STINA RESOURCES LTD.

Consolidated Financial Statements

Years ended September 30, 2015 and 2014

Expressed in Canadian Dollars

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Stina Resources Ltd.

We have audited the accompanying consolidated financial statements of Stina Resources Ltd., which comprise the consolidated statements of financial position as at September 30, 2015 and September 30, 2014, the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Stina Resources Ltd. as at September 30, 2015 and September 30, 2014, and its financial performance and its cash flows for the years then ended September 30, 2015 and September 30, 2014 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
January 28, 2016

STINA RESOURCES LTD.
Consolidated Statements of Financial Position
Expressed in Canadian dollars

	Notes		September 30, 2015		September 30, 2014
ASSETS					
Current assets					
Cash		$	85,423	$	4,210
Receivables	4		2,722		366
Prepaids			16,600		13,600
			104,745		18,176
Non-current assets					
Reclamation bond	6		21,768		21,768
Equipment	5		1,931		2,474
Exploration and evaluation assets	6		929,723		1,769,818
		$	1,058,167	$	1,812,236
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Trade payables and accrued liabilities	7	$	89,115	$	97,164
Restoration obligation	6		21,768		21,768
Due to related parties	10		36,597		142,356
			147,480		261,288
Shareholders' equity					
Share capital	8		12,628,598		12,138,598
Reserves	9		2,214,060		2,153,716
Deficit			(13,931,971)		(12,741,366)
			910,687		1,550,948
		$	1,058,167	$	1,812,236

Commitments (Note 6)
Subsequent events (Note 13)

"Jim Wall" Director
Jim Wall

"James Corrigan" Director
James Corrigan

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

STINA RESOURCES LTD.
Consolidated Statements of Comprehensive Loss
Expressed in Canadian dollars

	Notes	Years ended September 30, 2015	2014
Expenses			
Accounting, audit and legal		$ 56,165	$ 50,496
Amortization		543	696
Consulting fees	10	76,909	74,200
Exchange loss		1,658	899
Office and sundry		20,197	31,199
Regulatory fees and shareholder communications		21,295	8,301
Rent		12,000	13,000
Salaries and benefits	10	76,849	106,583
Share-based payments	8	60,344	-
Transfer agent		8,046	9,657
Travel and promotion		-	3,362
Total expenses		(334,006)	(298,393)
Other items			
Interest expense		-	(257)
Impairment of exploration and evaluation assets	6	(856,599)	(4,015,942)
Interest income		-	141
		(856,599)	(4,016,058)
Net and comprehensive loss for the year		$ (1,190,605)	$ (4,314,451)
Weighted average number of common shares outstanding - basic and diluted		32,930,650	29,521,883
Basic and diluted net loss per share		$ (0.04)	$ (0.15)

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

STINA RESOURCES LTD.

Consolidated Statements of Changes in Shareholders' Equity

Expressed in Canadian Dollars

		Share Capital		Reserves		
	Notes	Number of Common shares	Amount	Warrant and Stock Option Reserve	Deficit	Total
Balance Forward at September 30, 2013		**29,237,499**	**$ 12,030,598**	**$ 2,129,716**	**$ (8,426,915)**	**$ 5,733,399**
Net loss for the year ended September 30, 2014					(4,314,451)	(4,314,451)
Shares for Private Placement	8	400,000	100,000	-	-	100,000
Allocate Fair Value of Warrants	9	-	(24,000)	24,000	-	-
Shares issued on exploration and evaluation assets	7,9	400,000	32,000	-	-	32,000
Balance at September 30, 2014		**30,037,499**	**12,138,598**	**2,153,716**	**(12,741,366)**	**1,550,948**
Net Loss for the year ended September 30, 2015					(1,190,605)	(1,190,605)
Shares for Private Placement	8	5,825,000	490,000	-	-	490,000
Stock Option Grant	8	-	-	60,344	-	60,344
Balance at September 30, 2015		**35,862,499**	**$ 12,628,598**	**$ 2,214,060**	**$ (13,931,971)**	**$ 910,687**

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

STINA RESOURCES LTD.
Consolidated Statements of Cash Flows
Expressed in Canadian Dollars

