FORM 2A

LISTING STATEMENT

This Listing Statement must be used for all initial applications for listing and for Issuers resulting from a fundamental change. The Exchange requires prospectus level disclosure in the Listing Statement (other than certain financial disclosure and interim Management's Discussion and Analysis) and can require that the Issuer include additional disclosure.

General Instructions

(a) Please prepare this Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) In this form, the term "Issuer" includes the applicant Issuer and any of its subsidiaries.

(c) In determining the degree of detail required, a standard of materiality should be applied. Materiality is a matter of judgment in a particular circumstance, and should generally be determined in relation to an item's significance to investors, analysts and other users of the information. An item of information, or an aggregate of items, is considered material if it is probable that its omission or misstatement would influence or change an investment decision with respect to the Issuer's securities. In determining whether information is material, take into account both quantitative and qualitative factors. The potential significance of items should be considered individually rather than on a net basis, if the items have an offsetting effect. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.

(d) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation.

(e) For Issuers that are re-qualifying for listing following a fundamental change, provide historic and current details on

(i) the Issuer

(ii) all other companies or businesses that are involved in the fundamental change (the "target"); and

(iii) the entity that will result from the fundamental change (the "New Issuer").

Information concerning the Issuer that was contained in the most recent Listing Statement may be incorporated by reference, but this statement must indicate if any of the information in the prior statement has changed (e.g. describing a business that will no longer be undertaken by the New Issuer). Information concerning assets or lines of business of the target that will not be part of the New Issuer's business should not be included.

(f) This Listing Statement provides prospectus-level disclosure. It will be amended from time to time to reflect any changes to the prospectus disclosure requirements. If changed, the new form is to be used for the next listing statement the Issuer is required to file. The Issuer does not have to amend a listing statement currently on file to reflect any new disclosure requirements.

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2. CORPORATE STRUCTURE

2.1 State the full corporate name of the Issuer or, if the Issuer is an unincorporated entity, the full name under which the entity exists and carries on business and the address(es) of the Issuer's head and registered office.

Inspiration Mining Corporation

2.2 State the statute under which the Issuer is incorporated or continued or organized or, if the Issuer is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which the Issuer is established and exists. Describe the substance of any material amendments to the articles or other constating or establishing documents of the Issuer.

The Issuer was incorporated pursuant to the *Business Corporations Act* (Ontario).

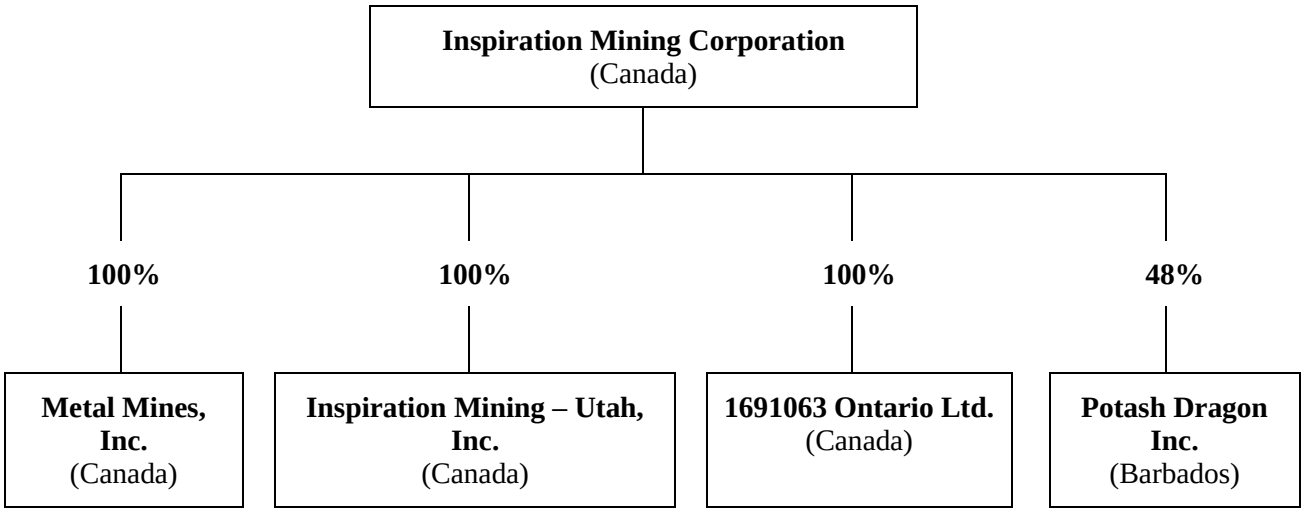
There are no material amendments to the articles.

2.3 Describe, by way of a diagram or otherwise, the intercorporate relationships among the Issuer and the Issuer's subsidiaries. For each subsidiary state

(a) the percentage of votes attaching to all voting securities of the subsidiary represented by voting securities beneficially owned, or over which control or direction is exercised, by the Issuer;

(b) the place of incorporation or continuance; and

(c) the percentage of each class of restricted shares beneficially owned, or over which control or direction is exercised, by the Issuer.



2.4 If the Issuer is requalifying following a fundamental change or is proposing an acquisition, amalgamation, merger, reorganization or arrangement, describe by way of diagram or otherwise these intercorporate relationships both before and after the completion of the proposed transaction.

N/A

2.5 Non-corporate Issuers and Issuers incorporated outside of Canada must describe how their governing legislation or constating documents differ materially from Canadian corporate legislation with respect to the corporate governance principles set out in Policy 4.

N/A

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 Describe the general development of the Issuer's business over its three most recently completed financial years and any subsequent period. Include only major events or conditions that have influenced the general development of the Issuer's business. If the business consists of the production or distribution of more than one product or the rendering of more than one kind of service, describe the principal products or services. Also discuss changes in the business of the Issuer that are expected to occur during the current financial year of the Issuer.

Overview

The Issuer is an exploration Issuer that has been an active explorer since 2002. Since its acquisition of Metal Mines in 2004, the Issuer's primary objective has been the continued exploration and development of the Langmuir Property. The Issuer has acquired additional properties in Utah and Ontario but has not conducted any significant exploration work on such properties to date. All of the Issuer's mineral properties are currently in the exploration stage.

Three-Year History

Developments in Fiscal Year ended September 30, 2013

During the fiscal year ended September 30, 2013, the Issuer continued with its efforts on the drilling and exploration of its Langmuir Property with a view of updating its resource calculation which was set out in the Micon Report.

The Issuer also commenced a strategic review of its nickel assets located on the Langmuir Property. The various options being considered is the possibility of restarting the Langmuir No.1 underground mine on the basis of a substantially better defined resource model. That is now possible as a result of an extensive drill program that has been conducted on the Langmuir No.1 deposit since the Issuer gained control of the Langmuir Property in 2004. Certain higher grade resource blocks were excluded from the Micon Report and the Langmuir No.1 resource estimate due to these resource blocks falling outside the optimal open pit shell.

In April 2013, the Issuer acquired an aggregate of 2,187,500 common shares (the "Warrant Shares") in the capital of Potash Dragon Inc. ("Potash Dragon") through the exercise of warrants at an exercise price of $0.80 per share. Upon the acquisition of the Warrants Shares, the Issuer now owns an aggregate of 3,437,500 common shares in the capital of Potash Dragon (increasing its ownership interest in Potash Dragon from 20% to 41% of the issued and outstanding securities in the capital of Potash Dragon).
Potash Dragon prepared an report entitled "Exploration Potential and Mineral Resource Estimate for Potash Dragon Inc.'s Llamara Project, Salar de Llamara, Northern Chile" (the "Report"). The Report was prepared by Dr. C. Mortimer and is dated February 19, 2013 with an effective date of January 31, 2013. A copy of the Report is available through the Issuer's profile on the SEDAR website (www.sedar.com). The Report was prepared to declare a brine mineral estimate and exploration potential for Potash Dragon's Llamara and Solida properties.

Developments in Fiscal Year ended September 30, 2014

During the fiscal year ended September 30, 2014, the Issuer continued with its efforts on the drilling and exploration of its Langmuir Property with a view of updating its resource calculation which was set out in the Micon Report.

The Issuer also commenced a strategic review of its nickel assets located on the Langmuir Property. The various options being considered is the possibility of restarting the Langmuir No.1 underground mine on the basis of a substantially better defined resource model. That is now possible as a result of an extensive drill program that has been conducted on the Langmuir No.1 deposit since the Issuer gained control of the Langmuir Property in 2004. Certain higher grade resource blocks were excluded from the Micon Report and the Langmuir No.1 resource estimate due to these resource blocks falling outside the optimal open pit shell.

In January, 2014, the Issuer acquired an additional 1,265,550 common shares (the "Penalty Shares") in the capital of Potash Dragon Inc. ("Potash Dragon"). The Penalty Shares were issued to the Issuer for no additional consideration. The Corporation's initial subscription agreement for securities in Potash Dragon provided, inter alia, that in the event Potash Dragon did not complete its going public transaction on or before December 22, 2013, Potash Dragon would issue to the Issuer such number of shares of Potash Dragon equal to fifteen percent (15%) of the issued and outstanding shares of Potash Dragon at such time. The Penalty Shares represents 15% of the issued and outstanding shares of Potash Dragon as at December 31, 2013. Upon the issuance of the Penalty Shares, the Issuer now owns an aggregate of 4,703,050 common shares in the capital of Potash Dragon (increasing its ownership interest in Potash Dragon from 41% to 48% of the issued and outstanding securities in the capital of Potash Dragon).

Potash Dragon prepared a report entitled "Exploration Potential and Mineral Resource Estimate for Potash Dragon Inc.'s Llamara Project, Salar de Llamara, Northern Chile" (the "Report"). The Report was prepared by Dr. C. Mortimer and is dated February 19, 2013 with an effective date of January 31, 2013. A copy of the Report is available through the Issuer's profile on the SEDAR website (www.sedar.com). The Report was prepared to declare a brine mineral estimate and exploration potentional for Potash Dragon's Llamara and Solida properties.

Developments in Fiscal Year ended September 30, 2015

During the fiscal year ended September 30, 2015, the Issuer continued with its efforts on the drilling and exploration of the Langmuir Property with a view of updating its resource calculation which was set out in the Micon Report.

Due to the continued depress markets for nickel and other minerals, the Issuer is continuing with its strategic review of its nickel assets. The various options being considered is the possibility of restarting the Langmuir No.1 underground mine on the basis of a substantially better defined resource model. That is now possible as a result of an extensive drill program that has been conducted on the Langmuir No.1 deposit since the Issuer gained control of the Langmuir Property in 2004. Certain higher grade resource blocks were excluded from the Micon Report and the Langmuir No.1 resource estimate due to these resource blocks falling outside the optimal open pit shell.

In May, 2015, the Issuer filed articles of amendment consolidating its common shares on a five (5) for one (1) basis.

In August, 2015, the Issuer requested that its common shares be voluntarily delisted from the Toronto Stock Exchange ("TSX"). The Issuer had been under delisting review since April 10, 2015 and it is not able to meet

TSX's continued listing requirements. The Issuer filed a listing application with the TSX Venture Exchange for the listing of its common shares through the facilities of the TSX Venture Exchange which such application was denied by the TSX Venture Exchange. The common shares were delisted from the TSX on January 4, 2016. The Issuer has filed a listing application with the Canadian Securities Exchange ("CSE") and the Issuer continues to work with the CSE in order to satisfy its list requirements.

Additionally, in August 2015, the Issuer completed its non-brokered private placement. The Issuer issued an aggregate of 8 million common shares of the Corporation at a price of $0.05 per common share for gross proceeds of $400,000. In connection with the private placement, the Issuer is required to pay a cash fee of $32,000 or 8% of the aggregate consideration raised pursuant to the private placement to an arm's length third party.

The Issuer also allowed its option on the Dry Fork Property in Utah to lapse.

Performance Summary

Beginning in 2005 and continuing into fiscal 2015, exploration of the Langmuir Property has been the principal focus of the Issuer.

Langmuir Property

As announced earlier, the Issuer has commenced a strategic review of its nickel assets located on its Langmuir Property. To assist in that review, it has obtained the services of mine engineering specialists.
The various options being considered is the possibility of restarting the Langmuir No.1 underground mine on the basis of a substantially better defined resource model. That is now possible as a result of an extensive drill program that has been conducted on the Langmuir No.1 deposit since the Issuer gained control of the Langmuir Property in 2004. Certain higher grade resource blocks were excluded from the Micon Report and the Langmuir No.1 resource estimate due to these resource blocks falling outside the optimal open pit shell.
Among the observations and conclusions of the specialist is that the historical technical work conducted on the Langmuir Property, including geophysics, exploration, core logging, sampling methods, sample preparation, sample analysis, sample security, data verification, metallurgical testing, database compilation and report writing have been performed to a very high standard. The extensive geological database is well structured and random checks of the geology information contained in it have confirmed its integrity.

Those initial conclusions further note that whereas the resource estimation methodology for an open pit mine was appropriate, the open pit resource estimation methodology is not amenable for the establishment of an underground resource estimate and preliminary mine design. At this time, the review is ongoing.

The Issuer will not disclose substantive developments with respect to the strategic review process until such time the Board of Directors has approved a specific transaction or otherwise determines that disclosure of an optimized mine development plan is necessary or appropriate. The Issuer cautions that there are no assurances or guarantees that the process will result in a transaction or amended mine development plan, and if a transaction or amended mine development plan is undertaken, as to the terms or timing of such transaction or mine.

Keefe Cook Property

In November, 2008, the Issuer acquired the Keefe Cook Property which lies adjacent to the west of the Langmuir Property for $75,000 cash and the issuance of 105,000 common shares. The Keefe Cooke Property consists of two patented land claims covering approximately 370 ha. From May through June, 2009, five diamond drill holes,

totalling 1,381, meters of drilling, were completed on the property. The purpose of this drilling was to test the Southwestern Extension of a magnetic anomaly from the Allerston Grid of the Langmuir Property.

During the fiscal year ended September 30, 2014, the Issuer did not conduct any significant exploration activities on the Keefe Cook Property and limited its expenditures on these claims to care and maintenance.

Cleaver/Douglas Properties

The Cleaver Property currently consists of 13 contiguous unpatented mining claims containing of 192 claim units and covering 3,072 ha. Those are located approximately 47 km south of South Porcupine, Ontario and approximately 15 km south of the Langmuir Property. That property lies within the northeastern portion of Cleaver Township, the southeastern portion of Fallon Township, the southwestern portion of Fasken Township and the northwestern portion of McNeil Township, Porcupine Mining Division, District of Cochrane, Ontario.

The western portion of the property is underlain by felsic metavolcanics and metasediments, which are then overlain by peridotitic komatiites. Numerous airborne electromagnetic anomalies are located at or near the komatiite lower contact. This unit has not been explored for either base metal or nickel mineralization. The eastern portion of the property is underlain by felsic metavolcanics with numerous airborne electromagnetic anomalies and mafic metavolcanics.

Previous exploration activities utilizing Reverse Circulation Drilling within the central portion of the property returned values in the overburden of up to 3,110 ppm of copper and up to 521,460 ppb gold. The Flinsky copper-zinc showing is located approximately 2.3km southwest of the property.

The Douglas Property initially consisted of five contiguous unpatented mineral claims covering 552 hectares and lying approximately 2.5 km west of the Cleaver Property. In the last quarter of fiscal 2009, an addition six claims, made up of 88 claim units, all surrounding the Douglas Property and tying it together with the Cleaver Property, were staked. Together, the properties make up a single tract covering approximately 12,400 hectares. The former Texmont Nickel Mine is located approximately 9.6 km to the west-southwest of the Douglas Property.

The dominant bedrock geology in the area is mafic and intermediate metavolcanics. A large felsic intrusive is situated south west of the property, part of which is located within the property boundaries. Several north-trending diabase dykes traverse the region west of the property.

Numerous east to southeast trending olivine diabase dykes traverse the region, and are also present within the property itself. Several faults are also present in the area. Most of the lakes are structurally controlled by these faults. Ultramafic metavolcanics are present west of the property.

Three known copper showings consisting of disseminated chalcopyrite in quartz carbonate veining occur within a strongly foliated mafic metavolcanics in the west central portion of the property.

Minor amounts of molybdenite occur along fracture surfaces within quartz veins intruding a porphyritic granodiorite occurs 1.3km to the northwest of the property. The former Texmont Nickel Mine is located approximately 9.6km to the west-southwest of the Douglas Property.

During the year ended September 30, 2010, management determined that the Douglas property to be impaired and accordingly, the cumulative costs were written off to operations.

During the fiscal year ended September 30, 2014, the Issuer did not conduct any significant exploration activities on the Cleaver Properties and limited its expenditures on these claims to care and maintenance and management determined that the Cleaver property to be impaired and accordingly, the cumulative costs were written off to operations.

Desrosiers Property

In November 2008 the Issuer acquired all of the issued and outstanding securities of 1691063 Ontario Ltd. 1691063 Ontario Ltd. owns a 100% interest in the Desrosier Property. That property is located in Desrosiers Township, Ontario, and lies approximately 150 km southwest of the City of Timmins. The property, at the time of acquisition, contained 6 contiguous unpatented mining claims, consisting of 42 claim units covering approximately 680 hectares. The property lies in a treed and rugged terrain requiring extensive line-cutting work for surface surveys.

The property hosts quartz – feldspar pegmatites and pegmatitic veins that contain molybdenite concentrations of potential economic value along with elevated concentrations of bismuth and silver. Previous work has reported a total of 33 showings or occurrences, four (4) of which have been the subject of systematic work including trenching, stripping and drilling.

The former owners of the Desrosier challenged the Issuer's compliance with the terms of option agreement pursuant to which the property was transferred to 1691063 Ontario Ltd. Although management did not fell the issues being raised were substantive, it did take those claims seriously and commenced legal proceeds to obtain a declaration that the Issuer has complied with the terms of the option agreement.

As a result of the legal action, exploration on the Desrosier Property was minimal. In November, 2012, the Issuer settled the legal claim with the former owners agreeing that the option agreement has been complied with.

Management is currently reviewing the status of its exploration to determine if further exploration is warranted.

During the year ended September 30, 2014, management determined that the Desrosiers property to be impaired and accordingly, the cumulative costs were written off to operations.

3.2 Disclose:

(1) (a) any significant acquisition completed by the Issuer or any significant probable acquisition proposed by the Issuer, for which financial statements would be required under National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus; and

(b) any significant disposition completed by the Issuer during the most recently completed financial year or the current financial year for which *pro forma* financial statements would be required under National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus.

N/A

(2) Under paragraph (1) include particulars of

(a) the nature of the assets acquired or disposed of or to be acquired or disposed of;

(b) the actual or proposed date of each significant acquisition or significant disposition;

(c) the consideration, both monetary and non-monetary paid, or to be paid, to or by the Issuer;

(d) any material obligations that must be complied with to keep any significant acquisition or significant disposition agreement in good standing;

(e) the effect of the significant acquisition or significant disposition on the operating results and financial position of the Issuer;

(f) any valuation opinion obtained within the last 12 months required under Canadian securities legislation, a directive of a Canadian securities regulatory authority, or a requirement of a Canadian stock exchange or other Canadian market to support the value of the consideration received or paid by the Issuer or any of its subsidiaries for the assets, including the name of the author, the date of the opinion, the assets to which the opinion relates and the value attributed to the assets; and

(g) whether the transaction is with a Related Party of the Issuer and if so, disclose the identity of the other parties and the relationship of the other parties to the Issuer.

N/A

3.3 Discuss any trend, commitment, event or uncertainty that is both presently known to management and reasonably expected to have a material effect on the Issuer's business, financial condition or results of operations, providing forward-looking information based on the Issuer's expectations as of the date of the Listing Statement.

Competitive Conditions

The mining industry is competitive in all of its phases. The Issuer faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, precious and base metals. Many of these companies have greater financial resources, operational experience and technical capabilities than the Issuer. As a result of this competition, the Issuer may be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all. Consequently, the Issuer's revenues, operations and financial condition could be materially adversely affected.

Environmental Risks and Hazards

All phases of the Issuer's operations are subject to environmental regulation in the various jurisdictions in which the Issuer operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Issuer's operations. Environmental hazards may exist on the properties on which the

Issuer holds interests which are unknown to the Issuer at present and which have been caused by previous or existing owners or operators of the properties. Reclamation costs are uncertain and planned expenditures may differ from the actual expenditures required.

Exploration, Development and Operating Risk

The exploration for, and development of, mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Issuer not receiving an adequate return on invested capital. There is no certainty that the expenditures made by the Issuer towards the search and evaluation of mineral deposits will result in discoveries of commercial quantities of ore.

Mining operations generally involve a high degree of risk. Such operations are subject to all of the hazards and risks normally encountered in the exploration for, and development and production of copper and other base or precious metals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

Uncertainty in the Estimation of Mineral Reserves and Resources

There is a degree of uncertainty to the calculation of mineral reserves and mineral resources and corresponding grades being mined or dedicated to future production. Until mineral reserves or mineral resources are actually mined and processed, the quantity of mineral resources and mineral reserve grades must be considered as estimates only. In addition, the quantity of mineral reserves and mineral resources may vary depending on, among other things, metal prices. Any material change in quantity of mineral reserves, mineral resources, grade or stripping ratio may affect the economic viability of the Langmuir Property.

Fluctuation in nickel and other base or precious metals prices, results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require revisions of such estimates. The volume and grade of reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of mineral reserves and mineral resources, or of the Issuer's ability to extract these mineral reserves, could have a material adverse effect on the Issuer's results of operations and financial condition.

Metal Prices

The development and success of the Langmuir Property will be primarily dependent on the future price of nickel. Should the Issuer decide, subject to a positive feasibility study, to develop the nickel resources at the Langmuir Prices, such nickel development would be dependent on nickel prices.

Metal prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of the Issuer. Such factors include, but are not limited to, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major nickel-producing countries throughout the world. The price of nickel, and other base and precious metals, has fluctuated widely in recent years and future serious price declines could cause continued development of, and commercial production from, the Langmuir Property to be impracticable. Depending on the price of nickel and other base metals, the Issuer could be forced to discontinue development and may lose its interest in, or may be forced to sell, some of its properties.

Declining commodity prices can also impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

No History of Mining Operations

The Issuer does not have a history of mining operations and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

Dependence on Limited Mining Properties

The Langmuir Property accounts for the significant majority of the Issuer's mineral resources and the potential for the future generation of revenue. Any adverse development affecting the progress of the Langmuir Property such as, but not limited to, the ability of the Issuer to hire and retain suitable personnel and contractors, or securing supply agreements on commercially suitable terms may have a material adverse effect on the Issuer's financial performance and results of operations.

Insurance and Uninsured Risks

The Issuer's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Issuer's properties or the properties of others, delays in development or mining, monetary losses and possible legal liability. Although the Issuer maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with its operations. The Issuer may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Issuer or to other companies in the mining industry on acceptable terms. The Issuer might also become subject to liability for pollution or other hazards which may not be insured against or which the Issuer may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Issuer to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Government Regulation

The Issuer's mineral exploration and development activities are subject to various laws governing prospecting, mining, development, production, royalties and taxes, export licenses, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. Although the Issuer's exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development or otherwise have a materially adverse effect on the Issuer.

Many of the mineral rights, interests and agreements of the Issuer are subject to government approvals, licenses and permits. Such approvals, licenses and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental officials. No assurance can be given that the Issuer will be successful in maintaining any or all of the various approvals, agreements, licenses and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained, the Issuer may be curtailed or prohibited from continuing or proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations, agreements and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws and regulations governing operations or more stringent implementation thereof could have a substantial adverse impact on the Issuer and cause increases in exploration expenses, capital expenditures or require abandonment or delays in development of new mining properties.

Need for Additional Mineral Reserves

As mines have limited lives defined by their proven and probable mineral reserves, the Issuer will be required to continually replace and expand its mineral reserves as its mines produce nickel.

No Assurance of Titles or Boundaries

Titles to the Issuer's properties may be challenged or impugned, and title insurance is generally not available. The Issuer's mineral properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. As a result, the Issuer may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

Human Resources

The Issuer depends on a relatively small number of key employees, the loss of any of whom could have an adverse effect on the Issuer. The Issuer currently does not have key person insurance for these individuals. The development of the Langmuir Property has and will continue to require further expansion of the Issuer's development and operating teams. There is no assurance that the Issuer will be able to attract and retain personnel

to staff the development and operating teams. This may be more difficult in light of the shortages of labour in the mining industry in general.

Dividend Policy

No dividends on the Issuer's common shares have been paid to date. the Issuer anticipates that for the foreseeable future it will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of the Issuer's board of directors after taking into account many factors, including the Issuer's operating results, financial condition and current and anticipated cash needs.

Future Sales of Common Shares by Existing Shareholders

Sales of a large number of IMC common shares in the public markets, or the potential for such sales, could decrease the trading price of the common shares and could impair the Issuer's ability to raise capital through future sales of common shares. The Issuer has previously completed private placements and public offerings at prices per share which are lower than the current market price of its common shares. Accordingly, a significant number of shareholders of the Issuer have an investment profit in the common shares that they may seek to liquidate. Substantially all of the common shares can be resold without material restriction in Canada.

The Issuer may be a "PFIC" under U.S. Tax Laws

Acquiring, holding or disposing of the Issuer's securities may have tax consequences under the laws of Canada and the United States that are not disclosed in this AIF and, in particular, potential investors should be aware that the Issuer may be a "passive foreign investment Issuer" under the U.S. Internal Revenue Code and if it is or becomes a "passive foreign investment Issuer", there may be tax consequences for investors in the United States. Potential investors that are U.S. taxpayers should be aware that the U.S. Internal Revenue Service may determine that the Issuer is a "passive foreign investment Issuer" under Section 1297(a) of the U.S. Internal Revenue Code (a "**PFIC**"). If the Issuer is or becomes a PFIC, any gain recognized on the sale of common shares and any excess distributions paid on the common shares must be ratably allocated to each day in a U.S. taxpayer's holding period for the common shares. The amount of any such gain or excess distribution allocated to prior years of such U.S. taxpayer's holding period for the common shares generally will be subject to U.S. federal income tax at the highest tax applicable to ordinary income in each such prior year, and the U.S. taxpayer will be required to pay interest on the resulting tax liability for each such prior year, calculated as if such tax liability had been due in each such prior year.

Alternatively, a U.S. taxpayer that makes a "QEF election" generally will be subject to U.S. federal income tax on such U.S. taxpayer's pro rata share of the Issuer's "net capital gain" and "ordinary earnings" (calculated under U.S. federal income tax rules), regardless of whether such amounts are actually distributed by the Issuer. U.S. taxpayers should be aware that there can be no assurance that the Issuer will satisfy record keeping requirements or that it will supply U.S. taxpayers with required information under the QEF rules, in event that the Issuer is a PFIC and a U.S. taxpayer wishes to make a QEF election. As a second alternative, a U.S. taxpayer may make a "mark-to-market election" if the Issuer is a PFIC and the common shares are marketable stock. A U.S. taxpayer that makes a mark-to-market election generally will include in gross income, for each taxable year in which the Issuer is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the common shares as of the close of such taxable year over (b) such U.S. taxpayer's tax basis in such common shares. Investors should consult their tax advisors as to the tax consequences of an investment in the Issuer.

Foreign Operations

The Issuer's sole activities in foreign jurisdictions are in the State of Utah and may be affected by possible political or economic instability and government regulations relating to the mining industry and foreign investors therein. The risks created by this political and economic instability include, but are not limited to: fluctuations in currency exchange rates and high rates of inflation. Changes in exploration or investment policies or shifts in political attitude in such jurisdictions may adversely affect the Issuer's business. Mineral exploration and mining activities may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, income taxes, maintenance of property, environmental legislation, land use, water use and property safety. The effect of these factors on the Issuer cannot be accurately predicted.

