditures as follows:

i) pay $10,000 upon signing the Agreement (paid);
ii) incur $300,000 in exploration expenses on Keno on or before December 31, 2009 (incurred).
iii) issue 700,000 shares by June 3, 2011 (issued);
iv) pay an additional $15,000 by May 19, 2012 ($9,000 paid)*;
v) pay an additional $15,000 by May 19, 2013 ($9,000 paid)*;
vi) pay an additional $15,000 by May 19, 2014 ($9,000 paid)*;
vii) pay an additional $15,000 by May 19, 2015 ($9,000 paid)*; and
viii) pay an additional $15,000 by May 19, 2016 ($9,000 paid);

**The Company has not made the additional payments of $6,000 due in 2012, 2013, 2014 and 2015. The Company has not been notified by the optionor of default, one of whom is a related party. At July 31, 2015 $24,000 (July 31, 2014 - $18,000) has been accrued and was included in trade and other payables.*

Note 6 <u>Exploration and Evaluation Assets</u> – (cont'd)

a) <u>Keno Lightning</u> – (cont'd)

Keno is subject to a 3% NSR to the Optionors. The Company has the option to purchase up to 2% of this royalty interest for $300,000 for the first 1%, and $1,200,000 for the second 1%. Of the consideration, $30,000 in cash payments ($7,500 paid and $24,000 accrued) and 210,000 (issued) of the shares issued are to a director of the Company.

The Company acquired a 25% interest in the Blanche Claim in the Keno Hill area of the Yukon on August 1, 2007 pursuant to a third party property option agreement whereby the Company was granted the claims as they fell within an area of interest. By agreement dated January 17, 2010, the Company acquired another 50% interest in the Blanche Claim in consideration of 100,000 shares of the Company.

The Company has also accrued $20,000 (July 31, 2014: $20,000) relating to the site restoration costs.

At July 31, 2014 and 2015, management has decided to write the costs accumulated on the Keno property to nil as an asset impairment. While management still believes that the properties are of merit and warrant continued development, lack of activity due to market conditions over obtaining adequate financing warrants a write down at this time in line with the Company's accounting policy for exploration and evaluation assets. As such, the Company has recorded an impairment loss of $6,000 (July 31, 2014: $ 3,943,322) on the Keno property which was charged in the statement of comprehensive loss during the year.

b) <u>McKay Hill</u>

By agreement dated September 1, 2007 and amended November 21, 2010, the Company entered into an option agreement to acquire a 100% interest in 20 mining claims situated in the Mayo Mining District, Yukon ("McKay Hill").

In order to maintain the option in good standing and to acquire a 100% undivided interest in the McKay Hill property the Company must pay $110,000, issue 300,000 common shares of the Company to the vendors and incur an aggregate of $100,000 in exploration expenditures as follows:

i) pay $20,000 upon signing the Agreement (paid);
ii) issue 300,000 common shares by June 3, 2011 (issued);
iii) incur $100,000 in exploration expenses on McKay Hill before December 31, 2011 (incurred).
iv) pay $15,000 by June 3, 2011 (paid);
v) pay an additional $15,000 by May 19, 2012 ($9,000 paid)*;
vi) pay an additional $15,000 by May 19, 2013 ($9,000 paid)*:
vii) pay an additional $15,000 by May 19, 2014 ($9,000 paid)*;
viii) pay an additional $15,000 by May 19, 2015 ($9,000 paid)*; and
ix) pay an additional $15,000 by May 19, 2016 ($9,000 paid);

**The Company has not made the additional payments of $6,000 due in 2012, 2013, 2014 and 2015. The Company has not been notified by the optionors of default, one of whom is a related party. At July 31, 2015 $24,000 (July 31, 2014: $18,000) has been accrued and was included in trade and other payables.*

Note 6 **<u>Exploration and Evaluation Assets</u> - (cont'd)**

b) <u>McKay Hill</u> – (cont'd)

The property is subject to a 3% NSR to the vendors. The Company has the option to purchase up to 2% of this royalty interest for $300,000 for the first 1%, and $1,200,000 for the second 1%.