	Years ended September 30, 2015	2014
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net loss for the year	$ (1,190,605)	$ (4,314,452)
Items not involving cash:		
Amortization	543	697
Interest income	-	(141)
Share-based payment	60,344	-
Impairment of exploration and evaluation assets	856,599	4,015,942
Changes in non-cash working capital items:		
Receivables	(2,356)	1,970
Prepaids	(3,000)	4,747
Trade payables and accrued liabilities	(15,509)	67,122
Net cash used in operating activities	(293,984)	(224,115)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Short-term investments redeemed	-	82,500
Interest received	-	141
Evaluation and exploration assets, net of recoveries	(16,504)	(69,664)
Net cash provided by (used in) investing activities	(16,504)	12,977
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common shares	490,000	100,000
Advances (to) from related parties	(98,299)	94,000
Net cash provided by financing activities	391,701	194,000
Increase (Decrease) in cash	81,213	(17,138)
Cash, beginning of the year	4,210	21,348
Cash, end of the year	$ 85,423	$ 4,210
Supplemental disclosure of cash flow information:		
Shares issued for exploration and evaluation assets	$ -	$ 32,000
Exploration and evaluation expenditures included in accounts payable	$ 7,701	$ 26,370

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

1. Nature and continuance of operations

Stina Resources Ltd. (the "Company") is incorporated under the laws of the Province of British Columbia, Canada, and its principal activity is the exploration of its mineral properties in Canada and the United States. The Company's shares are traded on the Canadian Securities Exchange ("CSE") under the symbol "SQA". The Company was previously listed on the TSX Venture Exchange ("TSX-V").

The corporate office and principal place of business of the Company is Suite 10 – 8331 River Road, Richmond, British Columbia, Canada, V6X 1Y1.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at September 30, 2015, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and/or private placement of common shares. These uncertainties may cast substantial doubt about the Company's ability to continue as a going concern.

2. Significant accounting policies and basis of preparation

The financial statements were authorized for issue on January 28, 2016 by the directors of the Company.

Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with the principles of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of preparation

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

Consolidation

These consolidated financial statements include the accounts and operations of the Company and the Company's wholly-owned subsidiary, Stina Resources Nevada Ltd., since its inception on December 14, 2009. Stina Resources Nevada Ltd. was incorporated in the United States of America.

All intercompany balances and transactions were eliminated upon consolidation.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with 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.

2. Significant accounting policies and basis of preparation (cont'd)

Significant accounting judgments, estimates and assumptions (cont'd)

Significant Judgments and estimates made in the preparation of the financial statements:

Going concern assessment: The preparation of these financial statements under the going concern assumption requires significant judgment in assessing that future loans or equity financing are likely to be available in order to meet obligations coming due. The going concern assumption implies that the Company is expected to continue operations for at least the ensuing 12 month period. Alternatively, if the going concern assumption was not appropriate then assets of the Company would be stated at liquidation values which could result in a material change to asset values.

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. Areas requiring a significant degree of estimation uncertainty relate to:

Impairment of exploration and evaluation assets: The future recoverability of exploration and evaluation assets is dependent on a number of factors, including whether the Company intends to exploit the related mineral interest itself or whether it can successfully recover the related exploration and evaluation asset through sale. Factors that could impact the future recoverability include commodity prices, the amount of estimated reserves and resources, the number of interested purchasers, future technological changes which could impact the cost of mining or future legal changes (including changes to environmental restoration obligations). To the extent that the capitalized exploration and evaluation asset is determined not to be recoverable in the future, the net asset will be reduced in the period in which this determination is made.

Stock based compensation: Upon granting stock options, management must select a valuation model as well as subjective inputs to that model in estimating the fair value of the options. Judgements are made regarding employee retention, expected exercise periods, and future stock volatility in estimating the fair value. Changes made to these judgements and estimates could materially affect the reported amount of stock based compensation in the period.

Foreign currency translation

The functional currency of the Company and its subsidiary is determined by the currency of the primary economic environment in which the entity operates. The financial statements are presented in Canadian dollars which is both the Company's and its subsidiary's functional currency. The Company presently conducts the majority of its activities in Canada.

<u>Transactions and balances:</u>

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive income in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of loss and comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

2. Significant accounting policies and basis of preparation (cont'd)

Share-based payments

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or 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 corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Share capital and share units

Common shares and share units issued are classified as equity. Incremental costs directly attributable to the issue of common shares and units are recognized as a deduction from equity, net of any tax effect.