Conflicts of Interest

Certain directors and officers of the Issuer are or may become associated with other natural resource companies which may give rise to conflicts of interest. In accordance with the *Business Corporations Act* (Ontario), directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Issuer are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the best interests of the Issuer.

Aboriginal Rights

Aboriginal rights may be claimed on the Crown properties or other types of tenure with respect to which mining rights have been conferred. The Issuer is not aware of any aboriginal land claims having been asserted or any legal actions relating to native issues having been instituted with respect to any of the minerals claims in which the Issuer has an interest.

4 NARRATIVE DESCRIPTION OF THE BUSINESS

4.1 General - The Issuer is an exploration Issuer that has been an active explorer since 2002. Since its acquisition of Metal Mines in 2004, the Issuer's primary objective has been the continued exploration and development of the Langmuir Property. The Issuer has acquired additional properties in Utah and Ontario but has not conducted any significant exploration work on such properties to date. All of the Issuer's mineral properties are currently in the exploration stage.

The Issuer’s primary objective in the next 12 months will be the further development of Issuer’s Langmuir Property. One of the main milestones in order to achieve the business objective is reopening the ramp leading to the underground mine.

In addition, the Issuer intends to proceed with the exploration of the Carscallen Property.

The majority of available funds will be used for the development of the Langmuir Property with an aggregate of $60,000 to be used for an option payment on the Carscallen Property.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Annual Information — Provide the following financial data for the Issuer in summary form for each of the last three completed financial years and any period subsequent to the most recent financial year end for which financial statements have been prepared, accompanied by a discussion of the factors affecting the comparability of the data, including discontinued operations, changes in accounting policies,

significant acquisitions or significant dispositions and major changes in the direction of the Issuer's business:

(a) net sales or total revenues;

(b) income from continuing operations, in total and on a per share basis and fully diluted per share basis, calculated in accordance with the Handbook;

(c) net income or loss, in total and on a per share and fully diluted per share basis, calculated in accordance with the Handbook;

(d) total assets;

(e) total long-term financial liabilities as defined in the Handbook;

(f) cash dividends declared per share for each class of share; and

(g) such other information as would enhance an investor's understanding of the Issuer's financial condition and results of operations and would highlight other trends in financial condition and results of operations.

	Year ended September 30, 2015	**Year ended September 30, 2014**	**Year ended September 30, 2013**
Net loss	**4,751,964**	**10,422,119**	**2,706,640**
Net loss per share (basic and diluted)	**0.28**	**0.64**	**0.19**
Total assets	**20,772,083**	**24,792,498**	**35,969,373**
Total long term liabilities	**nil**	**nil**	**nil**

The major factor affecting the net loss was the write-down of mineral properties in 2014 ($7,640,358) and 2015 ($3,750,000).

5.2 Quarterly Information — For each of the eight most recently completed quarters ending at the end of the most recently completed financial year, provide the information required in paragraphs (a), (b) and (b) of Section 5.1.

Three Months Ended	**Revenue ($)**	**Income or (Loss)**		**Total assets ($)**
		Total ($)	**Basic and diluted income (loss) per share ($)**	
2015-September 30	Nil	(4,001,360)	(0.21)	20,772,083

2015-June 30	Nil	(211,755)	(0.01)	24,567,355
2015-March 31	Nil	(200,504)	(0.01)	24,459,930
2014-December 31	Nil	(338,345)	(0.02)	24,468,235
2014-September 30	Nil	(6,770,504)	(0.41)	24,792,498
2014-June 30	Nil	(1,340,971)	(0.08)	34,313,977
2014-March 31	Nil	(1,293,830)	(0.08)	35,391,493
2013-December 31	Nil	(1,016,814)	(0.06)	35,614,918

5.3 Dividends – disclose:

(a) any restriction that could prevent the Issuer from paying dividends; and

(b) the Issuer's dividend policy and, if a decision has been made to change the dividend policy, the intended change in dividend policy.

There are no restrictions preventing the Issuer from paying dividends. The directors of the Issuer will decide when and if dividends are to be paid.

5.4 Foreign GAAP — An Issuer may present the selected consolidated financial information required in this section on the basis of foreign GAAP if:

(a) the Issuer's primary financial statements have been prepared using foreign GAAP; and

(b) if the Issuer is required under applicable securities legislation to have reconciled its financial statements to Canadian GAAP at the time of filing its financial statements or the Issuer has otherwise done so, a cross reference to the notes to the financial statements containing the reconciliation of the financial statements to Canadian GAAP is included.

N/A

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

Annual MD&A

6.1 Date - Specify the date of the MD&A. The date of the MD&A must be no earlier than the date of the auditor's report on the financial statements for the Issuer's most recently completed financial year.

December 23, 2015

6.2 Overall Performance - Provide an analysis of the Issuer's financial condition, results of operations and cash flows. Discuss known trends, demands, commitments, events or uncertainties that are reasonably likely to have an effect on the Issuer's business. Compare the Issuer's performance in the most recently completed financial year to the prior year's performance. The analysis should address at least the following:

(a) operating segments that are reportable segments as those terms are used in the Handbook;

(b) other parts of the business if

(i) they have a disproportionate effect on revenues, income or cash needs, or

(ii) there are any legal or other restrictions on the flow of funds from one part of the Issuer's business to another;

(c) industry and economic factors affecting the Issuer's performance;

(d) why changes have occurred or expected changes have not occurred in the Issuer's financial condition and results of operations; and

(e) the effect of discontinued operations on current operations.

Please see enclosed MD&A

Selected Annual Financial Information

6.3 Provide the following financial data derived from the Issuer's financial statements for each of the three most recently completed financial years:

(a) net sales or total revenues;

The Issuer has no sales or revenue during the three most recently completed financial years.

(b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis;

(c) net income or loss, in total and on a per-share and diluted per-share basis;

(d) total assets;

(e) total long-term financial liabilities; and

(f) cash dividends declared per-share for each class of share.

	Year ended September 30, 2015	**Year ended September 30, 2014**	**Year ended September 30, 2013**
Net loss	4,751,964	10,422,119	2,706,640
Net loss per share (basic and diluted)	0.28	0.64	0.19

Total assets	20,772,083	24,792,498	35,969,373
Total long term liabilities	nil	nil	nil
Cash dividends	nil	nil	nil

6.4 Variations - Discuss the factors that have caused period to period variations including discontinued operations, changes in accounting policies, significant acquisitions or dispositions and changes in the direction of the Issuer's business, and any other information the Issuer believes would enhance an understanding of, and would highlight trends in, financial condition and results of operations.

The major factor affecting the net loss was the write-down of mineral properties in 2014 ($7,640,358) and 2015 ($3,750,000).

6.5 Results of Operations - Discuss management's analysis of the Issuer's operations for the most recently completed financial year, including:

(a) net sales or total revenues by operating business segment, including any changes in such amounts caused by selling prices, volume or quantity of goods or services being sold, or the introduction of new products or services;

N/A

(b) any other significant factors that caused changes in net sales or total revenues;

N/A

(c) cost of sales or gross profit;

N/A

(d) for Issuers that have significant projects that have not yet generated operating revenue, describe each project, including the Issuer's plan for the project and the status of the project relative to that plan, and expenditures made and how these relate to anticipated timing and costs to take the project to the next stage of the project plan;

Langmuir Property: The Issuer owns, through its wholly owned subsidiary Metal Mines Inc., a 100% interest in a total of 28 unpatented and two patented contiguous claims. What is now referred to as the "Langmuir Property" now includes Luhta claims and the Keefe Cooke claims, each of which adjoin the original Langmuir claims. Combined, the claims consist of 1,130 hectares lying in the north-central part of Langmuir Township, Porcupine Mining Division, and Ontario. The property is approximately 25 km southeast of Timmins, Ontario, and hosts the past producing Langmuir No. 1 Mine, and the majority of the past producing Langmuir No. 2 Mine.

Plans	Status	Next Milestone	Estimated Cost to Complete	Estimated Date of Completion
The Issuer has completed the process of taking the Langmuir claims to the stage of mineral leases.	In September 2014, the Issuer announced that it has completed a professional survey of the Langmuir Property. The survey was undertaken by the Issuer as a condition for converting its mining claims in Langmuir into mining leases. The survey was submitted to the Ministry of Northern Development and Mines for their acceptance and approval as part of the Issuer's application for the conversion of the mining claims to leases. The professional survey, which was undertaken by a licensed surveyor, determined and established permanent monuments, designating the precise boundaries of the mining claims. The process involved significant physical efforts and, due to the harshness of the past winter, took more time than originally anticipated. On July 23, 2015, the Issuer announced it has acquired a 21 year lease over the various claims located on the Langmuir Property.	Dewatering and, to the extent necessary, repair of the ramp at the Langmuir No. 1 mine.	The dewatering process requires the appropriate governmental approvals and financing to proceed. The Issuer's proposed budget for dewatering the ramp is approximately $150,000. Costs to repair the ramp are unknown at this time, but likely to start once a financing is completed.	Unknown at this time. A financing is required to be completed.
The Issuer has completed several internal studies which supports its decision to focus on the development of the Langmuir No. 1 mine. Based on the results of such studies, the Issuer is confident that once the ramp is reopened and the mine is dewatered, it will be able to proceed with preliminary underground drilling with the objective of completing a bulk sample. The Issuer is allowed to extract bulk samples of up to an aggregate of 60,000 tonnes from three (3) different deposits as part of its exploration. Bulk sampled ore can be milled and sold by the Issuer as part of its exploration and does not require the necessary permitting necessitated in the mining phase.	Bulk sampling program will be budgeted and will commence when the Issuer has sufficient funds to proceed.	The Issuer will begin underground drilling to target what the Issuer believes to be higher grade minerals at depth.	Unknown at this time. Will be determined after Issuer completes a financing.	Unknown at this time. A financing is required to be completed.
Totals			**$150,000**	

Carscallen Property: On September 14, 2015, the Issuer entered into an option agreement to acquire an undivided 100% interest in certain mineral claims, located 25 kilometres west of the center of the City of Timmins and 7 kilometres north of the Lake Shore Gold, Timmins Mine.

Pursuant to the terms of the agreement, the Issuer was required to make a payment of $40,000 on the execution of the agreement (paid) and issue an aggregate of 3,000,000 common shares (the issuance of which is subject to regulatory approval). The Issuer is required to make additional payments of $60,000 on September 1, 2016 and $100,000 on September 1, 2017. The Issuer shall have the right to set-off its exploration expenditures on the Property against these options payments. In the event that the Issuer is able to establish a commercial mine of

with at least a 250,000 ton ore body having a minimum grade of 2 grams of gold per ton, the Issuer will required to issuance an additional 3,000,000 common shares.

Upon the payment of the option payments of September 1, 2016 and 2017, the Issuer will have an undivided 100% interest in the Property subject to a 3% NSR in favour of the optionors. The Issuer shall have the right to purchase 2% of the 3% NSR royalty for an aggregate cash payment of $3 million.

The Carscallen project is on hold until financing can be completed. At that time a budget will be determined. The Issuer is required to make additional option payments of $60,000 on September 1, 2016 and $100,000 on September 1, 2017.

Llamara Project: In 2012, Inspiration acquired a 20% interest in Potash Dragon Inc. ("Potash Dragon"), a private Barbados Issuer. That Issuer, through its wholly owned Chilean subsidiary, Potash Dragon SpA, holds various potash properties and applications covering an area of 4,133 Hectares in Region I of Northern Chile. All the properties are located within the Pampa del Tamarugal area on the Salar de Llamara.

As part of that transaction, Inspiration was also granted an aggregate of 3,750,000 common share purchase warrants by Potash Dragon. Each of those warrants entitled Inspiration to acquire additional common shares of Potash Dragon at an exercise price of $0.80 per share. Those warrants were exercisable within a limited time after Potash Dragon provided Inspiration with a technical report from its further exploration.

Potash Dragon delivered to the Issuer a technical report dated February 18, 2013, having the effective date of January 31, 2013. That report, consisting of over 140 pages, was compiled by Dr. C Mortimer OBE, B.Sc., Ph.D., FIMMM, Chem., and FRGS, who is the qualified person for that documentation.

In March 2013, the Issuer exercised 2,187,000 of the common share purchase warrants at the exercise price of $1,750,000. That brought the Issuer's holdings in Potash Dragon to 41% of the issued and outstanding common stock of Potash Dragon. On May 15, 2013, management chose not to exercise the remaining 1,562,500 common share purchase warrants.

In January 2014, due to the failure of Potash Dragon to complete a going public transaction (initial public offering, reverse take-over transaction or other similar transaction) within the prescribed timeframe of the purchase agreement, the Issuer was issued an additional 1,265,625 shares of Potash Dragon. The Issuer has increased its interest in Potash Dragon to 48%.

Inspiration management continues to monitor both the development of that exploration as well as the prospects of the potash industry to determine whether, and to what extent, it might make further investments in that project. The Llamara project is on hold until financing can be completed.

(e) for resource Issuers with producing mines, identify milestones such as mine expansion plans, productivity improvements, or plans to develop a new deposit;

N/A

(f) factors that caused a change in the relationship between costs and revenues, including changes in costs of labour or materials, price changes or inventory adjustments;

N/A

(g) commitments, events, risks or uncertainties that you reasonably believe will materially affect the Issuer's future performance including net sales, total revenue and income or loss before discontinued operations and extraordinary items;

N/A

(h) effect of inflation and specific price changes on the Issuer's net sales and total revenues and on income or loss before discontinued operations and extraordinary items;

N/A

(i) a comparison in tabular form of disclosure you previously made about how the Issuer was going to use proceeds (other than working capital) from any financing, an explanation of variances and the impact of the variances, if any, on the Issuer's ability to achieve its business objectives and milestones; and

N/A

(j) unusual or infrequent events or transactions.

N/A

6.6 Summary of Quarterly Results - Provide the following information in summary form, derived from the Issuer's financial statements, for each of the eight most recently completed quarters:

(a) net sales or total revenues;

(b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis; and

(c) net income or loss, in total and on a per-share and diluted per-share basis.

Discuss the factors that have caused variations over the quarters necessary to understand general trends that have developed and the seasonality of the business.

Three Months Ended	Revenue ($)	Income or (Loss)		Total assets ($)
		Total ($)	Basic and diluted income (loss) per share ($)	
2015-September 30	Nil	(4,001,360)	(0.21)	20,772,083
2015-June 30	Nil	(211,755)	(0.01)	24,567,355
2015-March 31	Nil	(200,504)	(0.01)	24,459,930
2014-December 31	Nil	(338,345)	(0.02)	24,468,235
2014-September 30	Nil	(6,770,504)	(0.41)	24,792,498
2014-June 30	Nil	(1,340,971)	(0.08)	34,313,977
2014-March 31	Nil	(1,293,830)	(0.08)	35,391,493

2013-December 31	Nil	(1,016,814)	(0.06)	35,614,918

6.7 Liquidity - Provide an analysis of the Issuer's liquidity, including:

(a) its ability to generate sufficient amounts of cash and cash equivalents, in the short term and the long term, to maintain the Issuer's capacity, to meet the Issuer's planned growth or to fund development activities;

(b) trends or expected fluctuations in the Issuer's liquidity, taking into account demands, commitments, events or uncertainties;

(c) its working capital requirements;

(d) liquidity risks associated with financial instruments;

(e) if the Issuer has or expects to have a working capital deficiency, discuss its ability to meet obligations as they become due and how you expect it to remedy the deficiency;

(f) balance sheet conditions or income or cash flow items that may affect the Issuer's liquidity;

(g) legal or practical restrictions on the ability of subsidiaries to transfer funds to the Issuer and the effect these restrictions have had or may have on the ability of the Issuer to meet its obligations; and

(h) defaults or arrears or anticipated defaults or arrears on

(i) dividend payments, lease payments, interest or principal payment on debt,

(ii) debt covenants during the most recently completed financial year, and

(iii) redemption or retraction or sinking fund payments; and

(i) details on how the Issuer intends to cure the default or arrears.

At the close of the period ended September 30, 2015, the Issuer had a working capital deficiency of $889,906.

Contractual Obligations	Total	Up to 1 year	1 – 3 years	4 – 5 years	After 5 years
Accounts Payable	$1,141,356	$1,141,356	$nil	$nil	$nil
Chief Executive Officer ("CEO") Management Fees [(1)]	$360,000	$360,000	$nil	$nil	$nil
	$1,501,356	**$1,501,356**	**$nil**	**$nil**	**$nil**

(1) The Issuer entered into a management services agreement, amended subsequent to September 30, 2015, providing for payment of $30,000 per month for the services of the CEO. That agreement had an initial term of two years but automatically extends thereafter for successive terms of one year, unless terminated by either party 90 days prior to any yearly extension. In the event of the retirement, death or disability of the CEO, the agreement provides for a payment equal to two times annual salary and bonus. In the event of termination for any reason or not for just cause,

the agreement provides for the greater of a payment of two times annual salary or a prorated amount based on date of termination and retirement date.

Fixed Capital Requirements

For the Langmuir Property, there are no minimum expenditures required to maintain the project in good standing. The Issuer has converted the Langmuir claims to a 21 year lease and as a result the issue of assessment work is terminated for those claims. For the Carscallen Property, the Issuer is required to make additional option payments of $60,000 on September 1, 2016 and $100,000 on September 1, 2017. Currently, the Issuer's corporate overhead is averaging approximately $80,000 to $160,000 per month for general and administrative costs, which include management compensation, investor relations, office, professional fees, rent and telephone, shareholder information, transfer agent and filing fees, and travel and related.

Based on the rate of expenditure, the Issuer will have to raise equity capital in fiscal 2016 in amounts sufficient to fund both exploration work, including dewatering of the existing ramp to the Langmuir No. 1 mine, making options payments on the Carscallen Property and working capital requirements. The major variables are expected to be the size, timing and results of the Issuer's dewatering and exploration programs and its ability to continue to access capital to fund its on-going operations. Any further exploration programs on its mineral properties are subject to the Issuer raising capital. It is anticipated that payments on select accounts payable will be deferred until a financing is completed. The exploratory and other expenditures are discretionary. Should the Issuer not raise sufficient capital, it may cease to be a reporting issuer. However, to meet long-term business plans, the Issuer must complete a financing and develop its property interests.

Additional measures have been undertaken or are under consideration to further reduce corporate overhead and field office costs.

6.8 Capital Resources - Provide an analysis of the Issuer's capital resources, including

(a) commitments for capital expenditures as of the date of the Issuer's financial statements including:

(i) the amount, nature and purpose of these commitments,

(ii) the expected source of funds to meet these commitments, and

(iii) expenditures not yet committed but required to maintain the Issuer's capacity, to meet the Issuer's planned growth or to fund development activities;

(b) known trends or expected fluctuations in the Issuer's capital resources, including expected changes in the mix and relative cost of these resources; and

(c) sources of financing that the Issuer has arranged but not yet used.

See commitments in 6.7.

6.9 Off-Balance Sheet Arrangements - Discuss any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Issuer including, without limitation, such considerations as liquidity and capital resources. This discussion shall include their business purpose and activities, their economic substance, risks associated with the arrangements, and the key terms and conditions associated with any commitments, including:

(a) a description of the other contracting part(ies);

(b) the effects of terminating the arrangement;

(c) the amounts receivable or payable, revenues, expenses and cash flows resulting from the arrangement;

(d) the nature and amounts of any other obligations or liabilities arising from the arrangement that could require the Issuer to provide funding under the arrangement and the triggering events or circumstances that could cause them to arise; and

(e) any known event, commitment, trend or uncertainty that may affect the availability or benefits of the arrangement (including any termination) and the course of action that management has taken, or proposes to take, in response to any such circumstances.

N/A

6.10 Transactions with Related Parties - Discuss all transactions involving related parties as defined by the Handbook.

The Issuer entered into the following transactions with related parties:

	Notes	Year Ended September 30, 2015 ($)	Year Ended September 30, 2014 ($)
Adrea Capital Corp. (“Adrea”)	(i)	378,000	488,000
Herb Brugh	(ii)	75,932	64,717
James Davis	(iii)	nil	77,500
Marrelli Support Services Inc. (“Marrelli Support”)	(iv)	55,257	60,100
DSA Corporate Services Inc. ("DSA")	(v)	1,725	785

(i) Adrea is a Issuer controlled by D. Randall Miller, the CEO and a director of the Issuer. The fees for the year ended September 30, 2015 consisted of management fees of $360,000 (year ended September 30, 2014 - $360,000), expenses of $18,000 (year ended September 30, 2014 - $18,000) and rent expense of $nil (year ended September 30, 2014 - $110,000). As at September 30, 2015, Adrea has a rent deposit of $nil (September 30, 2014 - $15,000) included in deposits and other advances. As at September 30, 2015, Adrea was owed $282,908 (September 30, 2014 - $87,734) and this amount was included in accounts payable and accrued liabilities.

(ii) Herb Brugh is an officer and director of the Issuer. The fees paid or accrued to Herb Brugh are for the provision of services as lead director for the year ended September 30, 2015 of $75,932 (year ended September 30, 2014 - $63,467) and car allowance of $nil (year ended September 30, 2014 - $1,250). As at September 30, 2015, Herb Brugh was owed $177,124 (September 30, 2014 - $52,957) and this amount was included in accounts payable and accrued liabilities.

(iii) James Davis is a director and former officer of the Issuer. The Issuer incurred consulting fees for the year ended September 30, 2015 of $nil (year ended September 30, 2014 - $77,500).

(iv) For the year ended September 30, 2015, the Issuer expensed $18,960 for accounting services and $36,297 for CFO services (year ended September 30, 2014: accounting services - $30,100; and CFO services - $30,000). Carmelo Marrelli is the president of Marrelli Support. The amounts charged by Marrelli Support are based on what Marrelli

Support usually charges its clients. The Issuer expects to continue to use Marrelli Support for an indefinite period of time. As at September 30, 2015, Marrelli Support was owed $42,108 (September 30, 2014 - $54,906) and this amount was included in accounts payable and accrued liabilities.

(v) For the year ended September 30, 2015, the Issuer expensed $1,725 for corporate secretarial services (year ended September 30, 2014 - $785). Carmelo Marrelli is an officer and shareholder of DSA. The amounts charged by DSA are based on what DSA usually charges its clients. The Issuer expects to continue to use DSA for an indefinite period of time. As at September 30, 2015, DSA was owed $nil (September 30, 2014 - $nil) and this amount was included in accounts payable and accrued liabilities.

(vi) During the year ended September 30, 2015, the Issuer advanced $nil (year ended September 30, 2014 - $105,000) to Nitinat, a corporation in which the Issuer holds a 10% interest. During the year ended September 30, 2015, the Issuer received repayments of advances of $83,470 from Nitinat (year ended September 30, 2014 - $nil). As at September 30, 2015, the Issuer has advanced a balance of $101,530 (September 30, 2014 - $185,000). The advance is non-interest bearing and is due on demand and has no terms or repayment.

(vii) During the year ended September 30, 2015, the Issuer sold Nitinat a fully amortized truck for $15,000.

6.11 Fourth Quarter - Discuss and analyze fourth quarter events or items that affected the Issuer's financial condition, cash flows or results of operations, including extraordinary items, year-end and other adjustments, seasonal aspects of the Issuer's business and dispositions of business segments.

Write-down of mineral properties was $3,750,000 for the three months ended September 30, 2015. The write-down is the result of write-downs recorded on the Barton property ($1) and Llamara project ($3,749,999).

6.12 Proposed Transactions - Discuss the expected effect on financial condition, results of operations and cash flows of any proposed asset or business acquisition or disposition if the Issuer's board of directors, or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with the transaction. Include the status of any required shareholder or regulatory approvals.

N/A

6.13 Changes in Accounting Policies including Initial Adoption - Discuss and analyze any changes in the Issuer's accounting policies, including:

(a) for any accounting policies that management has adopted or expects to adopt subsequent to the end of the most recently completed financial year, including changes management has made or expects to make voluntarily and those due to a change in an accounting standard or a new accounting standard that you do not have to adopt until a future date:

(i) describe the new standard, the date the Issuer required to adopt it and, if determined, the date the Issuer plans to adopt it,

(ii) disclose the methods of adoption permitted by the accounting standard and the method management expects to use,

(iii) discuss the expected effect on the Issuer's financial statements, or if applicable, state that management cannot reasonably estimate the effect, and

(iv) discuss the potential effect on the Issuer's business, for example technical violations or default of debt covenants or changes in business practices; and

(b) for any accounting policies that management has initially adopted during the most recently completed financial year,

(i) describe the events or transactions that gave rise to the initial adoption of an accounting policy,

(ii) describe the accounting principle that has been adopted and the method of applying that principle,

(iii) discuss the effect resulting from the initial adoption of the accounting policy on the Issuer's financial condition, changes in financial condition and results of operations,

(iv) if the Issuer is permitted a choice among acceptable accounting principles,

(A) state that management made a choice among acceptable alternatives,

(B) identify the alternatives,

(C) describe why management made the choice that you did, and

(D) discuss the effect, where material, on the Issuer's financial condition, changes in financial condition and results of operations under the alternatives not chosen; and

(v) if no accounting literature exists that covers the accounting for the events or transactions giving rise to management's initial adoption of the accounting policy, explain management's decision regarding which accounting principle to use and the method of applying that principle.

N/A

6.14 Financial Instruments and Other Instruments - For financial instruments and other instruments:

(a) discuss the nature and extent of the Issuer's use of, including relationships among, the instruments and the business purposes that they serve;

(b) describe and analyze the risks associated with the instruments;

(c) describe how management manages the risks in paragraph (b), including a discussion of the objectives, general strategies and instruments used to manage the risks, including any hedging activities;

(d) disclose the financial statement classification and amounts of income, expenses, gains and losses associated with the instrument; and

(e) discuss the significant assumptions made in determining the fair value of financial instruments, the total amount and financial statement classification of the change in fair value of financial instruments recognized in income for the period, and the total amount and financial statement classification of deferred or unrecognized gains and losses on financial instruments.

The Issuer's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and price risk).

Risk management is carried out by the Issuer's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk

The Issuer's credit risk is primarily attributable to cash, short-term investments, receivables, loan and promissory note receivable and due from related parties. The Issuer has concentration of credit risk related to the loan receivable. Cash and short-term investments are held with reputable financial institutions, from which management believes the risk of loss to be remote. Loan receivable is due from an unrelated party and the borrower granted to the Issuer a general security over all of its present and after acquired property. The net asset value of the mutual funds that formed part of the collateral of the loan receivable was approximately $nil as of September 30, 2015 and was inadequate to pay off the principal and accrued interest of the loan receivable. The mutual funds are subject to fair value fluctuations arising from changes in the equity markets. The loan is repayable on July 30, 2016.

Liquidity Risk

Liquidity risk is the risk that the Issuer will not have sufficient cash resources to meet its financial obligations as they come due. The Issuer's liquidity and operating results may be adversely affected if the Issuer's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Issuer. As at September 30, 2015, the Issuer had a cash and short-term investments balance of $9,543 (September 30, 2014 - $53,868) to settle current liabilities of $1,141,356 (September 30, 2014 - $678,254). All of the Issuer's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Issuer regularly evaluates its cash position to ensure maintenance of liquidity.

The Issuer's ability to continually meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

Market Risk

Interest rate risk

The Issuer has cash balances and no interest-bearing debt. The Issuer's current policy is to invest excess cash in investment-grade short-term certificates of deposits issued by its banking institutions. The Issuer periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Foreign currency risk

The Issuer's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Issuer funds certain operations, exploration and administrative expenses in the US

dollar currency from its Canadian dollar bank accounts. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

Price risk

The Issuer is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Issuer's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Issuer closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Issuer.

The Issuer's marketable securities are subject to fair value fluctuations arising from changes in the equity markets.