Of the consideration, $44,000 in cash payments ($14,000 paid $24,000 accrued) and 190,000 (issued) of the shares issued are to a director of the Company.

In 2010, an additional 124 claims were staked by the Company at a cost of $13,429.

At July 31, 2014 and 2015, management has decided to write the costs accumulated on the McKay Hill property to nil as an asset impairment. While management still believes that the properties are of merit and warrant continued development, lack of activity due to market conditions over obtaining adequate financing warrants a write down at this time in line with the Company's accounting policy for exploration and evaluation assets. As such, the Company has recorded an impairment loss of $6,000 (July 31, 2014: $388,947) on the McKay Hill property which was charged in the statement of comprehensive loss during the year.

c) <u>Cobalt Hill</u>

By agreement dated March 28, 2012, the Company entered into an option agreement to acquire a 100% interest (the "Option") from the owner (the "Optionor") in 20 unsurveyed mining claims situated in the Mayo Mining District, Yukon more commonly known as the Cobalt Hill Property ("Cobalt Hill").

In order to maintain the Option in good standing and earn a 100% undivided interest in Cobalt Hill, the Company must pay $200,000, issue 695,000 common shares of the Company to the Optionor and incur $400,000 in exploration expenditures over a period of 5 years from the effective date of April 19, 2012 as follows:

i) pay $30,000 upon signing the Agreement (paid);
ii) issue 100,000 shares on April 19, 2012 (issued);
iii) issue 100,000 shares by April 19, 2013*;
iv) pay an additional $30,000, issue 100,000 shares and incur exploration expenditures of $50,000 by April 19, 2014*;
v) pay an additional $40,000, issue 100,000 shares and incur exploration expenditures of $50,000 by April 19, 2015*;
vi) pay an additional $50,000, issue 145,000 shares and incur exploration expenditures of $100,000 by April 19, 2016; and
vii) pay an additional $50,000, issue 150,000 shares and incur exploration expenditures of $200,000 by April 19, 2017.

** At July 31, 2015, the Company is negotiating a new agreement with the Optionor and has not issued 300,000 shares due on April 19, 2013, 2014 and 2015 or the $30,000 and $40,000 due on April 19, 2014 and 2015, respectively. The Company has not been notified by the optionor of default.*

Note 6 Exploration and Evaluation Assets - (cont'd)

c) Cobalt Hill – (cont'd)

The property is subject to a 3% NSR to the optionor. The Company has the option to purchase up to 1.5% of this royalty interest for $1,500,000.

At July 31, 2014, management has decided to write the costs accumulated on the Cobalt Hill property to nil as an asset impairment. While management still believes that the properties are of merit and warrant continued development, lack of activity due to market conditions over obtaining adequate financing warrants a write down at this time in line with the Company's accounting policy for exploration and evaluation assets. As such, the Company has recorded an impairment loss of $Nil (July 31, 2014: $55,000) on the Cobalt Hill property which was charged in the statement of comprehensive loss during the year.

d) Drilling Advance

The Company advanced $400,000 to a shareholder for drilling and geological services on the Company's mineral properties. This transaction was measured at the exchange amount, which is the amount agreed upon by the transacting parties and was made by the Company in order to secure favourable terms and priority on drilling costs and timing. During the year ending July 31, 2015, the Company offset $165,256 against amounts payable as part of a joint settlement agreement between the Company, the shareholder and a creditor. As at July 31, 2015 $Nil (July 31, 2014 - $165,256), was outstanding.

e) Environmental Protection Practices

The Company is subject to 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 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 (see note 6(a)).

Note 7 Share Capital and Equity Reserve

a) Common Shares

The Company is authorized to issue an unlimited number of no par value common shares, issuable in series.

The holders of common shares are entitled to one vote per share at meetings of the Company and to receive dividends, which are declared from time-to-time. No dividends have been declared by the Company since its inception. All shares are ranked equally with regard to the Company's residual assets.