Proceeds received on the issuance of units, consisting of common shares and share purchase warrants are allocated between the common share and warrant component. Historically the fair value of the common shares issued in unit private placements has determined to be the more reliably measurable component and has been measured at its fair value, as determined by the closing bid price on the issuance date. The remaining proceeds, if any, would be allocated to the attached warrants. Any value attributed to the warrants is recorded as warrant reserve. If the warrants are exercised, the related amount is reclassified as share capital. If the warrants expire unexercised, the related amount remains in warrant reserve.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

2. Significant accounting policies and basis of preparation (cont'd)

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Impairment of assets

The carrying amount of the Company's non-current assets (which include equipment and 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 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.

Deferred income tax

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2. Significant accounting policies and basis of preparation (cont'd)

Exploration and Evaluation Assets

The Company is in the exploration stage in respect to its exploration and evaluation assets.

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

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

Where the Company has entered into option agreements for the acquisition of an interest in exploration and evaluation assets which provided for periodic payments, such amounts unpaid are not recorded as a liability when they are payable entirely at the Company's discretion. Although the Company has taken steps to verify title to the exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. The exploration and evaluation assets may be subject to prior undetected agreements or transfers and title may be affected by such defects.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written-off to the Statement of Net Loss and Comprehensive Loss.

The Company assesses exploration and evaluation assets for impairment at each reporting date.

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 "mine development cost". Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

Any incidental revenue earned in connection with exploration activities is applied as a reduction to capitalized exploration costs. Any operational income earned in connection with exploration activities is recognized in the Statement of Net Loss and Comprehensive Loss.

Mineral exploration and evaluation expenditures are classified as intangible assets.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to exploration and evaluation assets with a

(Expressed in Canadian dollars)

2. Significant accounting policies and basis of preparation (cont'd)

Restoration and environmental obligations (cont'd)

corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of income and comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss in the period.

Depreciation is calculated on the declining balance basis at the following annual rates:

Computer equipment	30%
Office equipment	25%

One-half the normal rate is recorded in the year of acquisition.

3. New accounting pronouncements

Certain new accounting standards and interpretations have been adopted by the Company as of the beginning of the current fiscal period. The adoption of the following standard during the period did not have a material impact on the Company's financial statements.

IFRS 9 Financial Instruments – IFRS 9 is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". The standard will be effective for annual periods beginning on or after January 1, 2018.

4. Receivables

	September 30, 2015	September 30, 2014
Goods and Services tax receivables	$ 2,722	$ 366

(Expressed in Canadian dollars)

5. Equipment

	Computer Equipment	Office Equipment	Total
Cost:			
At September 30, 2013, 2014, and 2015	$ 765	$ 4,758	$ 5,523
Depreciation:			
At September 30, 2013	310	2,043	2,353
Charge for the year	85	611	696
At September 30, 2014	395	2,654	3,049
Charge for the year	69	474	543
At September 30, 2015	464	3,128	3,592
Net book value:			
At September 30, 2014	370	2,104	2,474
At September 30, 2015	$ 301	$ 1,630	$ 1,931

(Expressed in Canadian dollars)

6. Exploration and Evaluation Assets

	Years ended September 30, 2015	2014
Bisoni McKay Vanadium Property, Nevada, USA		
Acquisition costs:		
Balance, beginning and end of year	$ 897,722	$ 897,722
Exploration expenditures:		
Balance, beginning and end of year	840,095	825,972
Economic study	4,000	-
Geological consulting	909	2,542
Claim fees and staking	9,886	6,128
Storage	1,709	5,453
Balance, end of year	856,599	840,095
Impairment	(856,599)	-
Total Bisoni McKay Vanadium Property	$ 897,722	$ 1,737,817
Kodiak Property, Yukon, Canada		
Acquisition costs:		
Balance, beginning and end of year	$ -	$ 647,175
Balance, end of year	-	647,175
Exploration expenditures:		
Balance, beginning and end of year	-	379,537
Balance, end of year	-	379,537
Impairment	-	(1,026,712)
Total Kodiak Property	$ -	$ -
Dime Property, Yukon, Canada		
Acquisition costs:		
Balance, beginning and end of year	$ -	$ 827,150
Balance, end of year	-	827,150
Exploration expenditures:		
Balance, beginning and end of year	-	2,106,539
Geological consulting	-	8,451
Geomagnetic	-	26,678
Helicopter rentals	-	10,793
Camp expense	-	9,619
Balance, end of year	-	2,162,080
Impairment	-	(2,989,230)
Total Dime Property	$ -	$ -
KC Property, British Columbia, Canada		
Acquisition costs:		
Balance, beginning and end of year	$ 32,000	$ -
400,000 shares at $0.08	-	32,000
Balance, end of year	$ 32,000	$ 32,000
Bandit Creek Property, British Columbia, Canada		
Total Bandit Creek Property	$ 1	$ 1
Total Exploration and Evaluation Assets	**$ 929,723**	**$ 1,769,818**