Sensitivity analysis

As at September 30, 2015, both the carrying and fair value amounts of the Issuer's financial instruments are approximately equivalent due to their short-term nature.

The sensitivity analysis shown in the notes below may differ materially from actual results.

Based on management's knowledge of and experience with the financial markets, the Issuer believes the following movements are "reasonably possible":

(i) The Issuer's marketable securities amounting to $59,209 are subject to fair value fluctuations. As at September 30, 2015, if the fair value of the Issuer's marketable securities had decreased/increased by 10% with all other variables held constant, comprehensive loss for the year ended September 30, 2015 would have been approximately $6,000 higher/lower. Similarly, as at September 30, 2015, reported shareholders' equity would have been approximately $6,000 lower/higher as a result of a 10% decrease/increase in the fair value of the Issuer's marketable securities.

(ii) Commodity price risk could affect the Issuer. In particular, the Issuer’s future profitability and viability of development depends upon the world market of precious and base metals. As of September 30, 2015, the Issuer was not a producing entity. As a result, commodity price risk could affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. The Issuer closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Issuer.

<u>Interim MD&A</u>

6.15 Date - Specify the date of the interim MD&A.

N/A – Annual MD&A last quarter completed

6.16 Updated Disclosure - Interim MD&A must update the Issuer's annual MD&A for all disclosure required by sections 6.2 to 6.14 except sections 6.3 and 6.4. This disclosure must include:

(a) a discussion of management's analysis of

(i) current quarter and year-to-date results including a comparison of results of operations and cash flows to the corresponding periods in the previous year;

(ii) changes in results of operations and elements of income or loss that are not related to ongoing business operations;

(iii) any seasonal aspects of the Issuer's business that affect its financial condition, results of operations or cash flows; and

(b) a comparison of the Issuer's interim financial condition to the Issuer's financial condition as at the most recently completed financial year-end.

6.17 Additional Disclosure for Issuers without Significant Revenue:

(a) unless the information is disclosed in the financial statements to which the annual or interim MD&A relates, an Issuer that has not had significant revenue from operations in either of its last two financial years must disclose a breakdown of material components of:

(i) capitalized or expensed exploration and development costs,

(ii) expensed research and development costs,

(iii) deferred development costs,

(iv) general and administration expenses, and

(v) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (i) through (iv);

(b) if the Issuer's business primarily involves mining exploration and development, the analysis of capitalized or expensed exploration and development costs must be presented on a property-by-property basis; and

(c) the disclosure in the annual MD&A must be for the two most recently completed financial years and the disclosure in the interim MD&A for the each year-to-date interim period and the comparative period presented in the interim statements.

General and Administrative

Detail	Year Ended September 30, 2015 ($)	Year Ended September 30, 2014 ($)
Depreciation	nil	8,577
Share-based payments	nil	346,490
Investor relations	176,847	630,356
Management fees	360,000	360,000
Office and miscellaneous	95,821	167,325
Professional fees	183,301	358,818
Rent and telephone	204,577	159,201
Shareholders information	9,635	13,559
Transfer agent and filing fees	53,965	47,961
Travel and related	27,382	50,786
Total	**1,111,528**	**2,143,073**

Other Material Costs

Detail	Year Ended September 30, 2015 ($)	Year Ended September 30, 2014 ($)
Loss on sale of marketable securities	3,539	968,659
Loss from associate	46,882	716,400
Gain on sale of equipment	(15,000)	nil
(Recovery of) impairment of loan receivable	(150,485)	1,667,000
Impairment of investment in associate	nil	86,723
Impairment of receivable	nil	77,875
Total	**(115,064)**	**3,516,657**

Exploration and Evaluation Costs

Langmuir Property, Ontario, Canada

Expenditures	Year Ended September 30, 2015 ($)	Year Ended September 30, 2014 ($)
Balance, beginning of period	**20,457,194**	**20,274,204**
Equipment rental	nil	9,000
Geological and geophysical	23,436	169,888
Rent and related charges	nil	4,102
Total expenditures	**23,436**	**182,990**

Balance, end of period	**20,480,630**	**20,457,194**

Barton Syndicate Dry Fork Property, Utah, USA

Expenditures	Year Ended September 30, 2015 ($)	Year Ended September 30, 2014 ($)
Balance, beginning of period	**1**	**1**
Claim costs	nil	5,583
Write-down	(1)	(5,583)
Total expenditures	**(1)**	**nil**
Balance, end of period	**nil**	**1**

Cleaver Property, Ontario, Canada

Expenditures	Year Ended September 30, 2015 ($)	Year Ended September 30, 2014 ($)
Balance, beginning of period	**1**	**3,524,385**
Drilling recovery	nil	(7,000)
Write-down	nil	(3,517,384)
Total expenditures	nil	**(3,524,384)**
Balance, end of period	**1**	**1**

Desrosiers Property, Ontario, Canada

Expenditures	Year Ended September 30, 2015 ($)	Year Ended September 30, 2014 ($)
Balance, beginning of period	**1**	**4,117,392**
Write-down	nil	(4,117,391)
Total expenditures	**nil**	**(4,117,391)**
Balance, end of period	**1**	**1**

Llamara Project, Salar de Llamara, Chile

Expenditures	Year Ended September 30, 2015 ($)	Year Ended September 30, 2014 ($)
Balance, beginning of period	**3,750,000**	**3,750,000**
Write-down	(3,749,999)	nil
Total expenditures	**(3,749,999)**	**nil**
Balance, end of period	**1**	**3,750,000**

Carscallen Property, Ontario, Canada

Expenditures	Year Ended September 30, 2015 ($)	Year Ended September 30, 2014 ($)
Balance, beginning of period	**nil**	**nil**
Acquisition costs	40,000	nil
Total expenditures	**40,000**	**nil**
Balance, end of period	**40,000**	**nil**

6.18 Description of Securities:

(a) disclose the designation and number or principal amount of:

(i) each class and series of voting or equity securities of the Issuer for which there are securities outstanding,

(ii) each class and series of securities of the Issuer for which there are securities outstanding if the securities are convertible into, or exercisable or exchangeable for, voting or equity securities of the Issuer, and

(iii) subject to subsection (b), each class and series of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer;

(b) if the exact number or principal amount of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer is not determinable, the Issuer must disclose the maximum number or principal amount of each class and series of voting or equity securities that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer and, if that maximum number or principal amount is not determinable, the Issuer must describe the exchange or conversion features and the manner in which the number or principal amount of voting or equity securities will be determined; and

(c) the disclosure under subsections (a) and (b) must be prepared as of the latest practicable date.

Common Shares

The Issuer has 24,409,277 issued and outstanding common shares.

Stock Options

Stock options outstanding for the Issuer are as follows:

Options	Expiry Date	Exercise Price ($)
680,000	February 20, 2019	0.50
180,000	April 21, 2019	0.525
860,000		

6.19 Provide Breakdown:

(a) if the Issuer has not had significant revenue from operations in either of its last two financial years, disclose a breakdown of material components of:

(i) capitalized or expensed exploration and development costs,

(ii) expensed research and development costs,

(iii) deferred development costs,

(iv) general and administrative expenses, and

(v) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (i) through (iv);

(b) present the analysis of capitalized or expensed exploration and development costs required by subsection (a) on a property-by-property basis, if the Issuer's business primarily involves mining exploration and development; and

(c) provide the disclosure in subsection (a) for the following periods:

(i) the two most recently completed financial years, and

(ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included, if any.

Subsection (a) does not apply if the information required under that subsection has been disclosed in the financial statements.

N/A

6.20 Negative cash-flow - If the Issuer had negative operating cash flow in its most recently completed financial year for which financial statements have been included, disclose:

(i) the period of time the proceeds raised are expected to fund operations;

(ii) the estimated total operating costs necessary for the Issuer to achieve its stated business objectives during that period of time; and

(iii) the estimated amount of other material capital expenditures during that period of time.

6.21 Additional disclosure for Issuers with significant equity investees:

if the Issuer has a significant equity investee

(i) summarized information as to the assets, liabilities and results of operations of the equity investee, and

(ii) the Issuer's proportionate interest in the equity investee and any contingent issuance of securities by the equity investee that might significantly affect the Issuer's share of earnings; and

provide the disclosure in subsection (a) for the following periods

(i) the two most recently completed financial years, and

(ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included in the Listing Statement, if any.

Subsection (a) does not apply if:

(i) the information required under that subsection has been disclosed in the financial statements included, or

(ii) the Issuer includes separate financial statements of the equity investee for the periods referred to in subsection (b).

N/A

7. MARKET FOR SECURITIES

7.1 Identify the exchange(s) and quotation and trade reporting system(s) on which the Issuer's securities are listed and posted for trading or quoted.

N/A. The Issuer's securities were delisted from the TSX on January 4, 2016.

8. CONSOLIDATED CAPITALIZATION

8.1 Describe any material change in, and the effect of the material change on, the share and loan capital of the Issuer, on a consolidated basis, since the date of the comparative financial statements for the Issuer's most recently completed financial year contained in the Listing Statement.

There have been no material changes in the share and loan capital of the Issuer since September 30, 2015.

9. OPTIONS TO PURCHASE SECURITIES

9.1 State, in tabular form, as at a specified date not more than 30 days before the date of the Listing Statement, information as to options to purchase securities of the Issuer or a subsidiary of the Issuer that are held by:

(a) all executive officers and past executive officers of the Issuer as a group and all directors and past directors of the Issuer who are not also executive officers as a group, indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies, without naming them;

(b) all executive officers and past executive officers of all subsidiaries of the Issuer as a group and all directors and past directors of those subsidiaries who are not also executive officers of the subsidiary as a group, in each case, without naming them and excluding individuals referred to in paragraph (a), indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies;

(c) all other employees and past employees of the Issuer as a group, without naming them;

(d) all other employees and past employees of subsidiaries of the Issuer as a group, without naming them;

(e) all consultants of the Issuer as a group, without naming them; and

(f) any other person or Issuer, including the underwriter, naming each person or Issuer.

Name	Date granted	Exercise price	Vesting	Number	Expiry date
Wild Rose Capital Corp.	February 20, 2014	$0.50	Vested	50,000	February 20, 2019
Flamenco SPF	February 20, 2014	$0.50	Vested	100,000	February 20, 2019
Zarablu Limited	February 20, 2014	$0.50	Vested	200,000	February 20, 2019
Robdale Limited	February 20, 2014	$0.50	Vested	300,000	February 20, 2019
Super VIP	February 20, 2014	$0.50	Vested	30,000	February 20, 2019
Herb Brugh	April 21, 2014	$0.525	Vested	50,000	April 21, 2019
John Robertson	April 21, 2014	$0.525	Vested	50,000	April 21, 2019
Victor Cantore	April 21, 2014	$0.525	Vested	50,000	April 21, 2019
Carmelo Marrelli	April 21, 2014	$0.525	Vested	30,000	April 21, 2019

10. DESCRIPTION OF THE SECURITIES

10.1 General - State the description or the designation of each class of equity securities and describe all material attributes and characteristics, including:

a) dividend rights;

b) voting rights;

c) rights upon dissolution or winding-up;

d) pre-emptive rights;

e) conversion or exchange rights;

f) redemption, retraction, purchase for cancellation or surrender provisions,

g) sinking or purchase fund provisions;

h) provisions permitting or restricting the issuance of additional securities and any other material restrictions; and

i) provisions requiring a securityholder to contribute additional capital.

The Issuer is authorized to issue an unlimited number of common shares without par value, of which 27,409,277 common shares are issued and outstanding.

Each holder of a common share is entitled to:

(i) receive notice of, attend and vote at all meetings of the shareholders of the Issuer except meetings at which only holders of a specified class of shares are entitled to vote:

(ii) receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Issuer, any dividends declared by the Issuer; and

(iii) in the event the voluntary or involuntary liquidation, dissolution or winding-up of the Issuer, after payment of all outstanding debts, the remaining assets of the Issuer available for distribution will be distributed to the holders of common shares.

10.2 Debt securities - If debt securities are being listed, describe all material attributes and characteristics of the indebtedness and the security, if any, for the debt, including:

(a) provisions for interest rate, maturity and premium, if any;

(b) conversion or exchange rights;

(c) redemption, retraction, purchase for cancellation or surrender provisions,

(d) sinking or purchase fund provisions;

(e) the nature and priority of any security for the debt securities, briefly identifying the principal properties subject to lien or charge;

(f) provisions permitting or restricting the issuance of additional securities, the incurring of additional indebtedness and other material negative covenants, including restrictions against payment of dividends and restrictions against giving security on the assets of the Issuer or its subsidiaries, and provisions as to the release or substitution of assets securing the debt securities;

(g) the name of the trustee under any indenture relating to the Issuer and

(h) any financial arrangements between the Issuer and any of its affiliates or among its affiliates that could affect the security for the indebtedness.

N/A

10.4 Other securities - If securities other than equity securities or debt securities are being listed, describe fully the material attributes and characteristics of those securities.

N/A

10.5 Modification of terms:

(a) describe provisions about the modification, amendment or variation of any rights attached to the securities being listed; and

(b) if the rights of holders of securities may be modified otherwise than in accordance with the provisions attached to the securities or the provisions of the governing statute relating to the securities, explain briefly.

N/A

10.6 Other attributes:

(a) if the rights attaching to the securities being listed are materially limited or qualified by the rights of any other class of securities, or if any other class of securities ranks ahead of or equally with the securities being listed, include information about the other securities that will enable investors to understand the rights attaching to the securities being listed; and

(b) if securities of the class being listed may be partially redeemed or repurchased, state the manner of selecting the securities to be redeemed or repurchased.

10.7 Prior Sales - State the prices at which securities of the same class as the securities to be listed have been sold within the 12 months before the date of the Listing Statement, or are to be sold, by the Issuer or any Related Person and the number of securities of the class sold or to be sold at each price.

N/A

10.8 Stock Exchange Price:

a) if shares of the same class as the shares to be listed were or are listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the Canadian stock exchange or market on which the greatest volume of trading generally occurs;

b) if shares of the same class as the shares to be listed were or are not listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the foreign stock exchange or market on which the greatest volume of trading generally occurs; and

c) information is to be provided on a monthly basis for each month or, if applicable, part month, of the current quarter and the immediately preceding quarter and on a quarterly basis for the next preceding seven quarters.

Month	High	Low	Volume Traded
September 2015	$0.065	$0.035	374,440
August 2015	$0.10	$0.05	288,106
July 2015	$0.09	$0.035	560,679
June 2015	$0.05	$0.04	222,237
May 2015	$0.075	$0.015	552,549
April 2015	$0.03	$0.02	557,150
March 2015	$0.035	$0.02	1,260,519
February 2015	$0.05	$0.035	291,510
January 2015	$0.05	$0.035	296,773
December 2014	$0.05	$0.035	656,570
November 2014	$0.07	$0.05	571,378
October 2014	$0.08	$0.055	2,065,777
September 2014	$0.125	$0.065	6,439,149

11. ESCROWED SECURITIES

11.1 State as of a specified date within 30 days before the date of the Listing Statement, in substantially the following tabular form, the number of securities of each class of securities of the Issuer held, to the knowledge of the Issuer, in escrow (which, for the purposes of this Form includes any securities subject to a pooling agreement) and the percentage that number represents of the outstanding securities of that class. In a note to the table, disclose the name of the depository, if any, and the date of and conditions governing the release of the securities from escrow.

N/A

12. PRINCIPAL SHAREHOLDERS

12.1 (1) Provide the following information for each principal shareholder of the Issuer as of a specified date not more than 30 days before the date of the Listing Statement:

(a) Name;

(b) The number or amount of securities owned of the class to be listed;

(c) Whether the securities referred to in subsection 12(1)(b) are owned both of record and beneficially, of record only, or beneficially only; and

(d) The percentages of each class of securities known by the Issuer to be owned.

(2) If the Issuer is requalifying following a fundamental change or has proposed an acquisition, amalgamation, merger, reorganization or arrangement, indicate, to the extent known, the holding of each person of Issuer described in paragraph (1) that will exist after giving effect to the transaction.

(3) If, to the knowledge of the Issuer, more than 10 per cent of any class of voting securities of the Issuer is held, or is to be held, subject to any voting trust or other similar agreement, disclose, to the extent known, the designation of the securities, the number or amount of the securities held or to be held subject to the agreement and the duration of the agreement. State the names and addresses of the voting trustees and outline briefly their voting rights and other powers under the agreement.

(4) If, to the knowledge of the Issuer, any principal shareholder is an associate or affiliate of another person or Issuer named as a principal shareholder, disclose, to the extent known, the material facts of the relationship, including any basis for influence over the Issuer held by the person or Issuer other than the holding of voting securities of the Issuer.

(5) In addition to the above, include in a footnote to the table, the required calculation(s) on a fully-diluted basis.

As at the date hereof, there are no person who beneficially owns, controls or directs, directly or indirectly, more than 10% of the issued and outstanding common shares

13 DIRECTORS AND OFFICERS

13.1 List the name and municipality of residence of each director and executive officer of the Issuer and indicate their respective positions and offices held with the Issuer and their respective principal occupations within the five preceding years.

Name and Municipality of Resident and Office Held	Office Held at the Company	Held Office Since	Common Shares Beneficially Held or Over Which Control is Exercised[3]
Randy Miller Newmarket, Ontario	President, C.E.O. and Director	1999	822,625
Victor Cantore [1][2] Montreal, Quebec	Director	2010	1,800
Herb Brugh [1][2] Irvine, California	Director	2005	80,000
Vern Bock [1][2] Mission Viejo, California	Director	2015	nil
Carmelo Marrelli Toronto, Ontario	Chief Financial Officer	2013	nil

Notes:
(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Information supplied by individual

Randy Miller – Chief Executive Officer, President and Director

Mr. Miller has experience in providing strategic advice to public companies in a diverse range of industries. He is currently Chairman and President of Adrea Capital Corporation, a private Canadian corporation providing private financial and investor relation services to industrial companies; prior thereto and since 1993, Mr. Miller was employed as an investment advisor at Canaccord Capital Corporation; prior thereto and since 1989, Mr. Miller was employed as an investment advisor at Yorkton Securities Inc. Mr. Miller obtained his registered representative license from the Investment Dealers Association in 1989.

Herb Brugh – Director

Mr. Brugh received a Bachelor of Arts from the University of Nebraska in 1961 with a major in Economics and Law. He then received a Doctor of Jurisprudence from the University of Nebraska in 1963. He is a member of the Nebraska State Bar Association and admitted to practice before the Federal and State Courts there. He has also done post-graduate studies in Economics and earlier did extensive work in that field. From 1963 to 1983, he was a member of the firm of Barney & Carter in Lincoln, Nebraska, with extensive experience in legislation, litigation, corporate and business law. From 1983 through 1985, he was Senior Vice President of Resources International, with extensive work in merger and acquisitions. Since then until the present, Mr. Brugh has been engaged in corporate and securities work, participating in numerous early stage companies in North America and Western Europe.

Victor Cantore - Director

Mr. Cantore began his investment career in 1992 as an advisor for Tasse & Associates. In 1993 he moved to RBC Dominion Securities, one of the largest brokerage firms in Canada. Since 1999, Mr. Cantore has worked with both public and private companies organizing and structuring financings mainly in the resource and high tech sector. Mr. Cantore has held directorships on the board of various companies both private and public.

Vern Bock- Director

Mr. Bock began his career in the 1970s as an accountant for the State of Nebraska Department of Revenue where he participated in implementing a new income and sales tax system for the State of Nebraska. During the next eight years he rose to head comptroller, managing the activities of over 300 professional and support staff in processing that state's tax revenues. He left that position to enter private business, opening a photo-film development business which in seven years he built into the largest independent Kodak dealership in the state. In the mid-1980s, he moved to California where, for the past 30 years, he has been successfully engaged in the real estate mortgage banking and finance. Currently, Mr. Bock is a Senior Loan Agent for Wells Fargo Private Mortgage Funding, which is now the largest real estate mortgage lending institution in the U.S. As a private direct lender, Mr. Bock is able to exercise wide personal discretion to fund real estate loans including those which, when deemed appropriate, loans not otherwise conforming to the more restricted general requirements of the lending industry.

Carmelo Marrelli - Chief Financial Officer

Mr. Marrelli is the principal of Marrelli Support Services Inc., a private company delivering accounting and regulatory compliance services to numerous issuers on the TSX and TSX Venture exchanges for over twenty years. Mr. Marrelli is a Chartered Professional Accountant (CPA, CA, CGA) and an Associate of the Institute of Chartered Secretaries and Administrators. He has a Bachelor of Commerce degree from the University of

Toronto. Mr. Marrelli acts as Chief Financial Officer to a number of reporting issuers on the TSX and TSX Venture exchanges, and as a director of select issuers.

13.2 State the period or periods during which each director has served as a director and when his or her term of office will expire.

Please see 13.1

13.3 State the number and percentage of securities of each class of voting securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control or direction is exercised by all directors and executive officers of the Issuer as a group.

The directors and officers of the Issuer, in the aggregate, beneficially owned, directly or indirectly, or exercised control over approximately 904,425 common shares or approximately 5.51% of the common shares of the Issuer issued and outstanding as at September 30, 2015.

13.4 Disclose the board committees of the Issuer and identify the members of each committee.

Please see 13.1

13.5 If the principal occupation of a director or officer of the Issuer is acting as an officer of a person or Issuer other than the Issuer, disclose the fact and state the principal business of the person or Issuer.

Please see 13.1

13.6 Disclose if a director or officer of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, is, or within 10 years before the date of the Listing Statement has been, a director or officer of any other Issuer that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

(b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the Issuer being the subject of a cease trade or similar order or an order that denied the relevant Issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

(c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or

(d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact.

Except as disclosed below, none of the directors or executive officers of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the company:

a) is, at the date of this Annual Information Form or has been, within the 10 years before the date of this Annual Information Form, a director or officer of any company (including the Company), that while that person was acting in that capacity:

   i. was the subject of a cease trade or similar order, or an order that denied the relevant company access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days; or

   ii. was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

   iii. or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromises with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

b) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangements or compromises with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

No director, officer or promoter of the Company has been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion or management of a publicly traded issuer, or theft or fraud.

- Mr. Brugh was a director of Pebble Creek Mining Ltd. in August 2012 when the company was cease traded due to the failure of the company to file its annual audited financial statements.

13.7 Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, has:

   (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

   (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

In August 2000, the Vancouver Stock Exchange suspended Mr. Miller's broker's license for a term of 3 years and fined him $20,000 and assessed costs against him in the aggregate amount of $10,000 for a violation of the know your client rule with respect to certain trades in the securities of Hi-Tech Industries Inc.

13.8 Despite section 13.7, no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be important to a reasonable investor in making an investment decision.

N/A

13.9 If a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, or a personal holding Issuer of any such persons has, within the 10 years before the date of the Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer, state the fact.

N/A

13.10 Disclose particulars of existing or potential material conflicts of interest between the Issuer or a subsidiary of the Issuer and a director or officer of the Issuer or a subsidiary of the Issuer.

N/A

13.11 Management — In addition to the above provide the following information for each member of management:

(a) state the individual's name, age, position and responsibilities with the Issuer and relevant educational background;

(b) state whether the individual works full time for the Issuer or what proportion of the individual's time will be devoted to the Issuer;

(c) state whether the individual is an employee or independent contractor of the Issuer;

(d) state the individual's principal occupations or employment during the five years prior to the date of the Listing Statement, disclosing with respect to each organization as of the time such occupation or employment was carried on:

(i) its name and principal business,

(ii) if applicable, that the organization was an affiliate of the Issuer,

(iii) positions held by the individual, and

(iv) whether it is still carrying on business, if known to the individual;

(e) describe the individual's experience in the Issuer's industry; and

(f) state whether the individual has entered into a non-competition or non-disclosure agreement with the Issuer.

Please see 13.1

14. CAPITALIZATION

14.1 Prepare and file the following chart for each class of securities to be listed:

Issued Capital

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	%of Issued (non-diluted)	% of Issued (fully diluted)
Public Float				
Total outstanding (A)	27,409,277	28,269,277	100	100
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	949,092	949,092	3.46	3.36
Total Public Float (A-B)	26,460,185	27,320,185	96.54	96.64
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	-	-		
Total Tradeable Float (A-C)	27,409,277	28,269,277	100	100

Public Securityholders (Registered)

Instruction: For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

Canadian Shareholders

Class of Security - Common

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	119	5,585
100 – 499 securities	258	65,546
500 – 999 securities	126	86,133
1,000 – 4,999 securities	285	582,064
5,000 or more securities	153	10,391,156
	941	11,130,484

U.S. Shareholders

Class of Security - Common

Size of Holding	Number of holders	Total number of securities
1 – 100 securities	208	8,788
100 – 499 securities	550	165,393
500 – 999 securities	146	100,714
1,000 – 4,999 securities	280	574,764
5,000 or more securities	135	2,460,814
	1,319	3,310,473

14.2 Provide the following details for any securities convertible or exchangeable into any class of listed securities

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Options ($0.50) ($0.525)	680,000 180,000	680,000 180,000

14.3 Provide details of any listed securities reserved for issuance that are not included in section 14.2.

N/A

15. EXECUTIVE COMPENSATION

15.1 Attach a Statement of Executive Compensation from Form 51-102F6 or any successor instrument and describe any intention to make any material changes to that compensation.

Name and Principal Position	*Year*	*Salary ($)*	**Share based awards ($)**	**Option based awards ($)** [4]	**Non-equity incentive plan compensation ($)**		**Pension value ($)**	**All other compensation ($)**	**Total compensation ($)**
					Annual incentive plans	**Long term incentive plans**			
Randy Miller [1]	2015	Nil	Nil	Nil	Nil	Nil	Nil	378,000 [5]	378,000
Chief Executive	2014	Nil	Nil	Nil	Nil	Nil	Nil	488,000 [6]	488,000
Officer	2013	Nil	Nil	Nil	Nil	Nil	Nil	513,861 [7]	513,861
Carmelo Marrelli [2]	2015	Nil	Nil	Nil	Nil	Nil	Nil	55,257 [8]	55,257
Chief Financial	2014	Nil	Nil	12,075	Nil	Nil	Nil	60,100 [9]	72,175
Officer									
Peter Anderson [3]	2013	Nil	Nil	Nil	Nil	Nil	Nil	66,000 [10]	66,000
Chief Financial	2012	Nil	Nil	Nil	Nil	Nil	Nil	66,000 [11]	66,000
Officer									

Notes:

(1) Mr. Miller was the President of the Corporation until October, 2010 when Mr. Stewart became President of the Corporation. In September 2011, Mr. Stewart resigned.

(2) Mr. Marrelli was appointed Chief Financial Officer in December 2013 upon the resignation of Mr. Anderson

(3) Mr. Anderson was appointed Chief Financial Officer in April 2011 upon the resignation of Mr. Davis.

(4) The values reported represent an estimate of the grant date fair value of the options calculated in accordance with the Black-Scholes pricing model. Please see the audited annual financial statements of the Corporation for the year ended September 30, 2014 for details regarding the assumptions underlying these Black-Scholes estimates. The Black-Scholes model is a pricing model which may or may not reflect the actual value of the options. The options have not been and may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

(5) These payments represent consulting fees of $30,000 per month and a car allowance of $1,500 per month to a private Issuer controlled by Mr. Miller. It is anticipated that the fees for 2016 will be similar to the fees paid in 2015.

(6) These payments represent consulting fees of $30,000 per month, a car allowance of $1,500 per month and rental payments of $9,167 per month paid for the months of October 2013 through September 2014 by the Corporation to a private Issuer controlled by Mr. Miller.

(7) These payments represent consulting fees of $30,417 per month, a car allowance of $1,500 per month and rental payments of $10,905 per month paid for the months of October 2012 through September 2013 by the Corporation to a private Issuer controlled by Mr. Miller.