Stated in Canadian Dollars

Note 7 **Share Capital and Equity Reserve – (cont'd)**

b) Equity Reserve

As at July 31, 2015 and July 31, 2014, equity reserve consisted of the following:

		July 31, 2015		July 31, 2014
Expired warrants	**$**	**120,000**	$	120,000
Expired agent warrants		**26,000**		26,000
Share purchase options		**-**		457,523
Cancelled/Forfeited share purchase options		**780,814**		323,291
Equity reserve	**$**	**926,814**	$	926,814

c) Share-Based Payments

The Company, in accordance with the policies of the Exchange, is authorized to grant share purchase options to directors, officers, employees and service providers to acquire up to 10% of common stock outstanding (the "Plan"). Under the Plan, options may be granted at, not less than the closing market price of the Company's shares on the day preceding the grant for a maximum term of 5 years. No amounts are paid or payable by the recipient on receipt and the options are not dependent on any performance-based criteria. Share purchase options will vest when granted except where granted for investor relations activities which vest and may be exercised in accordance with the vesting provisions as to ¼ of the options each 3 months.

The following is a summary of changes in options:

	Number of Shares	Weighted Average Exercise Price
Balance at July 31, 2013	1,712,000	$0.40
Cancelled	(75,000)	$0.40
Balance at July 31, 2014	1,637,000	$0.40
Cancelled	(1,637,000)	$0.40
Outstanding at July 31, 2015	**-**	**-**
Exercisable at July 31, 2015	**-**	**-**

During the year ended July 31, 2015, 1,637,000 options were cancelled by the Company with the consent of the option holders.

Stated in Canadian Dollars

Note 8 **Related Party Transactions**

The following is a summary of charges incurred by the Company with related parties:

Year ending July 31,		2015		2014
Accounting fees	**$**	**3,650**	$	21,000
Exploration and evaluation assets		**10,500**		10,500
Management activities		**5,000**		70,000
Office, rent and administration		**6,500**		60,000
Shareholder communications		**1,250**		15,000
Total	**$**	**26,900**	$	176,500

Key management personnel compensation

Year ended July 31,		2015		2014
Management and director fees	**$**	**5,400**	$	70,000

Key management personnel include the Company's current and former directors and officers.

The Company incurred accounting and audit fees of $3,650 (July 31, 2014 - $21,000), office, rent and administration cost of $6,500 (July 31, 2014 - $60,000) and shareholder communication cost of $1,250 (July 31, 2014 - $15,000) to a company controlled by a former director and former officer of the Company.

Included in accounts payable and accrued liabilities at July 31, 2015 is $288,667 (July 31, 2014: $438,298) due to directors and former directors and companies controlled by former directors for various expenses and exploration and evaluation assets. These amounts are unsecured and do not bear interest.

Included in advances payable at July 31, 2015, is $25,500 (July 31, 2014: $31,500) due to former directors and companies controlled by former directors of the Company. These amounts are unsecured, with no fixed repayment terms and bear no interest.

In addition, accounts payable owed to a former related party were offset against a third party drilling advance of $165,256 by agreement of both parties.

These charges were measured at the exchange amount, which is the amount agreed upon by the transacting parties.

Stated in Canadian Dollars

Note 9 Loss Per Share

The denominator for the calculation of loss per share, being the weighted average number of common shares, is calculated as follows:

	Year ended July 31, 2015	2014
Issued and outstanding, beginning of the year	**31,817,519**	31,817,519
Weighted average shares issued during the year	**-**	-
Weighted average number of common shares for the year (basic and diluted)	**31,817,519**	31,817,519

Note 10 Income Taxes

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate for the full financial year.