6. Exploration and Evaluation Assets (cont'd)

The following is a description of the Company's exploration and evaluation assets and the related spending commitments:

a) **Bisoni MacKay Property, Nevada**

On April 25, 2005, Company entered into a property option agreement with Vanadium International Co. ("Vanadium") to purchase a 50% undivided interest in 19 mining claims (the Bisoni MacKay Vanadium Property), located in Nye County, Nevada, USA. The optioned claims are subject to a 2.5% Net Smelter Royalty (NSR).

The Company earned its 50% interest, by making a series of cash payments totaling $250,000 ($175,000 of which was settled for 175,000 shares), issuing 1,250,000 shares to Vanadium, as well as funding $700,000 of exploration activities.

During 2008, the Company exercised a purchase option, included in the original property option agreement, to acquire the remaining 50% interest in the mining claims, for a 100% total interest, subject to the 2.5% NSR. Consideration under the purchase option included a US$2,000,000 payment to the vendor. The US$2,000,000 option payment was satisfied in a share settlement through the issuance of 1,995,600 common shares with a fair value of $0.7982 per share.

The Company has staked an additional 18 claims in the area which are contiguous with the existing claims.

During 2008, the Company posted a reclamation bond with the Nevada state government should the Company not complete any required site reclamation or environmental remediation. Effective October 1, 2008, the Company recorded an asset retirement obligation of $21,768 relating to the Company's activities on the property. The site reclamation is expected to occur at the end of the Phase II drill program.

Managements' review for indications of impairment primarily considered that the carrying value of this property was impaired. In 2012, the Company recorded an impairment charge of $1,962,257 to decrease the carrying value of the property based on market indicators. In 2015, the Company recorded an additional impairment of $856,599 to impair all exploration costs incurred to date.

b) **Kodiak Property, Yukon**

On June 18, 2009, the Company entered into an option agreement with Ryanwood Exploration Inc. ("REI") pursuant to which REI has agreed to grant the Company an option to purchase a 100% beneficial interest in 152 mining claims located in the Dawson Mining District, Yukon Territory, subject to REI retaining a 2% NSR.

To exercise its option, the Company must make the following payments, share issuances and expenditures:

Cash payments:

- $75,000 within five days of TSX-V approval (paid)
- $50,000 on or before June 15, 2010 (paid)
- $100,000 on or before June 15, 2011 (paid)
- $75,000 on or before June 15, 2012, extended to November 18, 2012 (paid)
- $75,000 on or before June 15, 2013, reduced to $50,000 and extended to June 15, 2014 (unpaid)
- $50,000 on or before June 15, 2015 (unpaid)

6. Exploration and Evaluation Assets (cont'd)

b) **Kodiak Property, Yukon** (cont'd)

Shares:

- 250,000 common shares of the Company within five days of TSX-V approval (issued)
- 200,000 common shares of the Company on or before June 15, 2010 (issued)
- 200,000 common shares of the Company on or before June 15, 2011 (issued)
- 200,000 common shares of the Company on or before June 15, 2012 (issued)
- 250,000 common shares of the Company on or before June 15, 2013 (issued)

Exploration Expenditures:

- $100,000 on or before November 18, 2009 (incurred)
- $200,000 on or before November 15, 2010 (incurred)
- $300,000 on or before November 18, 2011 (reduced to $100,000 and extended to on or before November 18, 2014; $100,000 on or before November 18, 2015, and $100,000 on or before November 18, 2016)

The Company has the option to purchase one half of the NSR for a payment of $2,000,000. On January 9, 2015, the Company gave notice of termination of the option agreement to the vendor and has recognized an impairment of $1,026,712 in fiscal 2014.

c) **Dime Property, Yukon**

On July 23, 2009, the Company entered into a property option agreement with REI to earn a 100% interest in 308 claims in the Dawson Mining District, Yukon Territory, subject to a 2% NSR in favor of the optionor.