(8) These payments represent accounting fees of $18,960 and Chief Financial Officer fees of $36,297 paid by the Corporation to Marrelli Support, a private Issuer of which Mr. Marrelli is President. It is anticipated that the fees for 2016 will be similar to the fees paid in 2015.

(9) These payments represent accounting fees of $30,100 and Chief Financial Officer fees of $30,000 paid by the Corporation to Marrelli Support, a private Issuer of which Mr. Marrelli is President.

(10) These payments represent consulting fees of $5,500 per month paid for the months of October 2012 through September 2013 by the Corporation to a private Issuer controlled by Mr. Anderson.

(11) These payments represent consulting fees of $5,500 per month paid for the months of October 2011 through September 2012 by the Corporation to a private Issuer controlled by Mr. Anderson.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

16.1 Aggregate Indebtedness

(1) Complete the above table for the aggregate indebtedness outstanding as at a date within thirty days before the date of the information circular entered into in connection with:

(a) a purchase of securities; and

(b) all other indebtedness.

(2) Report separately the indebtedness to:

(a) the Issuer or any of its subsidiaries (column (b)); and

(b) another entity if the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or any of its subsidiaries (column (c)),

of all officers, directors, employees and former officers, directors and employees of the Issuer or any of its subsidiaries.

(3) "Support agreement" includes, but is not limited to, an agreement to provide assistance in the maintenance or servicing of any indebtedness and an agreement to provide compensation for the purpose of maintaining or servicing any indebtedness of the borrower.

N/A

16.2 Indebtedness of Directors and Executive Officers under (1) Securities Purchase and (2) Other Programs

(1) Complete the above table for each individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Issuer, each proposed nominee for election as a director of the Issuer, and each associate of any such director, executive officer or proposed nominee,

(a) who is, or at any time since the beginning of the most recently completed financial year of the Issuer has been, indebted to the Issuer or any of its subsidiaries, or

(b) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or any of its subsidiaries,

and separately disclose the indebtedness for security purchase programs and all other programs.

(2) Note the following:

Column (a) – disclose the name and principal position of the borrower. If the borrower was, during the year, but no longer is a director or executive officer, state that fact. If the borrower is a proposed nominee for election as a director, state that fact. If the borrower is included as an associate, describe

briefly the relationship of the borrower to an individual who is or, during the year, was a director or executive officer or who is a proposed nominee for election as a director, name that individual and provide the information required by this subparagraph for that individual.

Column (b) – disclose whether the Issuer or a subsidiary of the Issuer is the lender or the provider of a guarantee, support agreement, letter of credit or similar arrangement or understanding.

Column (c) – disclose the largest aggregate amount of the indebtedness outstanding at any time during the last completed financial year.

Column (d) – disclose the aggregate amount of indebtedness outstanding as at a date within thirty days before the date of the information circular.

Column (e) – disclose separately for each class or series of securities, the sum of the number of securities purchased during the last completed financial year with the financial assistance (security purchase programs only).

Column (f) – disclose the security for the indebtedness, if any, provided to the Issuer, any of its subsidiaries or the other entity (security purchase programs only).

Column (g) – disclose the total amount of indebtedness that was forgiven at any time during the last completed financial year.

(3) Supplement the above table with a summary discussion of:

(a) the material terms of each incidence of indebtedness and, if applicable, of each guarantee, support agreement, letter of credit or other similar arrangement or understanding, including:

(i) the nature of the transaction in which the indebtedness was incurred,

(ii) the rate of interest,

(iii) the term to maturity,

(iv) any understanding, agreement or intention to limit recourse, and

(v) any security for the indebtedness;

(b) any material adjustment or amendment made during the most recently completed financial year to the terms of the indebtedness and, if applicable, the guarantee, support agreement, letter of credit or similar arrangement or understanding. Forgiveness of indebtedness reported in column (g) of the above table should be explained; and

(c) the class or series of the securities purchased with financial assistance or held as security for the indebtedness and, if the class or series of securities is not publicly traded, all material terms of the securities, including the provisions for exchange, conversion, exercise, redemption, retraction and dividends.

N/A

17. RISK FACTORS

17.1 Disclose risk factors relating to the Issuer and its business, such as cash flow and liquidity problems, if any, experience of management, the general risks inherent in the business carried on by the Issuer, environmental and health risks, reliance on key personnel, regulatory constraints, economic or political conditions and financial history and any other matter that would be likely to influence an investor's decision to purchase securities of the Issuer.

17.2 If there is a risk that securityholders of the Issuer may become liable to make an additional contribution beyond the price of the security, disclose that risk.

17.3 Describe any risk factors material to the Issuer that a reasonable investor would consider relevant to an investment in the securities being listed and that are not otherwise described under section 17.1 or 17.2.

Competitive Conditions

The mining industry is competitive in all of its phases. The Issuer faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, precious and base metals. Many of these companies have greater financial resources, operational experience and technical capabilities than the Issuer. As a result of this competition, the Issuer may be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all. Consequently, the Issuer's revenues, operations and financial condition could be materially adversely affected.

Environmental Risks and Hazards

All phases of the Issuer's operations are subject to environmental regulation in the various jurisdictions in which the Issuer operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Issuer's operations. Environmental hazards may exist on the properties on which the Issuer holds interests which are unknown to the Issuer at present and which have been caused by previous or existing owners or operators of the properties. Reclamation costs are uncertain and planned expenditures may differ from the actual expenditures required.

Exploration, Development and Operating Risk

The exploration for, and development of, mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the

combination of these factors may result in the Issuer not receiving an adequate return on invested capital. There is no certainty that the expenditures made by the Issuer towards the search and evaluation of mineral deposits will result in discoveries of commercial quantities of ore.

Mining operations generally involve a high degree of risk. Such operations are subject to all of the hazards and risks normally encountered in the exploration for, and development and production of copper and other base or precious metals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

Uncertainty in the Estimation of Mineral Reserves and Resources

There is a degree of uncertainty to the calculation of mineral reserves and mineral resources and corresponding grades being mined or dedicated to future production. Until mineral reserves or mineral resources are actually mined and processed, the quantity of mineral resources and mineral reserve grades must be considered as estimates only. In addition, the quantity of mineral reserves and mineral resources may vary depending on, among other things, metal prices. Any material change in quantity of mineral reserves, mineral resources, grade or stripping ratio may affect the economic viability of the Langmuir Property.

Fluctuation in nickel and other base or precious metals prices, results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require revisions of such estimates. The volume and grade of reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of mineral reserves and mineral resources, or of the Issuer's ability to extract these mineral reserves, could have a material adverse effect on the Issuer's results of operations and financial condition.

Metal Prices

The development and success of the Langmuir Property will be primarily dependent on the future price of nickel. Should the Issuer decide, subject to a positive feasibility study, to develop the nickel resources at the Langmuir Prices, such nickel development would be dependent on nickel prices.

Metal prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of the Issuer. Such factors include, but are not limited to, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major nickel-producing countries throughout the world. The price of nickel, and other base and precious metals, has fluctuated widely in recent years and future serious price declines could cause continued development of, and commercial production from, the Langmuir Property to be impracticable. Depending on the price of nickel and other base metals, the Issuer could be forced to discontinue development and may lose its interest in, or may be forced to sell, some of its properties.

Declining commodity prices can also impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

No History of Mining Operations

The Issuer does not have a history of mining operations and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

Dependence on Limited Mining Properties

The Langmuir Property accounts for the significant majority of the Issuer's mineral resources and the potential for the future generation of revenue. Any adverse development affecting the progress of the Langmuir Property such as, but not limited to, the ability of the Issuer to hire and retain suitable personnel and contractors, or securing supply agreements on commercially suitable terms may have a material adverse effect on the Issuer's financial performance and results of operations.

Insurance and Uninsured Risks

The Issuer's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Issuer's properties or the properties of others, delays in development or mining, monetary losses and possible legal liability. Although the Issuer maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with its operations. The Issuer may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Issuer or to other companies in the mining industry on acceptable terms. The Issuer might also become subject to liability for pollution or other hazards which may not be insured against or which the Issuer may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Issuer to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Government Regulation

The Issuer's mineral exploration and development activities are subject to various laws governing prospecting, mining, development, production, royalties and taxes, export licenses, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. Although the Issuer's exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development or otherwise have a materially adverse effect on the Issuer.

Many of the mineral rights, interests and agreements of the Issuer are subject to government approvals, licenses and permits. Such approvals, licenses and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental officials. No assurance can be given that the Issuer will be successful in maintaining any or all of the various approvals, agreements, licenses and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained, the Issuer may be curtailed or prohibited from continuing or proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations, agreements and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws and regulations governing operations or more stringent implementation thereof could have a substantial adverse impact on the Issuer and cause increases in exploration expenses, capital expenditures or require abandonment or delays in development of new mining properties.

Need for Additional Mineral Reserves

As mines have limited lives defined by their proven and probable mineral reserves, the Issuer will be required to continually replace and expand its mineral reserves as its mines produce nickel.

No Assurance of Titles or Boundaries

Titles to the Issuer's properties may be challenged or impugned, and title insurance is generally not available. The Issuer's mineral properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. As a result, the Issuer may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

Human Resources

The Issuer depends on a relatively small number of key employees, the loss of any of whom could have an adverse effect on the Issuer. The Issuer currently does not have key person insurance for these individuals. The development of the Langmuir Property has and will continue to require further expansion of the Issuer's development and operating teams. There is no assurance that the Issuer will be able to attract and retain personnel to staff the development and operating teams. This may be more difficult in light of the shortages of labour in the mining industry in general.

Dividend Policy

No dividends on the Issuer's common shares have been paid to date. the Issuer anticipates that for the foreseeable future it will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of the Issuer's board of directors after taking into account many factors, including the Issuer's operating results, financial condition and current and anticipated cash needs.

Future Sales of Common Shares by Existing Shareholders

Sales of a large number of IMC common shares in the public markets, or the potential for such sales, could decrease the trading price of the common shares and could impair the Issuer's ability to raise capital through future sales of common shares. The Issuer has previously completed private placements and public offerings at prices per share which are lower than the current market price of its common shares. Accordingly, a significant number of shareholders of the Issuer have an investment profit in the common shares that they may seek to liquidate. Substantially all of the common shares can be resold without material restriction in Canada.

The Issuer may be a "PFIC" under U.S. Tax Laws

Acquiring, holding or disposing of the Issuer's securities may have tax consequences under the laws of Canada and the United States that are not disclosed in this AIF and, in particular, potential investors should be aware that the Issuer may be a "passive foreign investment Issuer" under the U.S. Internal Revenue Code and if it is or becomes a "passive foreign investment Issuer", there may be tax consequences for investors in the United States. Potential investors that are U.S. taxpayers should be aware that the U.S. Internal Revenue Service may determine that the Issuer is a "passive foreign investment Issuer" under Section 1297(a) of the U.S. Internal Revenue Code (a "**PFIC**"). If the Issuer is or becomes a PFIC, any gain recognized on the sale of common shares and any excess distributions paid on the common shares must be ratably allocated to each day in a U.S. taxpayer's holding period for the common shares. The amount of any such gain or excess distribution allocated to prior years of such U.S. taxpayer's holding period for the common shares generally will be subject to U.S. federal income tax at the highest tax applicable to ordinary income in each such prior year, and the U.S. taxpayer will be required to pay interest on the resulting tax liability for each such prior year, calculated as if such tax liability had been due in each such prior year.

Alternatively, a U.S. taxpayer that makes a "QEF election" generally will be subject to U.S. federal income tax on such U.S. taxpayer's pro rata share of the Issuer's "net capital gain" and "ordinary earnings" (calculated under U.S. federal income tax rules), regardless of whether such amounts are actually distributed by the Issuer. U.S. taxpayers should be aware that there can be no assurance that the Issuer will satisfy record keeping requirements or that it will supply U.S. taxpayers with required information under the QEF rules, in event that the Issuer is a PFIC and a U.S. taxpayer wishes to make a QEF election. As a second alternative, a U.S. taxpayer may make a "mark-to-market election" if the Issuer is a PFIC and the common shares are marketable stock. A U.S. taxpayer that makes a mark-to-market election generally will include in gross income, for each taxable year in which the Issuer is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the common shares as of the close of such taxable year over (b) such U.S. taxpayer's tax basis in such common shares. Investors should consult their tax advisors as to the tax consequences of an investment in the Issuer.

Foreign Operations

The Issuer's sole activities in foreign jurisdictions are in the State of Utah and may be affected by possible political or economic instability and government regulations relating to the mining industry and foreign investors therein. The risks created by this political and economic instability include, but are not limited to: fluctuations in currency exchange rates and high rates of inflation. Changes in exploration or investment policies or shifts in political attitude in such jurisdictions may adversely affect the Issuer's business. Mineral exploration and mining activities may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, income taxes, maintenance of property, environmental legislation, land use, water use and property safety. The effect of these factors on the Issuer cannot be accurately predicted.

Conflicts of Interest

Certain directors and officers of the Issuer are or may become associated with other natural resource companies which may give rise to conflicts of interest. In accordance with the *Business Corporations Act* (Ontario), directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Issuer are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the best interests of the Issuer.

Aboriginal Rights

Aboriginal rights may be claimed on the Crown properties or other types of tenure with respect to which mining rights have been conferred. The Issuer is not aware of any aboriginal land claims having been asserted or any legal actions relating to native issues having been instituted with respect to any of the minerals claims in which the Issuer has an interest.

18. Promoters

18.1 For a person or Issuer that is, or has been within the two years immediately preceding the date of the Listing Statement, a promoter of the Issuer or of a subsidiary of the Issuer, state:

(a) the person or Issuer's name;

(b) the number and percentage of each class of voting securities and equity securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control is exercised;

(c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from the Issuer or from a subsidiary of the Issuer, and the nature and amount of any assets, services or other consideration therefor received or to be received by the Issuer or a subsidiary of the Issuer in return; and

(d) for an asset acquired within the two years before the date of the Listing Statement or thereafter, or to be acquired, by the Issuer or by a subsidiary of the Issuer from a promoter:

(i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,

(ii) the person or Issuer making the determination referred to in subparagraph (i) and the person or Issuer's relationship with the Issuer, the promoter, or an associate or affiliate of the Issuer or of the promoter, and

(iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

18.2 (1) If a promoter referred to in section 18.1 is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer, or chief financial officer of any person or Issuer that:

a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer; or

b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer,

state the fact and describe the basis on which the order was made and whether the order is still in effect.

(2) For the purposes of section 18.2 (1), "order" means:

(a) a cease trade order;

(b) an order similar to a cease trade order; or

(c) an order that denied the relevant person or Issuer access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

(3) If a promoter referred to in section 18.2 (1):

(a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any person or Issuer that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or

(b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.

(4) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter referred to in section 18.2(1) has been subject to:

(a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

(5) Despite section 18.2(4), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered important to a reasonable investor in making an investment decision.

N/A

19. LEGAL PROCEEDINGS

19.1 Describe any legal proceedings material to the Issuer to which the Issuer or a subsidiary of the Issuer is a party or of which any of their respective property is the subject matter and any such proceedings known to the Issuer to be contemplated, including the name of the court or agency, the date instituted,

the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

In August 2013, litigation was commenced against the Issuer, Nitinat and certain present and past directors and officers of the Issuer and Nitinat. The litigation was commenced by certain shareholders of the Issuer claiming certain actions undertaken by the Issuer have been oppressive and caused undue prejudice and disregarded the interests of the plaintiffs. The plaintiffs have not set out the quantum of damages that they are seeking. The Issuer is of the opinion that the litigation is frivolous and completely without merit.

In August of 2015, litigation was commenced against the Issuer, its officers and directors by HSBCB Leasehold (BOPC) Inc., the landlord of the Issuer's former corporate offices. The Issuer is of the opinion that the claim against the directors and officers is unwarranted and frivolous. There is a dispute over the amount owing under the lease, which should be resolved in the Issuer's favour before the end of this year and result in the discontinuance of the litigation.

19.2 Regulatory actions - Describe any:

(a) penalties or sanctions imposed against the Issuer by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof;

(b) other penalties or sanctions imposed by a court or regulatory body against the Issuer necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed; and

(c) settlement agreements the Issuer entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date hereof.

N/A

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

20.1 Describe, and state the approximate amount of, any material interest, direct or indirect, of any of the following persons or companies in any transaction within the three years before the date of the Listing Statement, or in any proposed transaction, that has materially affected or will materially affect the Issuer or a subsidiary of the Issuer:

(a) any director or executive officer of the Issuer;

(b) a person or Issuer that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of your outstanding voting securities; and

(c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

During the Issuer's most recently completed financial year ended September 30, 2015, the Issuer was involved in the following related party transactions:

(a) Adrea Capital Corp. ("Adrea") is a Issuer controlled by D. Randall Miller, the Chief Executive Officer ("CEO") and a director of the Issuer. The fees consisted of management fees of $360,000 (2014 - $360,000), expenses of $18,000 (2014 - $18,000) and rent expense of $nil (2014 - $110,000). As at September 30, 2015, Adrea has a rent deposit of $nil (September 30, 2014 - $15,000) included in deposits and other advances. As at September 30, 2015, Adrea was owed $282,908 (September 30, 2014 - $87,734) and this amount was included in accounts payable and accrued liabilities.

(b) Herb Brugh is a director of the Issuer. The fees paid to Herb Brugh are for the provision of services as lead director totaling $75,932 (2014 - $63,467) and car allowance of $nil (2014 - $1,250). As at September 30, 2015, Herb Brugh was owed $177,124 (September 30, 2014 - $52,957) and this amount was included in amounts payable and accrued liabilities.

(c) James Davis is a former director and officer of the Issuer. The Issuer incurred consulting fees of $nil (2014 - $77,500).

(d) For the year ended September 30, 2015, the Issuer expensed $18,960 for accounting services and $36,297 for CFO services (year ended September 30, 2014: accounting services - $30,100; and CFO services - $30,000). Carmelo Marrelli is the president of Marrelli Support. As at September 30, 2015, Marrelli Support was owed $42,108 (September 30, 2014 - $54,906) and this amount was included in accounts payable and accrued liabilities.

(e) For the year ended September 30, 2015, the Issuer expensed $1,725 for corporate secretarial services (year ended September 30, 2014 - $785). Carmelo Marrelli is an officer and shareholder of DSA. As at September 30, 2015, DSA was owed $nil (September 30, 2014 - $nil) and this amount was included in accounts payable and accrued liabilities.

(f) During the year ended September 30, 2015, the Issuer advanced $nil (2014 - $105,000) to Nitinat, a corporation in which the Issuer holds a 10% interest. During the year ended September 30, 2015, the Issuer received repayments of advances of $83,470 from Nitinat (year ended September 30, 2014 - $nil).

These transactions with related parties were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

21.1 State the name and address of the auditor of the Issuer.

21.2 For each class of securities, state the name of any transfer agent, registrar, trustee, or other agent appointed by the Issuer to maintain the securities register and the register of transfers for such securities and indicate the location (by municipality) of each of the offices of the Issuer or transfer agent, registrar, trustee or other agent where the securities register and register of transfers are maintained or transfers of securities are recorded.

Auditor

Dale Matheson Carr-Hilton Labonte LLP
1500 - 1140 W. Pender Street
Vancouver, BC V6E 4G1

Transfer Agent and Registrar

TMX Equity Transfer Services
200 University Avenue, Suite 300
Toronto, Ontario M5H 4H1

22. MATERIAL CONTRACTS

22.1 Give particulars of every material contract, other than contracts entered into in the ordinary course of business that was entered into within the two years before the date of Listing Statement by the Issuer or a subsidiary of the Issuer.

Other than contracts entered into in the ordinary course of business, the following are the only contracts which are currently material to the Issuer:

1. Metal Share Exchange Agreement pertaining to the acquisition of the Langmuir Property.

2. Nitinat Agreement pertaining to the sale of the Jasper Property.

3. Keefe Cooke Agreement pertaining to the acquisition of the Keefe Cooke Property.

22.2 If applicable, attach a copy of any co-tenancy, unitholders' or limited partnership agreement.

23 INTEREST OF EXPERTS

23.1 Disclose all direct or indirect interests in the property of the Issuer or of a Related Person of the Issuer received or to be received by a person or Issuer whose profession or business gives authority to a statement made by the person or Issuer and who is named as having prepared or certified a part of the Listing Statement or prepared or certified a report or valuation described or included in the Listing Statement.

23.2 Disclose the beneficial ownership, direct or indirect, by a person or Issuer referred to in section 23.1 of any securities of the Issuer or any Related Person of the Issuer.

23.3 For the purpose of section 23.2, if the ownership is less than one per cent, a general statement to that effect shall be sufficient.

23.4 If a person, or a director, officer or employee of a person or Issuer referred to in section 23.1 is or is expected to be elected, appointed or employed as a director, officer or employee of the Issuer or of any associate or affiliate of the Issuer, disclose the fact or expectation.

Name of Individual or Company	Document Prepared or Certified
Micon International Limited	Technical Report on the Initial Resource Estimate for the Langmuir North and Langmuir #1 Deposits, Langmuir Township, Ontario Canada" dated January 6, 2010
Dr. C. Mortimer	Exploration Potential and Mineral Resource Estimate for Potash Dragon Inc.'s Llamara Project, Salar de Llamara, Norther Chile dated February 18, 2013 with an effective date

	of January 31, 2013
G.A. Harron, P.Eng., P.Geo.	Barton Technical Report entitled "Qualifying Report on Barton Syndicate Property, Salt Lake and Tooele Counties, Utah, USA For Inspiration Mining Corporation"
Collins Barrow Toronto LLP	Audited financial statements of the year ended September 30, 2014
Dale Matheson Carr Hilton Labonte LLP	Audited financial statements of the year ended September 30, 2015

24. OTHER MATERIAL FACTS

24.1 Give particulars of any material facts about the Issuer and its securities that are not disclosed under the preceding items and are necessary in order for the Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its securities.

N/A

25. FINANCIAL STATEMENTS

25.1 Provide the following audited financial statement for the Issuer:

(a) copies of all financial statements including the auditor's reports required to be prepared and filed under applicable securities legislation for the preceding three years as if the Issuer were subject to such law; and

(b) a copy of financial statements for any completed interim period of the current fiscal year.

25.2 For Issuers re-qualifying for listing following a fundamental change provide

(a) the information required in sections 5.1 to 5.3 for the target;

(b) financial statement for the target prepared in accordance with the requirements of National Instrument 41-101 *General Prospectus Requirements* as if the target were the Issuer;

(c) pro-forma consolidated financial statements for the New Issuer giving effect to the transaction for:

(i) the last full fiscal year of the Issuer, and

(ii) any completed interim period of the current fiscal year.

The first certificate below must be signed by the CEO, CFO, any person or Issuer who is a promoter of the Issuer and two directors of the Issuer. In the case of an Issuer re-qualifying following a fundamental change, the second certificate must also be signed by the CEO, CFO, any person or Issuer who is a promoter of the target and two directors of the target.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, (full legal name of the Issuer), hereby applies for the listing of the above mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to (full legal name of the Issuer). It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario this 5th day of January, 2016

"*Randy Miller"*	*"CarmeloMarrelli"*
Randy Miller Chief Executive Officer	Carmelo Marrelli Chief Financial Officer
"*Herb Brugh"*	*"Vern Bock"*
Herb Brugh Director	Vern Bock Director

APPENDIX A
MINERAL PROJECTS

The Langmuir Property

The information in this section regarding the Langmuir Property is summarized or extracted from the "Technical Report on the Initial Resource Estimate for the Langmuir North and Langmuir #1 Deposits, Langmuir Township, Ontario Canada" dated January 6, 2010 (the "**Micon Report**") prepared by Reno Pressacco, M.Sc. (A), P.Geo, Richard Gowans, P.Eng. and Jonathan Steedman, MAusIMM, of Micon. All of the individuals are "Qualified Person" as such term is defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("**NI 43-101**").

The Micon Report, which has been filed on the System for Electronic Documents Analysis and Retrieval ("SEDAR") and is available for review under the Issuer's profile on the SEDAR website (www.sedar.com), contains complete information on the Langmuir Property and such report is incorporated into this AIF by reference.

Information in this section and elsewhere in this AIF arising subsequent to the date of the Micon Report, if any, regarding the development of the Langmuir Property is provided by management of the Issuer and was prepared under the supervision of an Qualified Person. Portions of the information are based on assumptions, qualifications and procedures which are not fully described herein.

Introduction

Beginning in 2003, the Issuer, through Metal Mines Inc. (its 100% owned subsidiary), has acquired title to a group of mining claims that are located in south eastern Langmuir Township, Ontario and currently owns a 100% interest in 28 unpatented mining claims comprising 69 contiguous claim units. Two patented mining claims were added to the land holdings in November 2008.

Along with the identification and testing of selected targets on the claim group, exploration activities since then have focused on the delineation of the extents of the nickel mineralization found in and about the Langmuir #1 deposit as well as the northeastern strike extension of the nickel mineralization at the nearby Langmuir #2 deposit that is referred to as the Langmuir North deposit. The drilling programs carried out at Langmuir North have been successful in outlining nickel mineralization along a strike length of approximately 480 metres, to a depth of approximately 340 metres from surface and across widths ranging from 10 to 90 metres. While the north eastern strike limits of the mineralization appear to have been outlined by drilling, the depth limits of the mineralization have not been located. The drilling completed as of the date of this report has confirmed the extent and the continuity of the mineralization at the Langmuir North deposit with sufficient confidence to allow for the estimation of an initial mineral resource.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Langmuir Property currently consists of 28 contiguous unpatented mining claims containing of 69 claim units, which lie within Langmuir Township, Porcupine Mining Division, District of Cochrane, Ontario and located approximately 25 km southeast of Timmins, Ontario. Access to the property is via the all weather gravel road formerly known as the "Langmuir Mine" road or currently known as the "Stringer Road" southwards from South Porcupine, for approximately 14.9 km thence westwards on the mine road for approximately 6.7 km to the Langmuir No. I Mine and a further 2.4 km to the Langmuir No. 2 Mine.

The mine workings, waste dump and settling pond of the former producing Langmuir No. 1 Mine are located on mining claim 1236554. The former mine operators did not construct a mill or tailings pond on site, as all nickel bearing material was processed off site and very little of the surface infrastructure remains on site. The mine portal is blocked and the underground mine workings are flooded.

The mine workings of the former producing Langmuir No. 2 Mine are located on several mining claims with portions of the mine workings located on the Issuer's claims 1213717 and 1213131, which also contain the rehabilitated rock dump. During the later years of mining, a mine cave-in occurred, resulting in ground subsidence and creating a current water filled pond with portions on these mining claims. The mine's settling pond for the mine is located on the Issuer's mining claim 1213414. Portions of the Issuer's mining claims 1213717, 1240736 and 1219467 cover the tailing pond. The Issuer's mining claim 1213717 covers the Langmuir - South Zone. The Issuer's Langmuir No.2 Mine - North Zone is located on portions of mining claims 1213130, 1213131 and 1213414.

The mine tailings of the former producing Langmuir No. 2 Mine cover a portion of the Issuer's mining claims 1213717, 1240736 and 1219467. Under relevant Ontario Mining Act Regulations, tailings created by previous operators of the property are not a liability of the current landowner, provided the tailings remain undisturbed.

History

Geological mapping and studies have been conducted over time by various authors of the Ontario Bureau of Mines, Ontario Department of Mines, Ontario Geological Survey and the Geological Survey of Canada beginning in 1924. Early activities in the townships were for gold exploration after the discovery of the Porcupine Gold Camp in 1908. The earliest record of activity being carried out on the property is by Shoniwigwan Group in 1927. Exploration work was carried out on a sporadic basis through to the 1964-1966 period where work by Mining Corporation of Canada resulted in the discovery of the Langmuir No. 1 and Langmuir No. 2 deposits on joint venture lands held as a 51% Mining Corporation of Canada (1964) Limited and 49% 1NCO Limited.