The difference between tax expense for the year and the expected income taxes based on the statutory rate are as follows:

	July 31, 2014	July 31, 2014
Income (loss) before income taxes	**$ (12,378)**	$ (4,624,454)
Basic statutory and provincial income tax rate	**26%**	26%
Expected tax recovery on net loss	$ (3,218)	$ (1,202,358)
Unrecognized deferred tax assets	3,218	1,202,358
Total income tax expense (recovery)	**$ -**	**$** -

Stated in Canadian Dollars

Note 10 Income Taxes – (cont'd)

The nature and tax effect of the temporary differences giving rise to the deferred income tax assets and liabilities at July 31, 2015 and July 31, 2014 are summarized as follows:

	July 31, 2014	Recognized in profit or loss	Recognized in equity	July 31, 2015
Non-capital losses carried forward	$ 528,000	$ 16,000	$ -	$ 544,000
Share issuance cost	15,000	(15,000)	-	-
Equipment	15,000	-	-	15,000
Marketable securities	2,000	-	-	2,000
Exploration & evaluation expenditures	891,000	4,000	-	895,000
	1,451,000	5,000	-	1,456,000
Unrecognized deferred tax assets	(1,451,000)	(5,000)	-	(1,456,000)
Deferred income tax liability	**$ -**	**$ -**	**$ -**	**$ -**

	July 31, 2013	Recognized in profit or loss	Recognized in equity	July 31, 2014
Non-capital losses carried forward	$ 455,000	$ 73,000	$ -	$ 528,000
Share issuance cost	31,000	(18,000)	-	15,000
Equipment	13,000	2,000	-	15,000
Marketable securities	1,000	1,000	-	2,000
Exploration & evaluation expenditures	(249,000)	1,140,000	-	891,000
	251,000	1,200,000	-	1,451,000
Unrecognized deferred tax assets	(251,000)	(1,200,000)	-	(1,451,000)
Deferred income tax liability	**$ -**	**$ -**	**$ -**	**$ -**

Stated in Canadian Dollars

Note 10 Income Taxes – (cont'd)

As at July 31, 2015, the Company had non-capital losses for Canadian tax purposes of $2,090,389. These losses may be carried forward to reduce taxable income derived in future years. A summary of these tax losses and their year of expiry are as follows:

Year of Expiry	Non-Capital Losses	
2027	$	7,500
2028		37,126
2029		80,929
2030		90,701
2031		791,667
2032		624,921
2033		116,299
2034		283,502
2035		57,744
Total	$	2,090,389

The potential benefits of these carry-forward non-capital losses and deductible temporary differences have not been recognized in these financial statements, except for a recovery on flow through proceeds renounced, as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

Note 11 Supplemental Cash Flow and Non-Cash Activities

The following transactions are excluded from the statement of cash flows for the years ended July 31, 2015 and 2014:

a) The Company excluded $57,010 (2014 - $77,040) in accounts payable relating to exploration and evaluation expenditures.
b) The Company excluded $165,256 (2014 - $Nil) which was transferred from drilling advances to settle accounts payable owed to a former related party.
c) The Company excluded $28,329 (2014 - $Nil) which was transferred from trade and other payables to advances payable.
d) The Company excluded $12,602 (2014 - $Nil) of accounts payable reversed in the current year and were included in exploration and evaluation expenditures in the prior year.
e) There was no interest paid during the years ended July 31, 2015 and 2014
f) There was no income taxes paid during the year ended Jul 31, 2015 and 2014

Note 12 Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity as capital. 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. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

There have been no changes in the Company's approach to capital management during the year ended July 31, 2015.

Note 13 Financial Instruments

The Company is exposed in varying degrees to a variety of financial instrument related risks. The fair value of the Company's financial assets and liabilities approximates the carrying amount.

a) Interest Rate Risk

The Company's cash earns interest at a variable interest rate however earned no interest during the year ended July 31, 2015.

The Company has no exposure to interest rate fluctuations.

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk with respect to its cash balance, the balance of which at July 31, 2015 is $2,766. Cash is held at a chartered Canadian financial institution.

c) Liquidity Risk

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. As at July 31, 2015, the Company had $2,766 in cash, working capital deficiency of $458,733 and no long-term debt. The Company does not have sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting year. While the Company has been successful in obtaining the necessary financing through the issuance of common shares and loans from related parties in the past, there is no assurance it will be able to raise funds in this manner in the future and there remains significant doubt as to the Company's ability to continue as a going concern. The Company's trade and other payables are due in the short term.