To exercise its option, the Company must make the following payments and expenditures:

Cash payments:

- $125,000 within fifteen days of TSX-V approval (paid)
- $125,000 on or before June 26, 2010 (paid)
- $100,000 on or before June 26, 2011 (paid)
- $100,000 on or before June 26, 2012, extended to November 18, 2012 (paid)
- $ 50,000 on or before December 31, 2013 (paid)
- $ 50,000 on or before March 31, 2014 (unpaid)
- $ 50,000 on or before July 31, 2014 (unpaid)

Shares:

- 200,000 common shares of the Company within five days of TSX-V approval (issued)
- 200,000 common shares of the Company on or before June 26, 2010 (issued)
- 300,000 common shares of the Company on or before June 26, 2011 (issued)
- 300,000 common shares of the Company on or before June 26, 2012 (issued)
- 250,000 common shares of the Company on or before June 26, 2013 (issued)

Exploration Expenditures:

- in the amount of $100,000 on or before November 15, 2009 (incurred)
- an additional amount of $250,000 on or before November 15, 2010 (incurred)
- an additional amount of $500,000 on or before November 15, 2011 (incurred)
- a cumulative amount of $600,000 on or before November 15, 2012 (incurred)

(Expressed in Canadian dollars)

6. Exploration and Evaluation Assets (cont'd)

c) **Dime Property, Yukon (cont'd)**

The Company has the option to purchase one half of the NSR for a payment of $2,000,000.

On May 7, 2014, the Company decided not to proceed with its option to earn its interest in the property and recorded an impairment of $2,989,230 in fiscal 2014.

d) **KC Property, British Columbia**

On June 27, 2014, the Company entered into an option agreement with Kevin Cohen to earn 100% interest in the 405 hectare KC property located in the Kitimat-Stikine district of British Columbia, approximately 30 kilometres southeast of the city of Stewart.

The agreement calls for the issuance of 400,000 common shares (issued) and a $5,000 cash payment (deferred).

7. Trade payables and accrued liabilities

	September 30, 2015	September 30, 2014
Trade payables	$ 58,438	$ 73,164
Accrued liabilities	30,667	24,000
	$ 89,115	$ 97,164

8. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

		Year ended September 30, 2015		Year ended September 30, 2014	
		Number of Shares	Amount $	Number of Shares	Amount $
Balance, beginning of year		30,037,499	12,138,598	29,237,499	12,030,598
Issued during the year:					
For Cash, private placement					
- at $0.05	i)	4,500,000	225,000	-	-
- at $0.20	ii)	1,000,000	200,000	-	-
- at $0.20	iii)	325,000	65,000	-	-
- at $0.25	iv)	-	-	400,000	100,000
Less value allocated to warrants			-		(24,000)
For Mineral Property:					
- at $0.08 per share	v)	-	-	400,000	32,000
Balance, end of year		35,862,499	12,628,598	30,037,499	12,138,598

8. Share capital (cont'd)

i) On February 27, 2015, the Company completed a non-brokered private placement of 4,500,000 units at a price of $0.05 per unit for gross proceeds of $225,000. Each unit consisted of one common share and one two year non-transferable share purchase warrant. Each warrant will entitle the holder to purchase one additional common share of the Company for a period of two years at a price of $0.20 per share on until February 27, 2017. The Company estimated the fair value of the common shares issued as part of these units to approximate the issue price of the entire unit. Accordingly, in applying the residual value method, the Company assigned a value of $nil to the warrant component of this instrument.

ii) On July 10, 2015, the Company completed a non-brokered private placement of 1,000,000 units at a price of $0.20 per unit for gross proceeds of $200,000. Each unit consisted of one common share and one two year non-transferable share purchase warrant. Each warrant will entitle the holder to purchase one additional common share of the Company for a period of two years at a price of $0.40 per share on until July 10, 2017. The Company estimated the fair value of the common shares issued as part of these units to approximate the issue price of the entire unit. Accordingly, in applying the residual value method, the Company assigned a value of $nil to the warrant component of this instrument.

iii) On September 10, 2015, the Company completed a non-brokered private placement of 325,000 units at a price of $0.20 per unit for gross proceeds of $65,000. Each unit consisted of one common share and one two year non-transferable share purchase warrant. Each warrant will entitle the holder to purchase one additional common share of the Company for a period of two years at a price of $0.25 per share on until September 11, 2017. The Company estimated the fair value of the common shares issued as part of these units to approximate the issue price of the entire unit. Accordingly, in applying the residual value method, the Company assigned a value of $nil to the warrant component of this instrument.