In the 1970-73 period, a 446 m deep shaft and a flotation mill were constructed on the property. Production from the Langmuir #2 deposit in the period 1973-78 amounted to 1,133,750 tones grading 1.45% Ni. In 1976, a decision was made to develop the Langmuir No.1 deposit as a supplementary ore source to the Langmuir No.2 mine. The Langmuir No.1 deposit was accessed by a 1250-foot long 12 foot by 15-foot ramp, which stopped 400 feet short of the deposit. Noranda ceased underground development in 1977 due to “deteriorating economic conditions at the Langmuir No. 2 deposit”.

Timmins Nickel Inc. developed the Langmuir No. 1 Mine, with assistance from Ontario Mineral Incentive Program (OMIP) grants in 1990 (OMIIP Grant OM9O- 118) and 1991 (OMIP Grant OM91-098). Under OMIP Grant OM9O-1 18, Timmins Nickel completed the dewatering of Noranda's 1,250- foot (381m) long ramp, extended the 12 foot by 15 foot ramp for 400 feet (121.92 m) to the 315 foot mine level, completed 4,652 feet (1,417.93 m) of underground diamond drilling, and metallurgical and ore compatibility studies.

During 1990 and 1991, Timmins Nickel milled a total of 111,502 tones grading 1.74% Ni at the Redstone Mine property in Eldorado Township. All work at the site ceased in early 1992 when Timmins Nickel Inc. declared bankruptcy.

Additional exploration work was undertaken following the closure of the Langmuir No 1 mine until acquisition of the land holdings by the Issuer.

Regional and Local Geology

The project area is located along the southeastern flank of a geological structure known as the Shaw Dome, which is interpreted to be a large anticlinal structure that plunges to the southeast. The core of the Shaw Dome is composed of an older sequence of rocks that is generally referred to as the Deloro Group while the peripheries of the Dome are composed of a younger sequence of rocks that is generally referred to as the Tisdale Group.

Komatiite flows on the property belong to the upper komatiite horizon and are of the aluminum undepleted komatiite variety. These rocks occur as three northeast trending horizons on the property, which may be fold repetitions of a single horizon. The Langmuir No.1 and No. 2 deposits are localized along the base of the predominately extrusive komatiite sequence, and in some instances show thermal erosion of the underlying rocks. Fold patterns on the property are dominated by northeast-trending anticline/syncline pairs, with steep to vertical, and possibly overturned limbs. However, the locations of the fold axes are poorly constrained, due to a paucity of rock exposures in critical areas.

Several fault directions, with unknown age relationships have been observed or inferred to disrupt the stratigraphy. The major northwest-trending Montreal River Fault causes an apparent sinistral offset of the stratigraphy. Dextral faults trending northeast are more or less parallel to the axial planes of the dominant fold structures that may not cause significant stratigraphic offsets, and are truncated by the Montreal River Fault.

Deposit Types and Mineralization

Considerable research over the years indicates that komatiite hosted nickel deposits in the Timmins area are similar to the Archean age nickel deposits of the Kambalda and Windarra areas in Western Australia. There are five genetic models to explain volcanogenic nickel sulphide deposits. The preferred deposit model suggests that magmatic nickel sulphides have been transported by the host lava or magma as droplets of immiscible liquid, and that these deposits have settled out of an ultramafic flow consisting of olivine crystals suspended in an ultramafic liquid. During horizontal movement and/or gravity segregation, immiscible sulphides will settle to the base of the flow to accumulate as massive sulphides. Sulphides, which do not reach the base of the flow, will be suspended about olivine phenocrysts forming disseminated or net textured sulphides. Depressions in the basal contacts of the pendotite bodies and/or relief of the surface onto which the lavas were erupted may control sulphide accumulation because dense sulphide droplets tend to settle out more rapidly into the low-lying areas than silicate phenocrysts.

At the Langmuir No. 1 deposit the nickel ore occurs near the base of a steeply dipping and isoclinally folded pile of ultramafic rocks approximately 150 m thick. The pile comprises 15 to 20 ultramafic flows, the exact number being difficult to determine because many display only a few of the classic flow features. In general the flows toward the top of the pile are thinner, less MgO rich, and contain more spinifex-textured ore. Flows toward the base, which are best delineated by their chemical profiles, are as thick as 50 m, yet some have only a few centimetres of spinifex texture at their upper margins. The bottom half of the lowermost flow contains all the ore-grade mineralization, which grades upward from massive ore to net-textured ore to disseminated suiphides. Much of the ore is located in an apparent footwall depression, suggested by variations in the thickness of the basal ultramafic flow.

At the Langmuir deposit 2, nickel ore is concentrated close to the base of an ultramafic pile that dips steeply to the southeast. As shown in plan, cross section, and longitudinal section, ore in the shallower levels of the mine is largely confined to lenses within what appears to have been a fault-bounded trough. The ultramafic pile containing the nickel ore consists of several flows and related intrusions; the ore zones actually lie within the three lowermost flows. Interfiow sedimentary rocks and felsic-intermediate lavas are intercalated in the pile.

Several ore types are encountered in both of the Langmuir deposits. Massive ore is commonly banded, pyrrhotite- or pyrite-rich, and with less common pentlandite. Subordinate chalcopyrite is concentrated in stringers and veinlets. Bands of coarse-grained magnetite comprise up to 70 percent by volume of the ore in places. Net-

textured ore, in which grains of olivine were immersed in a continuous network of sulfides, overlies the basal massive ore zone in both deposits. Zones of low-grade disseminated ore are patchy and irregular. Textures within these zones, such as subparallel elongate sulfide grains and sulfides replacing silicates, indicate that extensive recrystallization and remobilization has occurred.

Exploration

Exploration activities carried out by the Issuer have included such items as preparing compilations of all previous exploration and development activities on the property, carrying out surveying programs, conducting geochemical and ground-based geophysical surveys, completing airborne geophysical surveys and carrying out delineation and exploration drilling programs.

Drilling

Drilling programs at the Langmuir North Zone were carried out in five phases over a four year period starting in 2005. As a result of these programs, a total of 34,229 metres of drilling was completed in 170 drill holes that were mostly of NQ-sized core. The objective of these drilling programs was to outline a zone of nickel mineralization that is located along strike to the northeast of the Langmuir No. 2 mine.

The drilling programs at the Langmuir No. 1 zone were carried out in three phases over a three year period starting in 2005. A total of 33,570 metres of drilling was completed in 123 drill holes that were mostly of NQ-sized core. The purpose of these drilling programs was to search for the depth extension of the mineralized zones that were exploited by Timmins Nickel.

Exploration drilling programs were also carried out property-wide in three phases over a three year period starting in 2007 in which a total of 21,204 metres of drilling were completed in 65 drill holes. All of the exploration drilling was done using NQ-sized drilling equipment. The purpose of the exploration holes was to evaluate selected exploration targets that were identified by the geophysical and/or geochemical surveys.

The drilling programs were carried out by Larry Salo Drilling of Timmins, Ontario and Crites Diamond Drilling of Connaught, Ontario.

Sampling Method and Approach

Initially the drill core was washed, measured and marked at 1 metre intervals to ensure the reported length of the drill hole corresponded to the lengths reported by the drilling crews and to verify the position of the 3-metre marker blocks placed by the drill Issuer to estimate the drill core recovery and to measure the rock quality determination (RQD). Upon completion, the geologist would complete the logging of the drill core and would mark out sampling intervals using coloured china markers and place the sample tag at the end of the interval. All attempts were made to sample at a consistent core length of 1-metre or sampled in intervals relevant to abrupt changes in mineralization and geology.

Commencing in October 2006, two standard reference materials OREAS 13P and OREAS 14P, along with a quartz rock blank, were used. Each suit of 20 samples consisted of 17 core samples, two standard reference material samples and quartz rock blank. The quartz rock blank was used to test for possible contamination in the crushing and grinding circuits of the analytical laboratory. Commencing on March 16, 2008, a blind blank consisting of diabase dyke half was inserted into the sampling stream.

Sample Preparation, Analyses and Security

All core samples were cut by a geo-technician using a stand mounted 14-inch Target diamond blade rock saw with continuous fresh water to eliminate any possible chance of contamination between samples. One half of the cut core was placed in a poly sample bag along with half of the sample tag and sealed with staples. The samples bags were placed in shipping bags sealed with plastic cable ties and transported by exploration personnel to Swastika Laboratories Ltd, in Swastika, Ontario for analysis.

All initial sample preparation and assaying was completed at Swastika Laboratories, located in Swastika, Ontario. The analytical portion consists of a 0.5 gram sample dissolved in a breaker with 5 ml Nitric Acid (HNO3) plus 10 ml of Hydrochloric Acid (HC1), diluted to 100 ml with distilled water and the solution is analyzed by Atomic Absorption Spectrophotometiy. The system detection limit for nickel is 0.001% up to 0.50% then reported to 0.01%. An analytical run consists of 30 samples, 3 repeats, a blank and a control standard.

Micon has reviewed the sample collection, sample preparation, security, and analytical procedures that were followed during the 2009 diamond drilling program. It concludes that the procedures followed are adequate to ensure a representative determination of the metal contents of any intervals of veining, alteration, or sulphide accumulations that were observed in the drill core.

The analytical results from the standard reference materials, blank samples and duplicate samples were provided to Micon by the Issuer as part of the drill hole database information package. Micon then proceeded to construct the control charts for nickel only, which was the subject of routine analysis.

Examination of the nickel control charts for the four standard reference materials reveals that, with some exceptions, the nickel values of the standard reported by the Swastika assay laboratory were well within the control limits. It can be seen that a number of single-sample excursions (either above the upper control limit or below the lower control limit) are present for standards OREAS 13P, l4P and 72a. The causes of these excursions can be related to such items as data entry errors, misidentifying the standard in the database or poor laboratory results.

Examination of the control chart for the blank samples reveals that, apart from one failed sample, the blank samples do not show any evidence of cross-contamination of samples.

Data Verification

The Issuer completed a small program of comparative assaying that examined the impact of the sample digestion method upon the resulting nickel assays.

Micon began its data verification activities by conducting a site visit on June 4 and June 5, 2008, where the surface infrastructure of the project site were reviewed, field procedures for the drilling program were examined, and representative sections of the mineralization in drill core were reviewed. Micon found that the field procedures that were being used to set up the diamond drill, recover the core, transport the core to the logging facilities and the logging and sampling procedures were all being carried out to the best practices currently in use by the Canadian mining industry.

During the site visit Micon completed its own program of check sampling of the Langmuir North and Langmuir No. 1 deposits. After a visual examination of the half core remaining in the core box and a review of the assay values contained in the corresponding drill logs, a total of 22 sample pulps were selected from drill holes LN-05-l and L107-72 in order to provide an independent confirmation of the presence of nickel values in those samples. The samples were submitted to Acme Analytical Laboratories Ltd. located in Vancouver, British Columbia. The nickel contents were determined using their 7AR method code (Hot Aqua Regia digestion on a 1 g split for base-metal sulphide and precious-metal ores followed by an ICP-ES analysis).

Micon then conducted an audit of the digital database using the appropriate function of the Surpac v6. 1 .1 software package. A number of minor errors of a clerical nature such as mismatched hole lengths and drill hole identification between the collar, survey lithology and assay tables, and mismatched “From-Tos” in the assay table were detected and were corrected.

Micon completed its data verification activities by conducting a spot check of the drill hole database for the Langmuir North deposit. A total of 19 holes were selected on a semi-random basis, being approximately 10% of the Langmuir North drill hole database, for examination for systematic errors. The information contained in the drill logs and assay sheets was compared to the information contained in the electronic database. In respect of the assay information, the original assay certificates were used as a basis for comparison against the digital database. No significant errors were detected.

Adjacent Properties

The Issuer’s Langmuir North and Langmuir No. 1 deposits are located along the south eastern portion of a geological structure known as the Shaw Dome. The package of rocks that contain the Issuer's two nickel deposits have long been known to be favourable hosts for nickel mineralization, and production of nickel in this area has taken place from the Langmuir No. 1 and the Langmuir No. 2 mine (both contained either within or immediately adjacent to The Issuer's mineral claims and the Liberty Minerals Inc.'s (Liberty) Redstone and McWatters mines located to the west of the Issuer's land holdings.

In addition to these properties that have hosted nickel production in the past, new nickel discoveries have been found beginning in 2007 by Golden Chalice Resources Inc's (Golden Chalice) to the south of The Issuer's land holdings.

Mineral Processing and Metallurgical Testing

The Issuer has completed preliminary metallurgical test work on the mineralization found at the Langmuir North deposit. The test work was completed by SGS Lakefield Research Limited.

The Issuer requested SGS to carry out a flow sheet development program for their Langmuir #2 North Zone mineralization. Drill core was received at the SGS Lakefield Research site in late July 2008 and a metallurgical test program was completed over the next 9 months.

The test program included sample preparation, grindability tests, mineralogical characterization of 6 different composites, batch rougher and cleaner tests, QEMSCAN analysis of tailings products, and a basic environmental characterization of the rougher tails.

A Rapid Mineral Scan (RMS) was carried out on the Nickel Zone, Intermediate Zone, and the four grade composites. The primary nickel bearing mineral was identified as millerite, which contains almost 65% Ni compared to the more commonly occurring pentlandite with approximately 34% Ni content. Other sulphide minerals identified included violarite, pentlandite, pyrite, and chalcopyrite. Overall, the mid grain size decreases with the head grade of the sample, which is commonly observed relationship for this type of mineralization. A series of seven batch rougher tests were carried out on the Nickel Zone composite.

Although the cleaner circuit design is still ongoing, a number of conclusions can be made at this time:

(i) The grindability test results revealed that the composites are quite hard. However, flotation results obtained for the Nickel Zone composites suggest that a good Ni recovery can be achieved at a relatively coarse grind size of P80=230 microns. Tests on the other composites have to be completed to confirm that

the recovery remains high for the lower grade composites;

(ii) 85% of the Ni units are associated with sulphide minerals. The remaining Ni is tied up in serpentine and chlorite and, therefore, considered non-recoverable by means of flotation;

(iii) Almost all Ni units are associated with millerite, which has the advantage of a higher Ni content compared to pentlandite;

(iv) The achievable rougher Ni recovery in the Nickel Zone composite is 75-77% at a saleable concentrate grade of 13-15% Ni. Results of a first cleaner tests suggests that the concentrate grade may be increased to 20-25% at only moderate Ni losses;

(v) The rougher tails of the Nickel Zone contains a considerable amount of carbonates, which render the tailings acid-neutralizing. ABA and NAG tests would also have to be carried out on the other composites to confirm that the acid-neutralizing potential is consistent throughout the deposit;

(vi) The Nickel Zone composite contained a large amount of floatable non-sulphide gangue minerals that require the addition of CMC to depress the NSG minerals.

Mineral Resource and Mineral Reserve Estimates

Langmuir North Deposit:

A digital database was provided to Micon by the Issuer wherein such drill hole information as collar location, down hole survey, lithology, density measurements and assays was stored in comma delimited format. The drill hole information was provided on an on-going basis as new information became available after the date of Micon's site visit. The cut off date for the drill hole database was October 28**,** 2009 and included all drill hole information up to and including hole LN-09-171. The drilling was carried out at a nominal spacing of 25 metres vertically on sections spaced 25 metres apart in plan view.

Interpretation of the geological and mineralization features associated with the nickel mineralization found at the Langmuir North deposit was carried out according to the most current understanding and level of knowledge. In summary, the current view of the overall stratigraphic sequence and nickel mineralization at the Langmuir North deposit involves a footwall sequence of pillowed ultramafic flows that acted as a substrate upon which a unit of felsic volcanic rocks was extruded. This footwall felsic volcanic flow was not aerially extensive and pinched out to the northeast. A thick ultramafic flow was erupted onto this footwall surface and remained molten for a sufficient period of time to allow the nucleation of nickel-bearing sulphide minerals. These nickel-bearing sulphide minerals have partially settled to the bottom of the flow (i.e. to the northwest) to form higher nickel concentrations as disseminations, net-textured sulphides and pods of semi-massive to massive sulphides. This thick flow is overlain by a younger unit of felsic volcanic rocks of dacitic composition which are in turn overlain by a younger-still ultramafic volcanic unit. The entire stratigraphic sequence has been intruded by a series of post-mineralization felsic intrusions of variable thicknesses.

In terms of structural geology, the overall stratigraphic sequence is currently viewed as a simple “layer-cake” succession of bi-modal ultramafic and felsic volcanic rocks. A suggestion of folding is indicated from the distribution of some of the rock units in the stratigraphic sequence. Numerous notations of faulting are contained in the drill hole database however, while indeed the possibility of fault displacements is present, no systematic larger-scale displacements were noted of any of the major lithological units in the preparation of the lithological interpretation. This current understanding of the stratigraphic sequence, structural geology and nickel mineralization may change in the future as further information becomes available.

In respect of the nickel mineralization, the nickel values were displayed on the drill hole traces and were used to establish the outline of the mineralized zone on cross-sections that were spaced nominally at 25 metre centers (viewing windows of +1- 12.5 metres). The nickel domains were drawn so as to include all occurrences of nickel values that were greater than the estimated Break Even Cut Off Grade (BECOG), irrespective of the quantity of sulphides present (i.e. inclusive of massive, semi-massive, stringer and disseminated sulphide mineralization). In cases where lithological information indicated the presence of metre-scale barren felsic intrusions, these small sections were included with the initial domain model as internal dilution. For this exercise, Micon elected to apply a BECOG of 0.2% Ni construction of the domain model of the nickel mineralization found at the Langmuir North deposit.

In all, interpretation was carried out on 22 cross-sections along a strike length of 600 metres and to a maximum depth of approximately -180 metre elevation (approximately 460 metres beneath the surface). As a result of the domain modeling exercise, it was discovered that the overall strike of the mineralization for the Langmuir North deposit varies from essentially north-south in the south western portion of the deposit to north easterly (025° to 030°) in the central and northeastern portions of the deposit. The dip of the mineralization also seems to vary with the strike of the deposit, being steeply southeast-dipping at an average dip of approximately -75° in the southwestern portion of the deposit, becoming sub-vertical in the central and northeastern portions of the deposit.

The northeastern strike extension of the mineralization appears to have been closed off by two drill hole fences that have tested for the presence of near-surface nickel mineralization to a depth of approximately 200 metres. Micon notes that the depth limits of the favourable host ultramafic unit clearly have not been tested by diamond drilling.

Grade capping (or top cutting) was investigated on the raw nickel assay values in order to ensure that the possible influence of erratic high values did not unduly bias the database or grade estimate. All samples contained within the three-dimensional model of the Langmuir North 0.2% Ni domain model were coded in the database and extracted for analysis. A normal histogram was generated from these extraction files and the descriptive statistics of the sample data set were generated. The grade cap was selected by examining the histogram for the grade at which outlier assays begin to occur. A capping value of 4% Ni is clearly indicated, resulting in the grades of only three samples being reduced.

A total of 5,206 density measurements were made of both mineralized and unmineralized rock. Of these, 4,766 samples were contained within the 0.2% Ni domain model of the Langmuir North deposit. Micon determined that the average bulk density of these samples was 2.71 tIm3 and applied this value as the average bulk density to estimate the mineral resources for the Langmuir North deposit.

The analysis of the variographic parameters of the mineralization found in the mineralized domain for the 0.2% Ni domain began with the construction of down-hole and omni-directional variograms using the capped, 1 .0-m composited sample data with the objective of determining the global nugget (CO) for the nickel data set. An evaluation of any anisotropies that may be present in the data resulted in successful variograms for the three principal directions with model fits ranging from reasonable to good.

An upright, rotated, whole block model (i.e. blocks receive information such as lithological assignments and metal grade on the basis of whether the block centroid is contained within the volume under consideration) with the long axis of the blocks oriented along an azimuth 030° (i.e. parallel to dominant the nickel domain orientation) was constructed using the Gemcom-Surpac v6. 1.1 software package. Nickel grades were interpolated into the individual blocks for the mineralized domain using the Ordinary Kriging, Inverse Distance to the power 2 and Nearest Neighbour interpolation methods. “Hard” domain boundaries were used along the contacts of the mineralized domain model in which only data contained within the nickel domain model were allowed to be used to estimate the grades of the blocks, and only those blocks within the domain limits were allowed to receive grade

estimates. The capped, composited grades of all the drill hole intersections were used to derive an estimate of a block's grade for those locations situated between drill hole pierce points.

The primary conceptual exploitation scenario for the nickel mineralization contained in the Langmuir North deposit involves extraction of the mineralized material by means of open pit mining methods and producing a nickel-bearing concentrate using a conventional flotation flow sheet in a plant that would be located on the property. The concentrates would subsequently be shipped to a domestic smelting/refining complex for final processing into nickel metal. Any higher-grade mineralized material that may be located below the bottom of a potential open pit shell would be extracted by means of underground mining methods and would be processed through the same plant. A preliminary open pit shell was developed using the Surpac and Whittle software packages that applied the Lerchs-Grossman optimization algorithm to the input parameters selected as the base case scenario.

The mineral resources for the Langmuir North nickel deposit include all profitable blocks (i.e. all blocks that have a positive net value) that are located within the 0.2% Ni domain model and that are contained with the base case optimized open pit shell. Examination of the block values suggests that the nominal Break Even Cut Off Grade is approximately 0.21% Ni, while the mill-incremental cut off grade is approximately 0.19% Ni. The mineral resources below incorporate nickel grades that were estimate by means of the Ordinary Kriging interpolation method. The estimated mineral resources for the Langmuir North deposit are set out in Table 5.

The mineral resources are estimated at 8,324,000 tones grading 0.40% Ni. Micon believes that sufficient information is available to classify the mineral resources in the Indicated Resources category.

Table 5
Estimated Mineral Resources for the Langmuir North Deposit

Cut Off Grade (% Ni)	Classification	Volume (m3)	Tones	Ni (%)
Waste:				
0.0->0.19		9,139,000	23,862,000	0.00
		208,000	562,00	0.13
Sub Total		**9,347,000**	**24,424,000**	**0.00**
Mill Incremental:				
0.19->0.21	Indicated (2)	160,000	433,000	0.20
Sub Total		**160,000**	**433,000**	**0.20**
Mineralized:				
0.21->10.0	Indicated (2)	2,912,000	7,891,000	0.41
Sub Total		**2,912,000**	**7,891,000**	**0.41**
Total, Mill Incremental + Mineralized			**8,324,000**	**0.40**
Total Material:		**12,418,000**	**32,749,000**	**0.10**
Strip Ratio (W:MI+M)			**2.93**	

1. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing or other relevant issues.

2. The quantity and grade of reported Inferred Resources in this estimation are conceptual in nature and there has been insufficient exploration to define these inferred Resources as an Indicated or Measured Mineral Resource. It is uncertain if further exploration will result in the upgrading of the Inferred Resources into an Indicated or Measured Mineral Resource category.
3. Tonnages have been rounded to the nearest thousand tones.
4. Sums may not add due to rounding.
5. Mineral resources are inclusive of mill incremental material.
6. Grade interpolation is estimated by Ordinary Kriging method.

Langmuir No. 1 Deposit:

A digital database was provided to Micon by the Issuer wherein such drill hole information as collar location, down hole survey, lithology, density measurements and assays was stored in comma delimited format. The drill hole information was provided on an on-going basis as new information became available after the date of Micon's site visit. The cut off date for the drill hole database was October 28, 2009 and included all drill hole information up to and including hole L108-123. The drilling was carried out at a nominal spacing of 15 metres vertically on sections spaced 15 metres apart in plan view.

Geological modeling of the lithologies and mineralization found at the Langmuir No. 1 deposit were carried out along a slightly different approach to that presented for the Langmuir North deposit in that the nickel mineralization was perceived to be an example of a komatiite-style deposit. In this style of deposit, the nickel mineralization is hosted by komatiitic lava flows that have erupted upon a floor of dacitic lavas, and can build up over time such that successive flows can be formed upon a paleo-topographic surface of older komatiite flows as well. At the outset of this exercise, the overall strike of the dips of the lithologies being steeply southeast. As was the case for the Langmuir North deposit, given the location of the deposit in the regional context, the facing directions are interpreted to be to the southeast. In contrast to the Langmuir North deposit, no significant quantities of post-mineralization felsic intrusions were observed at the Langmuir No. 1 deposit. Following completion of the construction of the domain models at various nickel BECOG's, Micon elected, in consultation with the Issuer, to apply a break-even nickel cutoff grade of 0.2% Ni in the construction of the domain model of the nickel mineralization found at the Langmuir No. 1 deposit.

As a result of its modeling exercise of the nickel mineralization found at the Langmuir No. 1 deposit, Micon believes that, at a cut-off grade of 0.2% Ni, the nickel mineralization can be shown to be related to a thick ultramafic flow that sits upon a footwall that is composed dominantly of dacite flows containing minor embayments of older ultramafic flow rocks. This thick flow contains higher grade pods of semi-massive to massive sulphides that have formed as a result of sulphide nucleation and gravitational settling.

In all, lithological interpretation was carried out on 25 cross-sections along a strike length of approximately 550 metres and to a maximum depth of approximately -200 metre elevation (approximately 500 metres beneath the surface) while interpretation of the 0.2% Ni mineralization was carried out along a strike length of approximately 250 metres and to a maximum depth of approximately the 0 metre elevation (approximately 300 metres beneath the surface). As a result of the domain modeling exercise, it was discovered that the overall strike of the mineralization for the Langmuir No.1 deposit was to approximately azimuth 060° with an average dip of approximately -75° to the southeast.

Grade capping (or top cutting) was investigated on the raw nickel assay values in order to ensure that the possible influence of erratic high values did not unduly bias the database or grade estimate. All samples contained within the three-dimensional model of the Langmuir No. 1 0.2% Ni domain model were coded in the database and

extracted for analysis. A normal histogram was generated from these extraction files and the descriptive statistics of the sample data set were generated. The grade cap was selected by examining the histogram for the grade at which outlier assays begin to occur. A capping value of 3.8% Ni is clearly indicated, resulting in the grades of 35 samples being reduced.

A total of 3,744 density measurements were made of both mineralized and unmineralized rock. Of these, 2,703 samples were contained within the 0.2% Ni domain model of the Langmuir No.1 deposit. Micon determined that the average bulk density of these samples was 2.86 tIm3 and applied this value as an average bulk density to estimate the mineral resources for the Langmuir No.1 deposit for this initial mineral resource estimate.

The analysis of the variographic parameters of the mineralization found in the mineralized domain for the 0.2% Ni domain began with the construction of down-hole and omni-directional variograms using the capped, 1.0-rn composited sample data with the objective of determining the global nugget (CO) for the nickel data set. An evaluation of any anisotropies that may be present in the data resulted in successful variograms for the three principal directions with model fits ranging from reasonable to good.

An upright, rotated, whole block model (i.e. blocks receive information such as lithological assignments and metal grade on the basis of whether the block centroid is contained within the volume under consideration) with the long axis of the blocks oriented along an azimuth 0600 (i.e. parallel to dominant the nickel domain orientation) was constructed using the Gemcom-Surpac v6. 1.1 software package. Nickel grades were interpolated into the individual blocks for the mineralized domain using the Ordinary Kriging, Inverse Distance to the power 2 and Nearest Neighbour interpolation methods. “Hard” domain boundaries were used along the contacts of the mineralized domain model in which only data contained within the nickel domain model were allowed to be used to estimate the grades of the blocks, and only those blocks within the domain limits were allowed to receive grade estimates. The capped, composited grades of all the drill hole intersections were used to derive an estimate of a block's grade for those locations situated between drill hole pierce points.