iv) On January 30, 2014, the Company completed a non-brokered private placement of 400,000 units at a price of $0.25 per unit for gross proceeds of $100,000. Each unit consisted of one common share and one two year non-transferable share purchase warrant. Each warrant will entitle the holder to purchase one additional common share of the Company for a period of two years at a price of $0.50 per share on until January 30, 2016. The Company estimated the fair value of the common shares issued as part of these units to be $76,000. Accordingly, in applying the residual value method, the Company assigned a value of $24,000 to the warrant component of this instrument.

v) On August 28, 2014, the Company issued 400,000 common shares with a fair value of $0.08 per share as part of a property acquisition. Fair value was determined using the quoted price at the time of the transaction.

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the CSE and TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 5 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following

(Expressed in Canadian dollars)

8. Share capital (cont'd)

Stock options (cont'd)

cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities.

The changes in options during the years ended September 30, 2015 and 2014 are as follows:

	September 30, 2015		September 30, 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of year	2,250,000	$ 0.31	2,250,000	$ 0.31
Options expired	(825,000)	0.41	-	-
Options cancelled	(800,000)	0.15	-	-
Options granted	1,025,000	0.05	-	-
Options outstanding, end of year	1,275,000	$ 0.10	2,250,000	$ 0.31
Options exercisable, end of year	1,275,000	$ 0.10	2,250,000	$ 0.31

Details of options outstanding as at September 30, 2015 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding
$0.33	0.46 years	250,000
$0.05	4.28 years	1,025,000
$0.24	3.53 years	1,275,000

The grant date fair value of options granted during the year ended September 30, 2015 is $0.06 (2014 was $nil). The fair value was determined using the Black-Scholes option pricing model using the following assumptions:

	Year ended September 30, 2015
Expected life of options	5 years
Annualized volatility	116.51%
Risk-free interest rate	0.69%
Dividend rate	0%

(Expressed in Canadian dollars)

8. Share capital (cont'd)

Warrants

September 30, 2014	Issued	(Expired)	September 30, 2015	Terms
2,100,000	-	-	2,100,000	$.45 and 1 warrant to September 19, 2017
400,000	-	-	400,000	$.50 and 1 warrant to January 30, 2016
-	4,500,000	-	4,500,000	$.20 and 1 warrant to February 27, 2017
-	1,000,000	-	1,000,000	$.40 and 1 warrant to July 10, 2017
-	325,000	-	325,000	$.25 and 1 warrant to September 11, 2017
2,500,000	5,825,000	-	8,325,000	

September 30, 2013	Issued	(Expired)	September 30, 2014	Terms
2,100,000	-	(2,100,000)	-	$.45 and 1 warrant to September 19, 2015
-	400,000	-	400,000	$.50 and 1 warrant to January 30, 2016
2,100,000	400,000	(2,100,000)	400,000	

On July 30, 2015, the Company received TSX Venture Exchange approval to extend the expiry date of 2,100,000 warrants from September 19, 2015 to September 19, 2017.

9. Reserves

The reserves recorded in equity on the Company's balance sheet is composed of the value of stock option grants and share purchase warrants issued prior to exercise at which time the corresponding amount will be transferred to share capital. The original value recorded for options and warrants that expire unexercised remains in the reserve balance.

10. Related party transactions

The Company entered into the following transactions with related parties:

a) The Company incurred consulting fees in the amount of $69,500 (2014 - $66,500) with a company owned by a director for consulting services.

b) The Company incurred remuneration in the amount of $71,500 (2014 - $60,500) with a senior officer and director.

c) The Company incurred consulting fees in the amount of $7,459 (2014 - $30,100) with a director.

d) The Company incurred consulting fees in the amount of $nil (2014 - $6,000) with a senior officer and director.

e) At September 30, 2015, the Company owes $283 (2014 - $nil) to a senior officer and director for expenses. The Company owes $7,459 to a director for consulting fees. The Company also owes $28,856 to an unrelated company owned by a shareholder. The amounts are unsecured, non-interest bearing, and have no specific terms of repayment.

(Expressed in Canadian dollars)

10. Related party transactions (cont'd)

Key management personnel compensation

	Years ended September 30	
	2015	2014
Short-term employee benefits - consulting fees	$ 76,909	$ 102,600
Short-term employee benefits – salaries and wages	71,500	60,500
	$ 148,409	$ 163,100

11. Financial risk management

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

Credit Risk

The Company is exposed to credit risk by holding cash and short-term investments. Holding the cash and short-term investments in large Canadian financial institutions minimizes this risk. The Company has minimal accounts receivable exposure, and its various refundable credits are due from Canadian governments.

Currency Risk

The Company's functional currency is the Canadian dollar. There is moderate foreign exchange risk to the Company as one of its mineral property interests is located in Nevada, USA. Management monitors its foreign currency balances and makes adjustments based on anticipated need for currencies. The Company does not engage in any hedging activities to reduce its foreign currency risk.

Interest Rate Risk

The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. The fair value of the Company's cash accounts is relatively unaffected by changes in short term interest rates. The income earned on certain bank accounts is subject to the movements in interest rates. Currently, this risk will have an immaterial effect on operations.

Price Risk

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 currency risk or interest rate risk). The Company is at risk to changes in commodity prices which may affect financing options available to the Company.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company manages this risk by careful management of its working capital.

11. Financial risk management (cont'd)

Capital Management

The Company is engaged in the mineral exploration field and manages related industry risk issues directly. The Company is potentially at risk for environmental issues and fluctuations in commodity based market prices associated with resource property interests. Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements.

The Company includes cash and equity in the definition of capital. Equity is comprised of issued common shares and deficit.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital.

There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

The Company has designated its cash as held-for-trading, which is measured at fair value. Amounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and amounts due to related parties are classified as other financial liabilities, which are measured at amortized cost.

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

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 assets and liabilities measured on a recurring basis include cash and short-term investments which are based on Level 1 inputs as they are measured with reference to identical demand instruments at BMO. Management estimates that the recorded values of all accounts receivable, accounts payable, and amounts due to and from related parties approximate their current fair values because of their nature and anticipated settlement dates (Level 3).

(Expressed in Canadian dollars)

12. Income Taxes

The actual income tax provision differs from the expected amounts calculated by applying the Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are estimated as follows:

	2015 $	2014 $
Loss before income taxes	(1,190,605)	(4,314,451)
Corporate tax rate	26.00%	26.00%
Expected tax recovery at statutory rates	(309,600)	(1,121,800)
Decrease (increase) resulting from:		
Changes in estimated corporate tax rates	-	-
Expiry of non-capital losses carried forward	51,700	21,900
Non deductible stock compensation and other	19,500	2,600
Current and prior tax attributes not recognized	238,400	1,097,300
Deferred income tax provision (recovery)	-	-

The Company's tax-effected deferred income tax assets and liabilities are estimated as follows

	2015 $	2014 $
	26.00%	26.00%
Potential deferred income tax assets (liabilities)		
Non-capital losses available	865,300	839,900
Net book value of exploration and evaluation assets		
Less than tax bases	1,340,500	1,121,400
CEC pool	9,000	9,000
Share issue costs and other	2,100	8,200
Capital losses available	1,500	1,500
Net potential deferred income tax assets	2,218,400	1,980,000
Valuation allowance	(2,218,400)	(1,980,000)
Net deferred income tax assets	-	-

Management has determined that there is insufficient likelihood of recovery to record a deferred benefit arising from potential tax assets. Accordingly a 100% valuation allowance has been applied.

At September 30, 2015, the Company had net operating losses of $3,328,100, inclusive of those inherited from the discontinued operations of Northern Seas Products Ltd., for income tax purposes which subject to restrictions may be available to reduce future taxable income. If not utilized, the losses expire through 2035 as follows:

(Expressed in Canadian dollars)

12. Income Taxes (cont'd)

	$
2035	296,600
2034	357,400
2033	413,500
2032	480,100
2031	432,700
2030	405,900
2029	314,600
2028	225,700
2027	182,300
2026	219,300
	3,328,100

13. Subsequent events

On December 16, 2015, the Company granted a total of 1,350,000 stock options to directors and senior officers exercisable at $0.15 for a period of five years.

On January 22, 2016, the Company completed a non-brokered private placement of 500,000 units at a price of $0.20 per unit for gross proceeds of $100,000. Each unit consists of one common share of the Company and one share purchase warrant exercisable at a price of $0.30 cents per share for a period of two years. The shares are subject to a hold period expiring May 22, 2016.