A preliminary open pit shell was developed using the Surpac and Whittle software packages that applied the Lerchs-Grossman optimization algorithm using the same input parameters as were applied for the Langmuir North deposit, as these represented the best available estimates at the time of preparation of this mineral resource estimate.

The mineral resources for the Langmuir No. 1 nickel deposit include all profitable blocks (i.e. all blocks that have a positive net value) that are located within the 0.2% Ni domain model and that are contained with the base case optimized open pit shell. Examination of the block values suggests that the nominal Break Even Cut Off Grade is approximately 0.21% Ni, while the mill-incremental cut off grade is approximately 0.19% Ni. The mineral resources below incorporate nickel grades that were estimate by means of the Ordinary Kriging interpolation method. The estimated mineral resources for the Langmuir North deposit are set out in Table 6.

The mineral resources are estimated at 1,733,000 tones grading 0.51% Ni. Micon believes that sufficient information is available to classify the mineral resources in the Indicated Resources category.

Table 6
Estimated Mineral Resources for the Langmuir No. 1 Deposit

Ni Ok	Classification	Volume	Tones	Ni Ok
Waste:				
0.0->0.19		8,038,000	21,739,000	0.00

Sub Total		**8,038,000**	**21,739,000**	**0.00**
Mill Incremental:				
0.19->0.21	Indicated (2)	23,000	67,000	0.20
Sub Total		**23,000**	**67,000**	**0.20**
Mineralized:				
0.21->10.0	Indicated (2)	583,000	1,666,000	0.52
Sub Total		**583,000**	**1,666,000**	**0.52**
Total, Mill Incremental + Mineralized			**1,733,000**	**0.51**
Total Material:		**8,645,000**	**23,473,000**	**0.04**
Strip Ratio			**12.5**	

1. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing or other relevant issues.
2. The quantity and grade of reported Inferred Resources in this estimation are conceptual in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource. It is uncertain if further exploration will result in the upgrading of the Inferred Resources into an Indicated or Measured Mineral Resource category.
3. Tonnages have been rounded to the nearest thousand tones.
4. Sums may not add due to rounding.
5. Mineral resources are inclusive of mill incremental material.
6. Grade interpolation is estimated by Ordinary Kriging method.

Interpretations and Conclusions

The Issuer has been conducting exploration programs on its Langmuir Project located south of Timmins, Ontario with the goal of discovering additional occurrences of nickel mineralization similar to that which had been exploited in the past at the Langmuir #1 and Langmuir #2 mines. These exploration programs have been successful in outlining sufficient concentrations of nickel at the Langmuir North deposit and at the Langmuir No. 1 deposit to prepare an initial mineral resource estimate. As well, exploration drilling elsewhere on the property has been successful in discovering the presence of nickel mineralization of potentially economic grades across potentially mineable widths in such locations as between the Langmuir #1 and Langmuir #2 mines and in the extreme northwestern portion of the property.

The historical production record of the Langmuir property clearly demonstrates that (potentially) economic quantities of nickel mineralization have indeed been demonstrated to be present on the property. While the property has been the subject of previous exploration programs whose goals, presumably, were the location of additional deposits with similar grades as were exploited at Langmuir No. 1 and Langmuir No. 2 mines, Micon believes that given the economic context of the time, little attention has historically been directed towards evaluating the potential of the presence of near-surface, lower grade mineralization that could be exploited by means of open pit mining methods.

Delineation drilling programs carried out by the Issuer have been successful in outlining two areas of near-surface, ultramafic-hosted nickel mineralization that initial work suggests may be exploited by means of open pit mining methods. Preliminary interpretation of geophysical (magnetic) data suggests that the Langmuir North and Langmuir No. 1 deposits are hosted by two separate units of ultramafic rocks.

Examination of the magnetic signatures in combination with the known surface-based geology clearly shows that at least four additional ultramafic units which sub-parallel those that host the Langmuir North and Langmuir No. I deposits are present on the property.

Exploration drilling along the northeastern strike extension of the Langmuir No. 1 deposit has been successful in identifying the presence of additional nickel mineralization similar to the Langmuir No. 1 deposit along a strike length of approximately 1,000-1,200 metres. As well, limited exploration drilling that tested targets hosted by an ultramafic unit located immediately to the northwest (i.e. in the stratigraphic footwall) of the Langmuir No. 1 mine unit has also been successful in locating near-surface nickel mineralization. The magnetic signatures and geological mapping suggest that this footwall unit can have a strike length on the property on the order of 2,500-2,750 metres.

Limited exploration drilling has also been carried out in the extreme northwestern portion of the property and has also been successful in identifying the presence of additional nickel mineralization similar to the Langmuir North and Langmuir No. 1 deposits along a strike length of approximately 1,200-1,500 metres.

A small number of drill holes, completed to test an ultramafic unit located to the southeast of the Langmuir No. 1 deposit (i.e. in the stratigraphic hanging wall), have also encountered low-grade nickel mineralization, while a fourth suggested ultramafic flow further to the southeast remains essentially untested by drilling.

On the basis of the exploration work completed to-date, Micon agrees with the Issuer's opinion that potential remains to locate additional nickel mineralization similar to that which has been outlined at the Langmuir North and Langmuir No. 1 deposits. Micon believes that the potential exists on the property to locate an additional 20-40 million tones of nickel-bearing material at similar grades to those found at the Langmuir North and Langmuir No. 1 deposits. As well, Micon agrees that potential remains to locate additional concentrations of nickel mineralization similar to that which has been exploited at the Langmuir No. 2 mine at depth. It is to be stressed that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a mineral resource of said tonnage and grade, and that it is uncertain if further exploration will result in the target being delineated as a mineral resource.

Micon believes that the Issuer is justified in carrying out further exploration programs whose goals are to locate additional nickel-bearing zones on the Langmuir Property.

Other Properties

For the purposes of providing information relating to the Cleaver and Douglas properties, the Issuer is relying on information provided to it by the various vendors. All information pertaining to the below properties was derived from historical geological reports and does not presently conform to the standards as outlined in NI 43-101.

Cleaver and Douglas Properties Property

Both the Cleaver and Douglas Properties are located in the Abitibi greenstone belt of the Abitibi Subprovince in the Superior Province. The geology of the area consists of Archean supracrustal and plutonic rocks that are partially overlain by Proterozoic sedimentary rocks and intruded by late Proterozoic diabase dikes. Archean metavolcanic and metasedimentary rocks are subdivided into 4 distinct assemblages, a lower calc-alkalic assemblage; a magnesium-rich tholeiitic basalt and komatiite assemblage; an assemblage of iron-rich tholeiitic basalt; and an upper calc-alkalic assemblage that are intruded by ultramafic to felsic plutonic rocks. Numerous north-trending diabase dikes of the Matachewan swarm and a few east-northeast trending diabase dikes of the

Proterozoic Abitibi swarm intrude the metavolcanic and plutonic rocks. In parts of Cleaver townships, Proterozoic sedimentary rocks of the Gowganda Formation overlie the Archean bedrock.

Ultramafic intrusive rocks consist of peridotite and pyroxenite plugs that intrude the lower and upper calc-alkalic assemblages, respectively. Large granodiorite intrusions are located in Cleaver and McNeil townships. Late lamprophyre and mafic to felsic syenite dikes intrude the metavolcanic rocks.

Regional metamorphism ranges from sub-greenschist to greenschist facies, which is overprinted by amphibolite facies contact metamorphic aureoles adjacent to the intrusions in the area. Narrow zones of carbonate alteration occur locally along fractures in the iron-rich basalt assemblage and appear to be associated with mafic to felsic syenite dikes and quartz veins.

Cleaver Property

On June 13, 2007, the Issuer entered into an option agreement to acquire the Cleaver Property. The Cleaver property consists of 13 mining claims containing 192 mining claim units and is located in the northeastern portion of Cleaver Township, the southeastern portion of Fallon Township, the southwestern portion of Fasken Township and the northwestern portion of McNeil Township. The property is accessed by an all weather gravel logging road approximately 46.75km south of Highway 101 at South Porcupine, Ontario.

The vendor granted an exclusive option to the Issuer to acquire an undivided 100% interest in the mineral claims. In exchange for the option, the Issuer agreed to:

a) pay the sum of $38,000 on the date of execution of the option agreement (which has been paid); $60,000 by December 13, 2007 (which has been paid), $90,000 by June 13, 2008 (which has been paid), $150,000 by June 13, 2009 (which has been paid) and $300,000 by June 13, 2010; and

b) Expend on exploration and development of the mineral claims the following amounts: $200,000 by December 13, 2007 (which has been expended), $300,000 by June 13, 2008(which has been expended), $400,000 by June 13, 2009 (which has been expended) and $500,000 by June 13, 2010 (which has been expended).

In the event that the option is fully exercised, the Issuer will then own an undivided 100% interest in the mineral claims, free and clear of all liens and encumbrances, subject only to 3% NSR in favor of the vendor. The Issuer also has the option to purchase 2% of the 3% NSR for the sum of $2,000,000 expiring June 13, 2017.

The western portion of the Cleaver Property is underlain by felsic metavolcanics and metasediments, which are then overlain by peridotitic komatiites. Numerous airborne electromagnetic anomalies are located at or near the komatiite lower contact. This unit has not been explored for either base metal or nickel mineralization. The eastern portion of the Cleaver Property is underlain by felsic metavolcanics with numerous airborne electromagnetic anomalies and mafic metavolcanics. Previous exploration activities utilizing Reverse Circulation Drilling (RCD) within the central portion of the Cleaver Property returned values in the overburden ranging from 0 ppm up to 3,110 ppm (0.30%) of copper and from 0 ppb up to 521,460 ppb (15.209 oz/t) gold. The known Flinsky copper-zinc showing is located approximately 2.3km southwest of the Cleaver Property.

Llamara Property

Apart from its own mineral properties, the Issuer has been seeking other opportunities relating to mineral production. Management believes that through ventures with experienced technical associates it can not only

create shareholder value in general but also use such relationships to enhance the value of the Issuer's own properties.

Potash Dragon Investment

In June, 2012, the Issuer acquired 1,250,000 common shares of Potash Dragon, which represents 20% of the issued and outstanding shares of Potash Dragon. In addition, the Issuer was issued an aggregate of 3,750,000 common share purchase warrants (the "Warrants"). Each of the Warrants entitles Inspiration to acquire an additional common shares Potash Dragon at an exercise price of $0.80 per share at any time prior to 5:00 p.m. (Toronto time) on the earlier of either (a) September 22, 2013, or (b) 45 days from the date that Potash Dragon receives an executed geological report (the "43-101 Report") prepared in compliance with National Instrument 43-101 with respect to Potash Dragon's brine resource in Chile. In the event that the Issuer exercises all of those warrants, the Issuer will own and control over 50% of the issued and outstanding securities in the capital of Potash Dragon.

In April, 2013, the Issuer acquired an additional 2,187,500 common shares through the exercise of Warrants. In January, 2014, the Issuer acquired an additional 1,265,550 common shares (the Penalty Shares) for no additional consideration. As a result the Issuer owns an aggregate of 4,703,050 common shares in the capital of Potash Dragon, which represents 48% of the issued and outstanding shares of Potash Dragon.

The Issuer does not consider its investment in Potash Dragon as being material to its business or its affairs.

During the year ended September 30, 2015, the Issuer recorded an impairment of $3,749,999 on the investment in Potash Dragon due to the current state of the market.

About Potash Dragon

Potash Dragon is a private Issuer incorporated under the laws of Barbados. Through its wholly owned subsidiary, Potash Dragon SpA, a private Issuer incorporated under the laws of Chile, Potash Dragon holds various potash properties and applications covering an area of 24,492 Hectares in Region I of Northern Chile some 160km south east of the town of Iquique and adjacent to the Pan American (Ruta 5) highway. All the properties are located within the Pampa del Tamarugal area on the Salar de Llamara, and some of the tenements are situated adjacent to a brine extraction well field operated by Sociedad Química y Minera de Chile S.A. ("SQM").

About Llamara and Solida Properties

The information in this section regarding the Llamara and Solida Properties is summarized or extracted from a technical report names "Exploration Potential and Mineral Resource Estimate for Potash Dragon Inc.'s Llamara Project, Salar de Llamara, Northern Chile" (the "**Llamara Report**") prepared by Dr. C. Mortimer OBE, B.Sc.,Ph.D FIMMM, C.Eng, FRGS. Dr. Mortimer is a "Qualified Person" as such term is defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("**NI 43-101**").

The Llamara Report, which has been filed on the System for Electronic Documents Analysis and Retrieval ("SEDAR") and is available for review under the Issuer's profile on the SEDAR website (www.sedar.com), contains complete information on the Lalamara Property and such report is incorporated into this AIF by reference.

Information in this section and elsewhere in this AIF arising subsequent to the date of the Llamara Report, if any, regarding the development of the Llamara Property is provided by management of the Issuer and was prepared under the supervision of an Qualified Person. Portions of the information are based on assumptions, qualifications and procedures which are not fully described herein.

Property Holdings and Location

The Properties in Northern Chile are held by Potash Dragon's wholly owned subsidiary, Potash Dragon SpA (Chile). The Properties are located across generally flat sections of the Salar (salt flat) de Llamara depression in the Atacama Desert of Northern Chile. Potash Dragon has applied to convert the free areas held as concessions of exploration to concessions of exploitation which cover an area of 4,690 ha of the Salar de Llamara.

In December 2012 Potash Dragon submitted applications for exploration concessions covering a further 19,802 ha in the Llamara basin. The applications have been published and registered and the new properties under investigation cover an area of 10,954 ha of semi-contiguous Potash Dragon concessions in the central Llamara area and 13,538 ha which are adjacent and distal to the NE and SE of Potash Dragon's extant holdings.

History

There is no record of any previous owner (other than the Republic of Chile Government) having formally made use of or claimed any of the Properties for short or long term residential or commercial reasons. Mining concessions (either of exploration or exploitation) are granted in Chile by virtue of a judicial resolution given in accordance with a special procedure established in the Chilean Mining Code.

Geology and Hydrology of the Salar de Llamara

The Andean ranges in northernmost Chile can be divided into a number of generally north - south orientated fault bounded physiographic provinces. An offshore Perú-Chile oceanic trench is bordered on the east by the Cordillera de la Costa. Further east is the variously termed Central Depression; Longitudinal Valley, or Pampa del Tamarugal/Salar de Llamara ("Pampa") sloping up to the Precordillera and the volcanic Cordillera Occidental, which, with the Cordillera Oriental, contains the high plateau variously denominated as the Altiplano or Puna.

Precipitation that occurs at higher elevations of the Andes Mountains reports to Tertiary fluvial braided fans which ultimately feed significant aquifers that flow beneath the Central Depression. The alluvial fans are incised by ephemerally active canyons and the talus of the median and distal fans locally masks underlying lake sediment accumulations of numerous salars including the Salar de Llamara. The Cerro (peak) Soledad range is located within the Salar de Llamara. The Salar de Llamara is incised by the Río Loa river canyon forming the ultimate drainage outlet to the Pampa del Tamarugal aquifer.

The underlying lake sediments of the Salar de Llamara host a partly closed basin aquifer, which has a longitudinal axis of approximately 60 km in a NNW–SSE direction and 25 km in an E–W direction, bounded to the S and W by a sub outcrop of impermeable rocks. The present day submerged basin covers an area of approximately 1300 km², exclusive of the area taken up by the impermeable basement (Mesozoic, 65–248 Mya) and older inliers of cerros Salar, Mogote, Hilaricos and Soledad, which protrude through the lacustrine sediments and form prominent hills above the Salar de Llamara. The Properties are situated within the

western and central portion of the Salar de Llamara respectively at an elevation between approximately 750–800 m.a.s.l. in an area that has an exceptionally long geological history of aridity in the Atacama Desert, particularly during the post Oligocene period when the region has been continuously the most arid region on Earth with high evaporation and evapo-transpiration rates.

During a period spanning many decades the search for potable, irrigation and industrial quality water within the Pampa del Tamarugal has led to numerous exploration efforts and scientific studies of the upper portion of its vast, mostly saline, subterranean aquifers, including those of the Salar de Llamara by governmental and private institutions.

During 1994, the Department of Scientific and Technological Research of the Catholic University of Chile ("DICTUC"), who were consultants to Sociedad Quimica y Minera de Chile S.A. ("SQM"), in addition to work conducted by government on the Salar de Llamara aquifer ("SdLA"), published their initial estimates of the hydrology of the upper aquifer as part of an Environmental Impact Assessment ("EIA"). DICTUC further refined their hydrological model of the upper aquifer based on evaporation test work, ongoing borehole water level monitoring, pumping tests and transient electromagnetic surveys ("TEM"). Based on these studies, they produced further estimates of the recharge, evaporation, transpiration and discharge rates for three main upper aquifer sub basins.

The DICTUC study of the geology and hydrology of the Salar de Llamara basin led to the definition of an upper saline aquifer located between approximately 745 and 645 m.a.s.l. and a deeper saline aquifer of varying thickness located between an elevation of approximately of 645 and 300 m.a.s.l. The upper aquifer has been intensely explored by drilling, sampling and confirmatory TEM surveys while the deeper aquifer geophysical surveys have been tested by deep drilling in a few locations only.

Potash Dragon has validated the published sampling results obtained by the many scientific institutions for the surface and near surface aquifer. Potash Dragon has also duplicated and confirmed the TEM geophysical results relevant to the Properties.

Genesis of the Evaporite Minerals

The Pampa has been a basin for the deposition of non-marine sediments derived from the uplifting Andes to the E for much of the Neogene. The Cordillera de la Costa has blocked westward coastwise drainage of the Pampa until the relatively recent breakthrough to the coast of the Río Loa canyon. Prior to the overspill and development of the Loa canyon the Pampa was characterized by a huge lagoon of ponded Andean drainage, Lago Soledad, lying above the sedimentary fill of the Pampa including the Salar de Llamara. Prominent terraces with salt deposits marking high former lake levels occur around Cerro Soledad. The Tertiary continental sedimentary rocks in the Pampa are fluvial, lacustrine and evaporitic and the gypsiferous succession includes diatomite and highly soluble, but crystalline residues such as halite, associated potassium salts and, superficially, nitrates. These minerals were deposited following evaporation, particularly of Lago Soledad, in the hyper arid climate. Interspersed in this succession are horizons of volcanic tuff from eruptions in the Andes to the E. The sequence is estimated to be up to 1,000 m thick and has been shown to be 930 m thick in the drill hole Hilaricos No. 1, which is located on Potash Dragon's southernmost property.

Validation

The UCU contains 41 water sampling points and locations which have multiple samples per location and have been analyzed for a number of elements and compounds, including total dissolved solids ("TDS"). The average TDS sample concentration ranges from 3,500 mg/L to 301,000 mg/L. In addition to the TDS sampling, there are 22 multiple sampling points that have measured 6-Ion concentrations that have a range of

3,749 mg/L to 300,985 mg/L. The 6-Ion measurements define the chemistry relating to the minerals of economic interest represented as K, Mg, SO4, Ca, Na and Cl. The database contains an additional 40 sampling points that have aquifer solution conductivity measurements, mostly collected from boreholes. These conductivity measurements vary from 5,000 mS/cm to 126,645 mS/c

Continuous monitoring, geochemical sampling data, backed up by the public disclosure of independent assay certificates, for the upper aquifer, have been reported. Quarterly sampling of the aquifer since May 2010 reveals that the total dissolved solids ("TDS") contained within the aquifer at a point vary between 3800 mg/L and 4200 mg/L.

The flow of the aquifer has been modelled and published. Flow directions of the aquifer are to the west and south towards puquios (small ephemeral lakes) that represent doline features within the karst (solution) topography where the aquifer becomes exposed on surface due to the dissolving of soluble salts. A north west – south east puquio trend extends over a distance of 21 km from the north west sub outcrop of the upper aquifer to its south east exposure. The zone of puquios effectively delineate the outcrop of the uppermost halite unit of the Soledad Formation which has an average west - east lateral width of approximately 5 km across the strike length of 21 km.

Seasonal Variation

Potash Dragon has conducted seasonal validation sampling of the waters of the upper aquifer which show dramatic increases in the concentration of TDS within the puquios to between 100,000 to 230, 000 mg/L through a combination of dissolution and evaporation. Sampling of a borehole located to the east of the intersection of the upper aquifer with the south east puquios shows a fourfold increase in TDS from between 3800 mg/L and 4200 mg/L to between 12,000 mg/L and 17,000 mg/L TDS.

Potash Dragon's seasonal geochemical sampling together with the information available from neighbouring operations has confirmed the cyclical nature of the near surface water table. The fluctuation in water levels and TDS confirms the effect of variable flow into the system. The chemical composition of the brines also varies with the seasonal fluctuations in water level, evaporation rates, and ground temperature, which varies between 16°C and 35°C during summer months.

Aquifer Hydrology and Extractability (Specific Yield)

Various investigations by Potash Dragon have confirmed the horizontal and vertical differentiation in salinity of the Salar de Llamara aquifer ("SdLA"):

- **Lower salinity upper aquifer:** Andean precipitation ultimately feeds significant aquifers that flow beneath the Salar de Llamara. A near surface upper unit of the aquifer is generally low in salinity. This upper part of the aquifer is considered by Potash Dragon to be the conduit for seasonal fluctuations in flow rates where, on average, about 30% of the water inflow physically exits the hydrological system. The majority of the waters of the upper aquifer leave the Pampa via evaporation, and those waters that discharge from the basin have limited interactions with the deeper lying saline Soledad Formation, which provides one of the sources for solution concentration where the brines of increasing density gravitate into deeper parts of the aquifer.

  The hydraulic conductivity and transmissivity values determined in the pump test results also reflect in the overall yield results shown below.

Table 1
Summary of the Specific Yield Pumping Results

Hole	Depth of Pump Test	Depth of Hole
2 HENOC	39.86	70
3X-17A	26.76	50
2PL3	11.14	60
AVERAGE	**25.92**	**60**
Days to Stabilize	2.55	
Seconds to Stabilize	220,320	
Pump Rate	134 L/s	
Volume Pumped	29,523 m^3	
Radius of Influence	3000 m radius	
Less edge effect	100 m radius	
Effective Radius	2,900 m radius	
Area	27,342,857 m^2	
Depth	26 m	
Volume	236,242,286 m^3	
SPECIFIC YIELD	12.5 %	

The aquifer extraction work was carried out over a period of 2.55 days. The average pumping rate was 134 L/s resulting in an extracted water volume of 29,532 m3. The volume of water extracted from the aquifer was determined in relation to the measured volume of the draw-down cone. The draw-down cone volume of 236 Mm3, measured against the volume of aquifer extracted, resulted in an effective porosity of 12.5%.

The yield investigations have been done adjacent to and overlapping the Llamara property, the results are equally applicable to the same stratigraphy located on PDI's properties.

- **High salinity lower aquifer**: The lower aquifer water is considered to be derived in part from salt dissolution of the Soledad Formation and brine densification action in the upper aquifer. The porous nature of the El Loa Formation acts as a reservoir for the more dense brines. In parts, the lower aquifer is in contact with, and in equilibrium with, the precipitated salts in the Soledad and El Loa Formations. This gives rise to the higher concentrations of sodium (Na), chlorine (Cl), calcium (Ca), potassium (K), magnesium (Mg) and sulphate (SO4) in the lower aquifer brine.

The results of environmental impact studies, water extractability pump testing and bi annual monitoring of the SQM pump field (adjacent to the Properties) have been published in numerous publicly available technical reports and returns to the Chilean environmental regulators. The analysis of these test results indicates a minimum 12.5% effective porosity yield for the stratigraphic unit that Potash Dragon has defined from geophysical results as the Upper Conductor Unit ("UCU").

Geophysical and Geochemical Investigations

Geodatos SAIC of Santiago have conducted many geophysical surveys to define brine aquifers contained within salars in Chile and Argentina, and they undertook the close spaced TEM survey for Potash Dragon. Brines by their very nature are highly conductive and therefore receptive to three dimensional definitions by electromagnetic geophysical means. The conductivity is proportionally related to the content of the ions in solution. The higher the TDS content the lower the solution resistivity, and by experience developed by

Geodatos, subterranean brine in the Pampa del Tamarugal region has a typical resistivity signature of between 0.5 Ω-m to 2 Ω-m. The only other rock types that have similar TEM signatures are graphite and highly conductive sulphide ore bodies that are not found in the Salar de Llamara evaporite basin. The TEM survey results have not been utilised as a basis to estimate the concentration of any elements or minerals contained within the waters of the Salar de Llamara aquifer. The TEM survey results have been used to define the size and shape of the brine conductor units.

Two hundred and eighty eight TEM survey stations, covering an area of approximately 14,400 ha were set up over the 4690 ha of the Properties as these stood at July 2012. The resulting geophysical surveys defined the three dimensional extents of the upper and lower conductor units within the aquifer. Geodatos determined the conductive unit volume based on various resistivity cut-offs, and developed sections that provide the basis for the definition of various conductor volumes. Potash Dragon has used this TEM data to define an upper conductor unit ("UCU") and a lower conductor unit ("LCU") that occur within the upper and lower SdLA on the Properties.

Mineral Resource Estimate

Inferred Resource:

The Properties under investigation cover an area of 10,594 ha for the inferred resource estimate on Potash Dragon's concessions in the central Llamara area. A porosity of 12.5% has been calculated using pumping test data to determine the specific brine yield from the strata. Based on the analysis of actual brine sampling results, the minerals of economic interest that have been declared as inferred resources are solely associated with the brines of the UCU.

Brine volume estimate parameters	Units	Central Llamara Properties
Conductor unit		Upper
Classification		Inferred
Property area	ha	10,954
Average width	m	32.5
Rock mass volume	Mm^3	3,559
Porosity (specific yield)	%	12.5%
Total brine volume	Mm^3	445

Note:
Please be advised that a brine resource may not be considered to be a mineral resource as defined under NI 43-101 and Canadian Institute of Mining, Metallurgy and Petroleum Standards. Furthermore, the Llamara resource is based on limited regional sampling and no boreholes were sampled directly on the Llamara Property. As such, the determination of the brine resource grade rests partly on indirect evidence from total dissolved solid measurement.

Potash Dragon's resource evaluation modelling involved the analysis of mineral occurrences using various factors which included unit cell dimensions, maximum search ranges (including blanking distances), as well as maximum and minimum data point selections per unit cell. The resource model was computed with the assistance of ArcGis™, ArcMap™ V10.1 and Geosoft Target™ software using modelling parameters that included 250 × 250 m cell sizes, blanking distances of 5 × 250 m = 1250 m, and maximum search radii of 10

× 250 m = 2,500 m. The minimum number of data points used per cell was 5 and the maximum number of data points used was 20. The search radius directions were set with strike, dip and plunge directions set at zero degrees, and a spherical kriging model was set within the horizontal semi-variogram range of 5,000 m. Analysis was also carried out using exponential kriging models and a semi-variogram range of 10,000 m was determined, which is consistent with the data.

The modelling was conducted on each individual element (or ions). Tests were also run to determine the variances between a 6-Ion model versus a sum of individual elements (or ions) model and the discrepancies were found to be negligible.

The concentration versus volume relationship, determined by this modelling method, for the minerals of economic interest contained in the brine of the UCU only, is shown below. The potassium concentration was used as the benchmark to determine the cut-off value and resultant brine volume, since potassium is expected to be one of the primary revenue generators for the project.

Expected product		Na_2SO_4	$MgCl_2$	K_2SO_4
Expected revenue	$/t sold	150	400	696
Determinate ion		SO_4	Mg	K
Expected recovery		74%	72%	81%
Break-even concentration	mg/L	3,008	170	362
Break-even revenue	$/m^3 Treated	0.49	0.19	0.91
Operating cost	$/m^3 Treated	1.59		

Note:
Please be advised that a brine resource may not be considered to be a mineral resource as defined under NI 43-101 and Canadian Institute of Mining, Metallurgy and Petroleum Standards. Furthermore, the Llamara resource is based on limited regional sampling and no boreholes were sampled directly on the Llamara Property. As such, the determination of the brine resource grade rests partly on indirect evidence from total dissolved solid measurement.

A multi-product analysis, which included various individual or combined saleable salt compounds that contain potassium, magnesium, and sulphates, in addition to chlorides and sodium, was used to determine an operating cost break-even concentration of 362 mg/L on a "potassium only" basis. The impact of mineral concentration cut-offs on estimated brine volumes contained in the UCU for the central Llamara properties are shown below

K Cut Off		**6-Ion**	**K**	**Mg**	**SO_4**	**Ca**	**Cl**	**Na**
mg/L	% of Brine	mg/L	mg/L	mg/L	mg/L	mg/L	mg/L	mg/L
1	100%	71,834	1,645	994	15,867	470	29,993	25,350
150	87%	81,408	1,879	1,135	17,770	478	34,066	28,589
362	**69%**	**97,933**	**2,294**	**1,383**	**20,997**	**476**	**41,190**	**34,229**
680	49%	127,195	3,055	1,828	26,634	463	53,910	44,316
1,000	35%	158,789	3,949	2,336	32,557	434	67,705	55,127

2,000	22%	204,267	5,445	3,213	41,174	407	86,205	70,246

Note:

1. Please be advised that a brine resource may not be considered to be a mineral resource as defined under NI 43-101 and Canadian Institute of Mining, Metallurgy and Petroleum Standards. Furthermore, the Llamara resource is based on limited regional sampling and no boreholes were sampled directly on the Llamara Property. As such, the determination of the brine resource grade rests partly on indirect evidence from total dissolved solid measurement
2. 6-ion concentration is a sum of the K, Mg, SO4, Ca, Na and Cl concentration

The volume, sampling and brine yield data are deemed sufficient to confidently estimate and declare an inferred mineral resource to be contained within the freely available brines of the UCU on Potash Dragon's central Llamara properties.

The brine mineral content has been determined using analysis of actual brine sampling and resource modelling, the results of which have been integrated with the brine volume estimates of the UCU contained on the central Llamara properties.

The brine mineral content contained in the free brines of the UCU on the central Llamara properties has been determined as an inferred mineral resource. The inferred mineral brine estimate is 1.57Mt of K_2SO_4 (i.e. 308 Mm^3 at 5,112 mg/L K_2SO_4) and summarised as follows:

	K	**K_20**	**KCl**	**K_2SO_4**	**Mg**	**MgO**	**SO_4**
	mg/L	mg/L	mg/L	mg/L	mg/L	mg/L	mg/L
Inferred Resource	2,294	2,763	4,374	5,112	1,383	2,294	20,997

	Brine	**K**	**K_20**	**KCl**	**K_2SO_4**	**Mg**	**MgO**	**SO_4**
	Mm^3	Mt	Mt	Mt	Mt	Mt	Mt	Mt
Inferred Resource	308	0.71	0.85	1.35	1.57	0.43	0.71	6.47

Note:
Please be advised that a brine resource may not be considered to be a mineral resource as defined under NI 43-101 and Canadian Institute of Mining, Metallurgy and Petroleum Standards. Furthermore, the Llamara resource is based on limited regional sampling and no boreholes were sampled directly on the Llamara Property. As such, the determination of the brine resource grade rests partly on indirect evidence from total dissolved solid measurement.

Exploration Potential (UCU and LCU)

There is an additional 13,538 ha of properties with exploration potential on Potash Dragon's concessions which are distal and located to the north east and south east of the central Llamara and Solida claims. No inferred resources have been declared for the LCU or distal UCU brines. As such the minerals associated with brines estimated to be contained in the LCU and distal UCU do not constitute a mineral resource and are classified to have exploration potential only, as shown below.

Brine volume estimate parameters	**Units**	**Central Llamara Properties**	**Distal Properties**	
Conductor unit		Lower	Upper	Lower

Classification		**Exploration Potential**		
Property Area	ha	10,954	13,538	
Average Width (thickness)	m	96.0	32.5	96.0
Rock Mass Volume	Mm^3	10,511	4,398	12,991
Porosity (specific yield)	%	12.5%	12.5%	12.5%
Total Brine Volume	Mm^3	1,314	550	1,624

Note:
Please be advised that a brine resource may not be considered to be a mineral resource as defined under NI 43-101 and Canadian Institute of Mining, Metallurgy and Petroleum Standards. Furthermore, the Llamara resource is based on limited regional sampling and no boreholes were sampled directly on the Llamara Property. As such, the determination of the brine resource grade rests partly on indirect evidence from total dissolved solid measurement.

The UCU contained on Potash Dragon's other properties, excluding the central Llamara properties, is deemed to have the same exploration potential as the UCU included in the inferred mineral resource estimate.

K Cut Off		**6-Ion**	**K**	**Mg**	**SO_4**	**Ca**	**Cl**	**Na**
mg/L	% of Brine	mg/L	mg/L	mg/L	mg/L	mg/L	mg/L	mg/L
362	69%	97,933	2,294	1,383	20,997	476	41,190	34,229

Note:
1. 6-ion concentration is a sum of the K, Mg, SO4, Ca, Na and Cl concentration

K Cut Off	**Brine**	**6-Ion**	**K**	**Mg**	**SO_4**	**Ca**	**Cl**	**Na**
mg/L	Mm^3	Mt	Mt	Mt	Mt	Mt	Mt	Mt
362	381	37.3	0.9	0.5	8.0	0.2	15.7	13.0

Note:
1. 6-ion concentration is a sum of the K, Mg, SO4, Ca, Na and Cl concentration

The LCU is expected to have higher concentrations of elements and a higher density causing the brine to differentiate and stratify below the UCU. An analysis of the closely spaced TEM survey results for the UCU and LCU has shown that the LCU has a conductivity that is between 15% and 30% greater than that of the UCU. The increase in conductivity for brines held within similar strata is considered to be the result of an increased concentration of ions contained within the brine.

K Cut Off mg/L	**Increase in Conductivity**	**% of Brine**	**6-Ion** mg/L	**K** mg/L	**Mg** mg/L	**SO_4** mg/L	**Ca** mg/L	**Cl** mg/L	**Na** mg/L
362		69%	97,933	2,294	1,383	20,997	476	41,190	34,229
362	15%	69%	112,623	2,638	1,591	24,146	548	47,369	39,364
362	30%	69%	127,312	2,982	1,798	27,295	619	53,547	44,498

Note:
1. Please be advised that a brine resource may not be considered to be a mineral resource as defined under NI 43-101 and Canadian Institute of Mining, Metallurgy and Petroleum Standards.

Furthermore, the Llamara resource is based on limited regional sampling and no boreholes were sampled directly on the Llamara Property. As such, the determination of the brine resource grade rests partly on indirect evidence from total dissolved solid measurement

2. 6-ion concentration is a sum of the K, Mg, SO4, Ca, Na and Cl concentration

The possible ranges of brine mineral exploration potential in the LCU, shown below, has been determined using the brine volume estimates of the UCU in the central Llamara properties.

K Cut Off mg/L	**Increase in Conductivity**	**Brine** Mm^3	**6-Ion** Mt	**K** Mt	**Mg** Mt	**SO_4** Mt	**Ca** Mt	**Cl** Mt	**Na** Mt
362	0%	2034	199.2	4.7	2.8	42.7	1.0	83.8	69.6
362	15%	2034	229.1	5.4	3.2	49.1	1.1	96.3	80.1
362	30%	2034	258.9	6.1	3.7	55.5	1.3	108.9	90.5

Note:

1. Please be advised that a brine resource may not be considered to be a mineral resource as defined under NI 43-101 and Canadian Institute of Mining, Metallurgy and Petroleum Standards. Furthermore, the Llamara resource is based on limited regional sampling and no boreholes were sampled directly on the Llamara Property. As such, the determination of the brine resource grade rests partly on indirect evidence from total dissolved solid measurement

2. 6-ion concentration is a sum of the K, Mg, SO4, Ca, Na and Cl concentration

The range of mineral content shown in the following table is indicative of what could be expected as additional exploration potential to be defined by further exploration work. There has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

	K	**K_20**	**KCl**	**K_2SO_4**	**Mg**	**MgO**	**SO_4**
	mg/L	mg/L	mg/L	mg/L	mg/L	mg/L	mg/L
Exploration potential Low	2,294	2,763	4,374	5,112	1,383	2,294	20,997
Exploration potential Medium	2,584	3,112	4,927	5,758	1,558	2,585	23,650
Exploration potential High	2,874	3,462	5,479	6,404	1,733	2,874	26,302

	Brine	**K**	**K_20**	**KCl**	**K_2SO_4**	**Mg**	**MgO**	**SO_4**
	Mm^3	Mt	Mt	Mt	Mt	Mt	Mt	Mt
Exploration potential Low	2415	5.5	6.7	10.6	12.3	3.3	5.5	50.7
Exploration potential Medium	2415	6.2	7.5	11.9	13.9	3.8	6.2	57.1
Exploration potential High	2415	6.9	8.4	13.2	15.5	4.2	6.9	63.5

Note:

Please be advised that a brine resource may not be considered to be a mineral resource as defined under NI 43-101 and Canadian Institute of Mining, Metallurgy and Petroleum Standards. Furthermore, the Llamara resource is based on limited regional sampling and no boreholes were sampled directly on the Llamara

Property. As such, the determination of the brine resource grade rests partly on indirect evidence from total dissolved solid measurement.

Conclusions and Recommendations

The results obtained have resulted in the declaration of an inferred brine mineral resource contained in the Upper Conductor Unit of 1.57Mt of K_2SO_4 (i.e. 308 Mm^3 at 5,112 mg/L K_2SO_4).There are no known significant risks or uncertainties that could reasonably be expected to affect the reliability or confidence in the exploration information. The main uncertainties in future exploration programs are geological risk.

The results also identified exploration targets for further definition

Recommendations:

The Report offers the following recommendations for the Properties:

- Further drilling and sampling is recommended to increase the quantity of data and improve on the level of confidence of the resource determination for the UCU inferred resource. Exploration drilling work is recommended for the prospective LCU targets.

- Specific test work needs to be carried out to determine the metallurgical/processing outcomes for all evaporation compounds produced.

- Simulations of the evaporation pond chemistry and the various products produced under local evaporation conditions are recommended.

- A detailed process flow design and estimation of the capital for the plant and various loading and storage facilities.

- Provisional and then detailed design and costing of the recharge and recovery well field be completed.

- Complete and detailed engineering and costing of the coastal recharge pumping system, power supply line and pipeline be undertaken.

The objective of the next phase of the project is to increase the level of confidence of the resource determination for the UCU inferred resource and to conduct exploration drilling on the prospective LCU targets. This is expected to take six months and cost $3 million as shown in the following table.

	CAD $
Technical Support and Consulting	750,000
Advisory Costs	250,000
Additional Properties	300,000
Mineral rights	250,000

Llamara exploration	1,450,000
Total	**3,000,000**

About the Potash Industry:

The word "potash" refers to potassium compounds and potassium-bearing materials. The historic method of making potassium carbonate was by leaching of wood ashes and then evaporating the resulting solution in large iron pots, leaving a white residue called "pot ash". Later, "potash" became the term widely applied to naturally occurring potassium salts and the commercial product derived from them.

Potassium is the third major plant and crop nutrient after nitrogen and phosphorus. It has been used since antiquity as a soil fertilizer, which constitutes approximately 85 to 90% of current use, the remainder being used in various industrial processes. Potash is important for agriculture because it improves water retention, yield, nutrient value, taste, colour, texture and disease resistance of food crops. It has wide application to fruit and vegetables, rice, wheat and other grains, sugar, corn, soybeans, palm oil and cotton, all of which benefit from the nutrient's quality enhancing properties.

World Demand for Potash: Demand for food and animal feed has been on the rise since 2000. The U.S. Department of Agriculture's Economic Research Service (ERS) attributes the trend to average annual population increases of 75 million people around the world. Geographically, economic growth in Asia and Latin America greatly contributed to the increased use of potash-based fertilizer. Rising incomes in developing countries also was a factor in the growing potash and fertilizer use. With more money in the household budget, consumers added more meat and dairy products to their diets. This shift in eating patterns required more acres to be planted, more fertilizer to be applied and more animals to be fed—all requiring more potash.

Emerging economies of Brazil, Russia, India, and China are using more modern agricultural techniques and are practicing proper soil nutrition. Brazil, where there are record crop prices (Coffee, Sugar, etc.) and has little domestic potash production. Large populations of these countries require more domestic food production. The emerging middle classes of these countries are moving towards adding more protein to their diets. Livestock, which is produced through the use of grain, requires up to 12 pounds of grain to produce one pound of meat. All of this is contributing to increased future demand in the longer term.

Environmental Considerations: Environmental factors are a growing concern worldwide. Fertilizer use in agriculture itself has negative effects on contamination of groundwater and surface water. Traditional nitrogen fertilizers, which have dominated large scale agriculture in such places as North America, are leaching into the underground water tables. This factor is already a major concern in the North American farm belt covering the central plains of the U.S.

Beyond that, the U.S. is facing a massive problem which already exists in the Mississippi River and out into the Gulf of Mexico in the development of hypoxia zones. If not checked, a rising ecological problem on a massive scale could develop. Potash, on the other hand, has the positive affect of being able to offset the use of traditional nitrogen fertilizers. This factor of altering past fertilizer practices, apart from the growth from additional food demand, portends significant growth in the potash industry.

Potash Prices: The world's largest consumers of potash are China, the United States, Brazil, and India. Brazil imports 90% of the potash it needs. Potash prices have soared in recent years. What was for years a commodity worth $100 to $150 USD per tonne, suddenly began trending upward, spiking at a high of nearly $900 USD a ton by late 2008. The worldwide economic downturn in 2008-09 caused a decline in most industrial commodities, similarly including a decline fertilizer use, dropping prices, and mounting inventories.

Potash Production: Although some mining of potash occurred as far back as the 14th century, its history as a heavily mined commodity is quite recent. Most of the world's potash formed when ancient inland oceans evaporated and potash salts crystallized into beds of potash ore. The dried sea beds became mantled by clays and limestone resulting in much of the potash is mixed in with clay and buried at some depth. Potash is usually found 20-30% pure with clays and other salts mixed in.

The usual production methods is to mine potash where accessible deposits exist in dry form. In the alternative, as potash is soluble, it's possible to recover potash brine into geotechnically engineered earth dams which act evaporation ponds. Either process is rather straight forward.

Rising demand is being met by new mining operations around the world. However, new mining in remote areas is expensive, not only for the mining facilities themselves but also for the off-site infrastructures (living facilities, rail and port facilities, etc.) and the time lag to bring those into operation. Also to be considered in the political elements, particularly where production is attempted in areas of unstable or highly bureaucratic governments. Chile is noted for its stability and support for its mining industry.

INSPIRATION MINING CORPORATION

Consolidated Financial Statements
(Expressed in Canadian Dollars)

Years Ended September 30, 2015 and 2014

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Inspiration Mining Corporation

We have audited the accompanying consolidated financial statements of Inspiration Mining Corporation, which comprise the consolidated statement of financial position as at September 30, 2015, and the consolidated statements of operations, comprehensive loss, cash flows, and changes in shareholders' equity for the period from October 1, 2014 to September 30, 2015, 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 audit. We conducted our audit 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 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 Inspiration Mining Corporation as at September 30, 2015, and its financial performance and its cash flows for the year then ended 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 Inspiration Mining Corporation's ability to continue as a going concern.

Other Matters

The financial statements of Inspiration Mining Corporation for the year ended September 30, 2014 were audited by another auditor who expressed an unmodified opinion on those statements on December 23, 2014.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
December 23, 2015

INSPIRATION MINING CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)

	September 30, 2015	September 30, 2014
Assets		
Current assets		
Cash (Note 5)	**$ 3,812**	$ 48,137
Short-term investments (Note 7)	**5,731**	5,731
Marketable securities (Note 8)	**59,209**	19,373
Receivables (Note 9)	**30,006**	16,717
Prepaid expenses	**552**	27,953
Loan receivable (Note 11)	**-**	125,000
Due from related parties (Note 19)	**101,530**	185,000
Promissory note receivable (Note 11)	**50,610**	90,890
Total current assets	**251,450**	518,801
Deposits and other advances (Notes 10 and 19)	**-**	15,000
Investment in associate (Note 12)	**-**	51,500
Exploration and evaluation assets (Note 14 and Schedule)	**20,520,633**	24,207,197
Total assets	**$ 20,772,083**	$ 24,792,498
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities (Notes 13 and 19)	**$ 1,141,356**	$ 678,254
Total liabilities	**1,141,356**	678,254
Shareholders' equity		
Share capital (Note 15)	**46,590,461**	46,230,936
Shares to be issued (Note 15)	**-**	143,986
Reserves	**28,555,468**	28,555,468
Accumulated other comprehensive loss	**11,451**	(41,457)
Deficit	**(55,526,653)**	(50,774,689)
Total shareholders' equity	**19,630,727**	24,114,244
Total liabilities and shareholders' equity	**$ 20,772,083**	$ 24,792,498

Commitment (Note 21) Contingencies (Note 22)
Subsequent events (Note 24)

On behalf of the Board:

"D. Randall Miller" Director "Herbert Brugh" Director

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

INSPIRATION MINING CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(EXPRESSED IN CANADIAN DOLLARS)

Years Ended September 30,	2015	2014
Operating Expenses		
General and administrative (Note 18)	**$ 1,111,528**	$ 2,143,073
Operating Loss	**(1,111,528)**	(2,143,073)
Interest income	**-**	1,376
Interest expense	**-**	(37,407)
Loss on sale of marketable securities (Note 8)	**(3,539)**	(968,659)
Loss from associate (Note 12)	**(46,882)**	(716,400)
Write-down of mineral properties (Note 14)	**(3,750,000)**	(7,640,358)
Gain on sale of equipment (Note 19)	**15,000**	-
Recovery of (impairment of) loan receivable (Note 11)	**150,485**	(1,667,000)
Recovery of (impairment of) marketable securities (Note 8)	**(5,500)**	2,000
Impairment of investment in associate (Note 12)	**-**	(86,723)
Impairment of receivable (Note 9)	**-**	(77,875)
Loss before income taxes	**(4,751,964)**	(13,334,119)
Deferred income tax recovery (Note 23)	**-**	2,912,000
Net loss for the year	**$ (4,751,964)**	$(10,422,119)
Basic and diluted loss per common share	**$ (0.28)**	$ (0.64)
Weighted average number of common shares outstanding - basic and diluted	**17,066,811**	16,240,265

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

INSPIRATION MINING CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)

Years Ended September 30,	2015	2014
Net loss for the year	**$ (4,751,964)**	$(10,422,119)
Other comprehensive income :		
Items that will be reclassified subsequently to income:		
Unrealized (loss) gain on available-for-sale marketable securities (Note 8)	**54,209**	(3,532)
Reclassification of net realized loss and impairment charge on available-for-sale marketable securities	**3,317**	1,056,517
Share of other comprehensive income (loss) of associate (Note 12)	**(4,618)**	(37,925)
Other comprehensive income	**52,908**	1,015,060
Total comprehensive loss for the year	**$ (4,699,056)**	$ (9,407,059)

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

INSPIRATION MINING CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(EXPRESSED IN CANADIAN DOLLARS)

	# of Shares	Share Capital	Reserves	Accumulated Other Comprehensive Loss	Accumulated Deficit	Shares to be Issued	Total
Balance at September 30, 2013	**15,396,550**	**$ 45,973,936**	**$ 28,208,978**	**$ (1,056,517)**	**$(40,352,570)**	**$ -**	**$ 32,773,827**
Shares to be issued in private placement	-	-	-	-	-	143,986	143,986
Shares issued for professional fees and retainer	1,012,727	257,000	-	-	-	-	257,000
Share-based payments	-	-	346,490	-	-	-	346,490
Net unrealized loss on available-for-sale marketable securities	-	-	-	(3,532)	-	-	(3,532)
Reclassification of net realized loss and impairment charge on available-for-sale marketable securities	-	-	-	1,056,517	-	-	1,056,517
Share of other comprehensive loss of associate	-	-	-	(37,925)	-	-	(37,925)
Net loss for the year	-	-	-	-	(10,422,119)	-	(10,422,119)
Balance at September 30, 2014	**16,409,277**	**46,230,936**	**28,555,468**	**(41,457)**	**(50,774,689)**	**143,986**	**24,114,244**
Shares issued in private placement	8,000,000	400,000	-	-	-	(143,986)	256,014
Share issuance costs	-	(40,475)	-	-	-	-	(40,475)
Net unrealized gain on available-for-sale marketable securities	-	-	-	54,209	-	-	54,209
Reclassification of net realized loss and impairment charge on available-for-sale marketable securities	-	-	-	3,317	-	-	3,317
Share of other comprehensive income of associate	-	-	-	(4,618)	-	-	(4,618)
Net loss for the year	-	-	-	-	(4,751,964)	-	(4,751,964)
Balance at September 30, 2015	**24,409,277**	**$ 46,590,461**	**$ 28,555,468**	**$ 11,451**	**$(55,526,653)**	**$ -**	**$ 19,630,727**

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

INSPIRATION MINING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)

Years Ended September 30,	2015	2014
Cash Flows Used In Operating Activities		
Net loss for the year	**$ (4,751,964)**	$ (10,422,119)
Items not affecting cash:		
Depreciation	**-**	8,577
Share-based payments	**-**	346,490
Loss on the sale of marketable securities	**3,539**	968,659
Impairment (recovery) of marketable securities	**5,500**	(2,000)
Write-down of mineral properties	**3,750,000**	7,640,358
(Recovery of) impairment of loan receivable	**(150,485)**	1,667,000
Gain on sale of equipment	**(15,000)**	-
Shares issued for professional fees	**-**	231,480
Deferred income tax (recovery) expense	**-**	(2,912,000)
Loss from associate	**46,882**	716,400
Impairment of investment in associate	**-**	86,723
Foreign exchange	**(3,867)**	(7,695)
Impairment of receivable	**-**	77,875
Changes in non-cash working capital items:		
Receivables	**(13,289)**	(61,279)
Prepaid expenses	**27,401**	89,120
Accounts payable and accrued liabilities	**498,998**	355,868
Deposits and other advances	**15,000**	67,500
	(587,285)	(1,149,043)
Cash Flows Provided By Financing Activities		
Proceeds received in private placement	**256,014**	-
Share issue costs	**(40,475)**	-
Shares to be issued	**-**	143,986
	215,539	143,986
Cash Flows Provided By Investing Activities		
Purchase of marketable securities	**-**	(189,262)
Proceeds from sale of marketable securities	**8,651**	619,319
Redemption of short-term investments	**-**	39,372
Proceeds from sale of equipment	**15,000**	-
Repayment of promissory note receivable	**44,147**	-
Advances to related parties	**-**	(105,000)
Repayment from related parties	**83,470**	-
Mineral properties expenditures	**(99,332)**	(118,695)
Repayment of loan receivable	**249,970**	180,000
Changes in non-cash investing activities		
Repayment of loan receivable	**25,515**	-
	327,421	425,734
Net change in cash and cash equivalents during the year	**(44,325)**	(579,323)
Cash and cash equivalents, beginning of year	**48,137**	627,460
Cash and cash equivalents, end of year	**$ 3,812**	$ 48,137
Supplemental information		
Mineral properties expenditures included in accounts payable and accrued liabilities	**$ 42,238**	$ 78,138

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

INSPIRATION MINING CORPORATION
CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES
(EXPRESSED IN CANADIAN DOLLARS)

Years Ended September 30,	2015	2014
Desrosiers Property, Ontario, Canada		
Balance, beginning of year	**$ 1**	$ 4,117,392
Write-down	**-**	(4,117,391)
Total expenditures during the year	**-**	(4,117,391)
Balance, end of year	**$ 1**	$ 1
Barton Syndicate Dry Fork Property, Utah, USA		
Balance, beginning of year	**$ 1**	$ 1
Claim costs	**-**	5,583
Write-down	**(1)**	(5,583)
Total expenditures during the year	**(1)**	-
Balance, end of year	**$ -**	$ 1
Cleaver Property, Ontario, Canada		
Balance, beginning of year	**$ 1**	$ 3,524,385
Drilling recovery	**-**	(7,000)
Write-down	**-**	(3,517,384)
Total expenditures during the year	**-**	(3,524,384)
Balance, end of year	**$ 1**	$ 1
Langmuir Property, Ontario, Canada		
Balance, beginning of year	**$ 20,457,194**	$ 20,274,204
Equipment rental	**-**	9,000
Geological and geophysical	**23,436**	169,888
Rent and related charges	**-**	4,102
Total expenditures during the year	**23,436**	182,990
Balance, end of year	**$ 20,480,630**	$ 20,457,194

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

INSPIRATION MINING CORPORATION
CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES (CONTINUED)
(EXPRESSED IN CANADIAN DOLLARS)

Years Ended September 30,	2015	2014
Llamara Project, Salar de Llamara, Chile		
Balance, beginning of year	**$ 3,750,000**	$ 3,750,000
Write-down	**(3,749,999)**	-
Total expenditures during the year	**(3,749,999)**	-
Balance, end of year	**$ 1**	$ 3,750,000
Carscallen Property, Ontario, Canada		
Balance, beginning of year	**$ -**	$ -
Acquisition costs	**40,000**	-
Total expenditures during the year	**40,000**	-
Balance, end of year	**$ 40,000**	$ -
Total Mineral Properties	**$ 20,520,633**	$ 24,207,197

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Inspiration Mining Corporation (the "Company") was incorporated under the laws of British Columbia on November 15, 1972. The Company has been engaged in the acquisition, exploration and evaluation of mineral resource properties in Canada and Chile. The primary office of the Company is located at 85 Richmond Street West, Suite 702, Toronto, Ontario M5H 2C9.

The consolidated financial statements were approved by the Board of Directors on December 23, 2015.

As at September 30, 2015, the Company's shares are listed on the TSX Stock Exchange ("TSX"), but has applied for its shares to be listed on the TSX Venture Exchange (Note 24).

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and development programs will result in profitable mining operations. The Company has not yet established whether its mineral properties contain reserves that are economically recoverable. The recovery of amounts capitalized for mineral properties and related deferred costs in the consolidated statements of financial position is dependant upon the existence of economically recoverable reserves, the ability of the Company to arrange appropriate financing to complete the development of the properties and upon future profitable production or proceeds from their disposition. Changes in future conditions could require material write-downs of the carrying values of mineral property.

Although the Company has taken steps to verify title to the property on which it is conducting exploration and in which it is acquiring an interest, in accordance with industry standards for the current stage of exploration of such property, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, aboriginal claims, and noncompliance with regulatory requirements.

	September 30, 2015	September 30, 2014
Working capital deficit	$ 889,906	$ 159,453
Deficit	$ 55,526,653	$ 50,774,689

These consolidated financial statements have been prepared on a basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The certainty of funding future exploration expenditures and availability of additional financing sources cannot be assured at this time, these uncertainties may cast a significant doubt about the Company’s ability to continue as a going concern. The consolidated financial statements do not include adjustments to the carrying values and classifications of recorded assets and liabilities and related revenues and expenses that might be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

As part of the share consolidation completed on May 20, 2015 all applicable references to the number of shares, warrants and stock options and their strike price and per share information has been restated on the basis of 5 old common shares for 1 new common share.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

(a) Basis of preparation

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the years ended September 30, 2015 and 2014.

These consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified as fair value through profit or loss and available-for-sale.

(b) Change in accounting policy

IAS 32 - Financial Instruments - Presentation provides for amendments relating to offsetting financial assets and financial liabilities. At October 1, 2014, the Company adopted this standard and there was no material impact on the Company's consolidated financial statements.

(c) New accounting standard not yet adopted

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

(d) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are consolidated from the date on which the Company obtains control, and continue to be consolidated until control ceases. Control is established when the Company has the rights that give it the ability to direct the activities that significantly affect the investee's returns, the exposure, or rights, to variable returns from its involvement and the ability to use its power over the investee to affect the amount of the investor's returns, and generally exists where more than 50% of the voting power of the entity is held by the Company or has the ability to determine the strategic, operating, investing and financing policies of a company without the co-operation of others. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Intercompany transactions and balances are eliminated in full on consolidation.

Where the ownership of a subsidiary is less than 100%, and a non-controlling interest thus exists, any losses of that subsidiary are attributed to the non-controlling interests even if that results in a deficit. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

(d) Basis of consolidation (continued)

The following companies have been consolidated within the consolidated financial statements:

Name of subsidiary	Place of incorporation	Ownership interest	Principal activity
Metal Mines Inc. ("Metal")	Ontario, Canada	100%	Exploration company
1691063 Ontario Ltd. ("1691063")	Ontario, Canada	100%	Exploration company
Inspiration Mining-Utah, Inc. ("Inspiration Utah")	United States	100%	Exploration company

(e) Financial currency and foreign currency translation

These consolidated financial statements are presented in Canadian dollars. The functional currency for each entity consolidated with the Company is determined by the currency of the primary economic environment in which it operates (“the functional currency”). The functional currency of the Company and its subsidiaries is the Canadian dollar.

(f) Financial instruments

Financial instruments are defined as any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity. The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

Financial assets are classified into the following categories at their initial recognition:

- financial assets at fair value through profit or loss ("FVTPL");
- held-to-maturity investments;
- loans and receivables;
- or available-for-sale investments.

Financial liabilities are classified into the following categories at their initial recognition:

- financial liabilities at FVTPL;
- or other financial liabilities.

Financial assets and liabilities are initially measured at fair value, plus (in the case of a financial asset or liability not at FVTPL) transaction costs directly attributable to the acquisition or issuance of the financial asset or liability. In a purchase or sale of financial assets, recognition and derecognition occurs using trade date accounting.

Financial assets are subsequently measured after initial recognition at fair value, except for financial assets classified as held-to-maturity investments or loans and receivables, which are subsequently measured at amortized cost using the effective interest method. FVTPL fair value changes are recorded in net loss versus available-for-sale investments fair value changes which are recorded in other comprehensive income (loss).

Financial liabilities at FVTPL are subsequently measured after recognition at fair value. All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

(f) Financial instruments (continued)

Financial assets are derecognized when:

- the contractual rights to the cash flows from the financial asset expire;
- the contractual rights to the cash flows from the financial asset are retained, but a contractual obligation to pay the cash flows to another party without material delay is assumed by the Company;
- or when the Company transfers substantially all the risks and rewards of ownership of the financial asset.

Financial liabilities are derecognized when the obligations are discharged, cancelled, or expire.

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of financial assets classified as loans and receivables, where the carrying amount is reduced through the use of an allowance account. When these assets are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and marketable securities are measured based on level 1 inputs of the fair value hierarchy.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

(g) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and its 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 current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of comprehensive loss.

Assets with an indefinite useful life that are not amortized are tested annually for impairment, irrespective of whether there is any indication that these assets may be impaired.

(h) Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the issuance date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash held in trust and highly liquid short-term interest bearing accounts which are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

(j) Short-term investments

Short-term investments are liquid investments with a maturity greater than three months and less than twelve months and are recorded at fair market value.

(k) Marketable securities

Investments in marketable securities have been designated as available-for-sale and are recorded at fair value. Fair values for available-for-sale investments are determined by reference to the last bid price at the date of the consolidated statement of financial position. Unrealized gains and losses are recognized in other comprehensive income (loss). If a decline in fair value is considered to be other than temporary the loss is recognized in profit or loss.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

(l) Mineral properties

Exploration costs incurred prior to the Company obtaining the legal right to explore it are expensed in the period in which they are incurred.

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

Exploration and evaluation expenditures for the Company's investments in a resource property are carried forward as an asset provided that one of the following conditions are met; (i) such costs are expected to be recouped in full through successful development and exploration of the mineral property, or alternatively by sale; or (ii) although exploration and evaluation activities in the mineral property have not reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves, active field work and other activities in relation to the mineral property are continuing, or planned for the foreseeable future.

The carrying values of capitalized amounts are reviewed annually or whenever indicators of impairment are present. In the case of undeveloped properties, there may be only inferred resources to allow management to form a basis for the impairment review. The review is based on the Company's intentions for the development of such a property. If a mineral property does not prove viable, all unrecoverable costs associated with the property are charged through profit or loss at the time that determination is made.

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 “mining assets” in property, plant and equipment. Investment in resource property expenditures accumulated to that date are tested for impairment before the mineral property costs are transferred to property, plant and equipment.

(m) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows to present value.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

(n) Share-based payment transactions

The fair value of equity-settled share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

The fair value of share based payments to non-employees and other share-based payments are based on the fair value of the goods or services received. If the Company cannot estimate reliably the fair value of the goods or services received, the Company measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted at the date the Company receives the goods or services.

(o) Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs are discounted to their net present value and are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses. The Company has no material restoration, rehabilitation and environmental costs as at September 30, 2015 and September 30, 2014.

(p) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share, which is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares. The Company's diluted loss per share does not include the effect of stock options and warrants as they are anti-dilutive.

(q) Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statement of operations except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

(q) Income taxes (continued)

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the consolidated statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and liabilities are presented as non-current. Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(r) Equity investments

The Company conducts a portion of its business through equity investments in associates. An associate is an entity over which the Company has significant influence and is neither a controlled subsidiary nor a jointly controlled entity. The Company has significant influence when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control over those policies.

The Company accounts for its equity investment using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and is subsequently increased or decreased to recognize the Company's share of earnings or losses of the associate, and for impairment losses after the initial recognition date. The Company's share of an associate's losses that are in excess of its investment in the associate are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share of earnings or losses of associates are recognized through net income or loss during the year. Cash distributions received from an associate are accounted for as a reduction in the carrying amount of the Company's investment in the associate.

At the end of each reporting period, the Company assesses whether there is any objective evidence that an investment in an associate is impaired. Objective evidence includes observable data indicating that there is a measurable decrease in the estimated future cash flows of the associate's operations. When there is objective evidence that an investment in an associate is impaired, the carrying amount of such investment is compared to its recoverable amount, being the greater of its fair value less costs to sell and value in use (i.e. present value of its future cash flows). If the recoverable amount of an investment in an associate is less than its carrying amount, then an impairment loss is recognized in that period. When an impairment loss reverses in a subsequent period, the carrying amount of the investment in an associate is increased to the revised estimate of the recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized through net income or loss in the period in which the reversal occurs.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

(s) Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of receivables, loan receivable and promissory note receivable;
- all inputs used in the Black-Scholes option-pricing model for determining the fair value of options; and
- the assumptions used for determining the amount of deferred income taxes and deferred income tax assets and liabilities including future income tax rate and recoverability.

Critical accounting judgments

- the Company's assumption of no material restoration, rehabilitation and environmental provisions, based on the facts and circumstances that existed during the year; and
- going concern presentation of the consolidated financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

3. CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

(i) To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
(ii) To maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, shares to be issued, reserves, accumulated other comprehensive loss and deficit which at September 30, 2015 totaled $19,630,727.

3. CAPITAL MANAGEMENT (Continued)

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral activities. Selected information is provided to the Board of Directors of the Company.

The Company's capital management objectives, policies and processes have remained unchanged during the years ended September 30, 2015 and 2014. The Company is not subject to any capital requirements imposed by a lending institution and there have been no changes to the Company's management of capital during the year.

4. FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk

The Company's credit risk is primarily attributable to cash, short-term investments, receivables, loan and promissory note receivable and due from related party. The Company has concentration of credit risk related to the loan receivable. Cash and short-term investments are held with reputable financial institutions, from which management believes the risk of loss to be remote. Loan receivable is due from an unrelated party and the borrower granted to the Company a general security over all of its present and after acquired property. The net asset value of the mutual funds that formed part of the collateral of the loan receivable was $nil as of September 30, 2015 and was inadequate to pay off the principal and accrued interest of the loan receivable. The mutual funds are subject to fair value fluctuations arising from changes in the equity markets. The loan is repayable on July 30, 2016.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. As at September 30, 2015, the Company had a cash and short-term investments balance of $9,543 (September 30, 2014 - $53,868) to settle current liabilities of $1,141,356 (September 30, 2014 - $678,254). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure maintenance of liquidity.

Market Risk

Interest rate risk
The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term certificates of deposits issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

4. FINANCIAL RISK FACTORS (Continued)

Market Risk (continued)

Foreign currency risk
The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in the US dollar currency from its Canadian dollar bank accounts. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

Price risk
The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

The Company's marketable securities are subject to fair value fluctuations arising from changes in the equity markets.

Sensitivity analysis

As at September 30, 2015, both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to their short-term nature.

The sensitivity analysis shown in the notes below may differ materially from actual results.

Based on management's knowledge of and experience with the financial markets, the Company believes the following movements are "reasonably possible":

(i) The Company's marketable securities amounting to $59,209 are subject to fair value fluctuations. As at September 30, 2015, if the fair value of the Company's marketable securities had decreased/increased by 10% with all other variables held constant, comprehensive loss for the year ended September 30, 2015 would have been approximately $6,000 higher/lower. Similarly, as at September 30, 2015, reported shareholders' equity would have been approximately $6,000 lower/higher as a result of a 10% decrease/increase in the fair value of the Company's marketable securities.

(ii) Commodity price risk could affect the Company. In particular, the Company’s future profitability and viability of development depends upon the world market of precious and base metals. As of September 30, 2015, the Company was not a producing entity. As a result, commodity price risk could affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

4. FINANCIAL RISK FACTORS (Continued)

Sensitivity analysis (continued)

(iii) Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to foreign exchange risk as $50,610 of the Company's loans are denoted in British Pounds. The Company does not hedge its exposure to fluctuations in foreign exchange rates. If the British Pound to Canadian Dollar exchange rate decreased/increased by 10% with all other variables held constant, comprehensive loss for the year ended September 30, 2015 would have been approximately $5,061 higher/lower. Similarly, as at September 30, 2015, reported shareholders' equity would have been approximately $5,061 lower/higher as a result of a 10% decrease/increase in the exchange rate of the British Pound to Canadian Dollar.

5. CASH

	September 30, 2015	September 30, 2014
Cash	$ 3,812	$ 21,878
Funds held in trust	-	26,259
	$ 3,812	**$ 48,137**

6. CATEGORIES OF FINANCIAL INSTRUMENTS

	September 30, 2015	September 30, 2014
Financial assets:		
FVTPL		
Current		
Cash	**$ 3,812**	$ 48,137
Short-term investments	**$ 5,731**	$ 5,731
Loans and receivables		
Current		
Loan receivable	**$ -**	$ 125,000
Promissory note receivable	**$ 50,610**	$ 90,890
Due from related parties	**$ 101,530**	$ 185,000
Available-for-sale		
Current		
Marketable securities	**$ 59,209**	$ 19,373
Financial liabilities:		
Other financial liabilities		
Current		
Accounts payable and accrued liabilities	**$ 1,141,356**	$ 678,254

Cash and marketable securities are measured based on level 1 inputs and short-term investments are measured based on level 2 inputs of the fair value hierarchy.

6. CATEGORIES OF FINANCIAL INSTRUMENTS (Continued)

As of September 30, 2015 and September 30, 2014, the fair value of all the Company's financial instruments approximates the carrying value, due to their short-term nature.

7. SHORT-TERM INVESTMENTS

Short-term investments are highly liquid investments with maturity dates of more than 90 days.

8. MARKETABLE SECURITIES

As at September 30, 2015, marketable securities are comprised of investments in shares of other public companies with a total cost of $303,715 and fair value of $59,209 (September 30, 2014 - cost of $322,505, fair value of $19,373).

During the year ended September 30, 2015, the Company sold certain marketable securities with a cost of $12,190 (year ended September 30, 2014 - $1,587,978) for proceeds of $8,651 (year ended September 30, 2014 - $619,319), resulting in a realized loss of $3,539 (year ended September 30, 2014 - realized loss of $968,659). For the year ended September 30, 2015, the Company recorded an unrealized gain of $54,209 (year ended September 30, 2014 - unrealized loss of $3,532).

During the year ended September 30, 2015, the Company recorded a permanent impairment of $5,500 (year ended September 30, 2014 - $2,000 recovery) on some of its securities due to declining market prices.

The Company held 4,800,000 (September 30, 2014 - 4,800,000) common shares in a publicly traded company that has a common director. During the year ended September 30, 2012, the Company fully impaired its investment in this company.

9. RECEIVABLES

	September 30, 2015	September 30, 2014
Harmonized goods and services taxes receivable	$ 30,006	$ 16,717

During the year ended September 30, 2014 the Company advanced $77,875 to a company that has a common director. During the year ended September 30, 2014, the Company recorded an impairment loss of $77,875 on this receivable due to the uncertainty in collection. Included in investments is 4,800,000 shares with a fair value of $nil in this company (Note 8).

10. DEPOSITS AND OTHER ADVANCES

	September 30, 2015	September 30, 2014
Rent deposit	**$ -**	**$ 15,000**

11. LOAN RECEIVABLE AND PROMISSORY NOTE RECEIVABLE

Balance, September 30, 2013	**$**	**1,972,000**
Impairment (i)		(1,667,000)
Repayment (i)		(180,000)
Balance, September 30, 2014		**125,000**
Reversal of impairment (i)		150,485
Repayment (i)		(275,485)
Balance, September 30, 2015	**$**	**-**

(i) The Company entered into a series of loan agreements with a private company incorporated in Luxembourg whereby the Company loaned that company $6,000,000. The loan was repayable on July 30, 2014 and interest is at 4% per annum. On July 3, 2014, the Company agreed to amend the repayment date of the loan to July 30, 2016.

The borrower granted the Company a general security over all of its present and after acquired property. The security ranks in priority to all mortgages, charges, liens, encumbrances and security interests unless otherwise specifically agreed to in writing by the Company. As collateral on the loan, the borrower has invested the $6,000,000 loan into mutual funds in Europe, the net asset value of the funds at September 30, 2015 is approximately $nil (September 30, 2014 - $nil).

During the year ended September 30, 2015, the Company did not record any accrued interest due to the uncertainty of collection.

In the fiscal year ended September 30, 2014, the Company recorded an impairment charge on the loan in the amount of $1,667,000, reducing the loan to $125,000 (the amount received subsequent to year end), due to the uncertainty regarding the underlying security and did not record any accrued interest due to the uncertainty of collection.

During the year ended September 30, 2015 the Company received $249,970 of cash payments and $25,515 of other payments for this loan, and as a result reversed $150,485 of impairment previously recorded.

As at September 30, 2015, the Company has received a total of $455,485 for repayment on this loan.

(ii) The Company entered into a GBP 50,000 ($90,890) promissory note with a private company on July 4, 2013. The promissory note is non-interest bearing and is due on demand. During the year ended September 30, 2015, the Company received a loan receivable repayment of GBP 25,000 ($44,147). As at September 30, 2015, GBP 25,000 ($50,610) is still receivable.

12. INVESTMENT IN ASSOCIATE

At September 30, 2013	**$**	**892,548**
Share of net loss		(716,400)
Share of other comprehensive loss		(37,925)
Impairment		(86,723)
At September 30, 2014		**51,500**
Share of net loss		(46,882)
Share of other comprehensive income		(4,618)
At September 30, 2015	**$**	**-**

During the year ended September 30, 2015, the Company's share of Nitinat decreased from 23% to 10%. As a result, the Company reclassified the shares of Nitinat, with a carrying value of $nil, into marketable securities.

The value of the Company's investment in Nitinat Minerals Corporation ("Nitinat") at September 30, 2014 is $51,500.

The table below discloses selected financial information for Nitinat on a 100% basis. As at September 30, 2015, the Company's share of Nitinat is 10% (September 30, 2014 - 23%).

Loss for the year ended September 30, 2014	$ (3,022,845)
Comprehensive loss for the year ended September 30, 2014	$ (3,189,077)
Loss for the year ended September 30, 2015	$ (1,371,500)
Comprehensive income for the year ended September 30, 2015	$ 166,232

	September 30, 2015	September 30, 2014
Current assets	$ 8,214	$ 68,373
Non-current assets	686,121	1,658,737
Total assets	$ 694,335	$ 1,727,110
Current liabilities	$ 809,116	$ 923,985
Total liabilities	$ 809,116	$ 923,985

Nitinat is engaged in the acquisition, exploration, evaluation and development of mineral resource properties. The Company exerted significant influence over Nitinat and therefore Nitinat was accounted for as an investment under the equity method.

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2015	September 30, 2014
Falling due within the year		
Trade payables	$ 247,272	$ 247,160
Accrued liabilities	391,943	235,497
Accounts payable to related parties (Note 19)	502,141	195,597
	$ 1,141,356	**$ 678,254**

14. MINERAL PROPERTIES

(a) Barton Syndicate Dry Fork Property, Utah, USA

The Company entered into a lease and option agreement on August 16, 2004 which was amended on July 20, 2006, with the Barton Syndicate Trust ("Barton Trust") to purchase a 100% interest in a group of mining claims in the Salt Lake and Tooele Counties of Utah, USA. During the year ended September 30, 2014, the Company recorded an impairment of $5,583 on the property. During the year ended September 30, 2015, the Company allowed the claims to lapse, and fully impaired the property.

(b) Langmuir Property, Ontario, Canada

The Company acquired a 100% interest in certain mineral claims located in the Langmuir Township, Porcupine Mining Division of Ontario. There is no requirement by the Company to carry out an exploration program except to keep the claims in good standing. The mineral claims were originally subject to a 3% net smelter return (“NSR”) royalty (of which 1/3 is owned by a private company controlled by the president and director of the Company). After the settlement of a litigation proceeding in fiscal 2006, the Company purchased 2/3 of the 3% NSR royalty for a total of $1,960,053.

In September 2005, the Company entered into an agreement to purchase a 100% interest in seven claims located in the Langmuir Township, Porcupine Mining Division of Ontario. These mineral claims are subject to a 1% NSR royalty.

The Company acquired two patented land claims located adjacent to the existing Langmuir claims pursuant to an asset purchase agreement dated November 21, 2008. The claims are subject to a 3% NSR royalty. The Company has the right to purchase 1/3 of the NSR at a purchase price of $1,000,000 at any time prior to November 24, 2018.

(c) Cleaver Property, Ontario, Canada

On June 14, 2007, the Company entered into an option agreement to acquire a 100% interest of certain rights and mineral claims located in the Porcupine Mining Division in the Province of Ontario. The Company has earned its 100% interest.

The property is subject to a 3% NSR in favour of the vendor. The Company has the option to purchase 2% of the 3% NSR for the sum of $2,000,000 expiring June 13, 2017.

14. MINERAL PROPERTIES (Continued)

(d) Desrosiers Property, Ontario, Canada

The Company acquired its interest in the Desrosiers Property through the acquisition of its subsidiary 1691063 in fiscal year ended September 30, 2009.

In accordance with the acquisition of 1691063, the Company has taken on the responsibility for all right, title and interest in the mineral property sale agreement dated March 2, 2006 entered into between 1691063 and vendors. The Company will now be responsible for a NSR royalty as follows:

i) 6% of NSR on the first 15,000 tonne or ore mined and subsequently delivered to the mill from the property;

ii) 3% of all tonnage mined and delivered to the mill from the property for any amount above the 15,000 tonne. The vendors shall also have a 3% NSR on any part or parts of the mining claims staked within the 3 km area of interest which shall be included in the NSR subject to sale in accordance to sub paragraph (iii) below;

iii) Following payment of the NSR for mining and milling of the first 15,000 tonne, the Company shall have the right to purchase the 3% NSR for cash in the amount of $3,000,000;

iv) The NSR of 6% on the first 15,000 tonne in which minerals, ores or concentrates from the Property were sold or otherwise deemed disposed of and payment to the sellers shall be made by individual certified cheques issued to the parties within 30 days of the buyer's receipt of payment from minerals, ore or concentrate; and

v) The Company shall have the right for 90 days to match any other offer on part of or the full amount of 3% NSR received by either one or all of the vendors from a third party.

(e) Llamara Project, Salar de Llamara, Chile

In June 2012, the Company entered into an agreement to purchase an interest in an exploration and evaluation asset in Chile (the "Llamara Project") through the acquisition of 20% of the issued and outstanding shares (1,250,000 common shares) of Potash Dragon Inc. ("Potash Dragon) for cash consideration of $2,000,000.

Included in the acquisition were 3,750,000 common share purchase warrants which entitled the Company to purchase one common share for a purchase price of $0.80 per share until May 15, 2013.

In March 2013, the Company exercised 2,187,500 common share purchase warrants at an exercise price of $0.80 per share. As a result the Company has increased its interest in the Llamara Project to 41%. The remaining 1,562,500 common share purchase warrants expired, unexercised.

In January 2014, due to the failure of Potash Dragon to complete a going public transaction (initial public offering, reverse take-over transaction or other similar transaction) within the prescribed timeframe of the purchase agreement, the Company was issued an additional 1,265,625 shares of Potash Dragon, the Company has increased its interest in the Llamara Project to 48%.

14. MINERAL PROPERTIES (Continued)

(f) Carscallen Property, Ontario, Canada

On September 14, 2015, the Company entered into an option agreement to acquire an undivided 100% interest in certain mineral claims, located 25 kilometres west of the center of the City of Timmins and 7 kilometres north of the Lake Shore Gold, Timmins Mine.

Pursuant to the terms of the agreement, the Company was required to make a payment of $40,000 on the execution of the agreement (paid) and issue an aggregate of 3,000,000 common shares (the issuance of which is subject to regulatory approval). The Company is required to make additional payments of $60,000 on September 1, 2016 and $100,000 on September 1, 2017. The Company shall have the right to set-off its exploration expenditures on the Property against these options payments. In the event that the Company is able to establish a commercial mine of with at least a 250,000 ton ore body having a minimum grade of 2 grams of gold per ton, the Company will required to issuance an additional 3,000,000 common shares.

Upon the payment of the option payments of September 1, 2016 and 2017, the Company will have an undivided 100% interest in the Property subject to a 3% NSR in favour of the optionors. The Company shall have the right to purchase 2% of the 3% NSR royalty for an aggregate cash payment of $3 million.

15. SHARE CAPITAL

As part of the share consolidation completed on May 20, 2015 all applicable references to the number of shares, warrants and stock options and their strike price and per share information has been restated on the basis of 5 old common shares for 1 new common share.

(a) Authorized

Unlimited common shares, without par value.

(b) Issued and outstanding

During the year ended September 30, 2015:

(1) On August 31, 2015, the Company completed a non-brokered private placement of 8,000,000 common shares at $0.05 per share for gross proceeds of $400,000. In connection with the private placement, the Company incurred a cash finders' fee of $32,000. The Company incurred additional share issuance costs of $8,475.

During the year ended September 30, 2014:

(1) On November 27, 2013, the Company issued 1,000,000 common shares at a price of $0.25 for consulting services. Out of the total value of shares issued, the Company recorded $175,000 in investor relations (included in general and administrative expenses) and $75,000 in prepaid expenses for consulting services to be rendered in future fiscal periods.

(2) On July 17, 2014, the Company issued 12,727 common shares with a value of $7,000 for consulting services. Out of the total value of shares issued, the Company recorded $4,208 in professional fees (included in general and administrative expenses) and $2,792 in prepaid expenses for consulting services expensed in the year ended September 30, 2015.

(3) Proceeds of $143,986 were received for a private placement that closed during the year ended September 30, 2015.

16. STOCK OPTIONS

The Company has an incentive stock option plan in place with the TSX under which it is authorized to grant options to executive officers, directors, employees and consultants. The Company has implemented a fixed plan, whereby it may not exceed a total of 2,578,500 common shares under the plan. Options granted under the plan will have a term not to exceed 10 years and are granted at an option price which shall not be less than the closing market price one trading day prior to the grant date. The options vest as determined by the Board of Directors.

	Number of Stock Options	Weighted Average Exercise Price
Balance, September 30, 2013	**1,871,000**	**$ 2.10**
Granted (i)(ii)	860,000	0.50
Expired	(530,000)	(3.20)
Cancelled	(416,000)	(2.40)
Balance, September 30, 2014	**1,785,000**	**$ 0.95**
Expired	(675,000)	(1.45)
Balance, September 30, 2015	**1,110,000**	**$ 0.66**
Options vested, September 30, 2015	**1,110,000**	**$ 0.66**

(i) On February 20, 2014, the Company granted 680,000 stock options of the Company to consultants at an exercise price of $0.50 for 5 years. All of the options vested immediately. The fair value of stock options was estimated at $274,040 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 113.99% (based on historical volatility), risk-free interest rate - 1.62% and an expected average life of 5 years.

(ii) On April 21, 2014, the Company granted 180,000 stock options of the Company to officers and directors at an exercise price of $0.525 for 5 years. All of the options vested immediately. The fair value of stock options was estimated at $72,450 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 114.84% (based on historical volatility), risk-free interest rate - 1.72% and an expected average life of 5 years.

The options were valued using the fair value of the equity instrument granted in the absence of a reliable estimate of the fair value of the services received.

Stock options outstanding at September 30, 2015 are as follows:

Number of Stock Options	Exercise Price ($)	Remaining Contractual Life (years)	Expiry Date
250,000	1.20	0.06	October 21, 2015 (subsequently expired)
680,000	0.50	3.39	February 20, 2019
180,000	0.525	3.56	April 21, 2019
1,110,000			

17. WARRANTS

	Number of Warrants	Weighted Average Exercise Price
Balance, September 30, 2013 and September 30, 2014	**623,900**	**$ 0.60**
Expired	(623,900)	(0.60)
Balance, September 30, 2015	**-**	**$ -**

18. GENERAL AND ADMINISTRATIVE

Years Ended September 30,	**2015**	**2014**
Depreciation	**$ -**	$ 8,577
Share-based payments (Note 16)	**-**	346,490
Investor relations	**176,847**	630,356
Management fees (Note 19)	**360,000**	360,000
Office and miscellaneous	**95,821**	167,325
Professional fees (Note 19)	**183,301**	358,818
Rent and telephone (Note 19)	**204,577**	159,201
Shareholders information	**9,635**	13,559
Transfer agent and filing fees	**53,965**	47,961
Travel and related	**27,382**	50,786
	$ 1,111,528	$ 2,143,073

19. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, to similar transactions to non-key management personnel related entities on an arm's length basis.

(a) The Company entered into the following transactions with related parties:

	Notes	Year Ended September 30, 2015	2014
Adrea Capital Corp. ("Adrea")	(i)	**$ 378,000**	$ 488,000
Herb Brugh	(ii)	**$ 75,932**	$ 64,717
James Davis	(iii)	**$ -**	$ 77,500
Marrelli Support Services Inc. ("Marrelli Support")	(iv)	**$ 55,257**	$ 60,100
DSA Corporate Services Inc. ("DSA")	(v)	**$ 1,725**	$ 785

19. RELATED PARTY TRANSACTIONS (Continued)

(a) The Company entered into the following transactions with related parties (continued):

(i) Adrea is a company controlled by D. Randall Miller, the Chief Executive Officer ("CEO") and a director of the Company. The fees for the year ended September 30, 2015 consisted of management fees of $360,000 (year ended September 30, 2014 - $360,000), expenses of $18,000 (year ended September 30, 2014 - $18,000) and rent expense of $nil (year ended September 30, 2014 - $110,000). As at September 30, 2015, Adrea has a rent deposit of $nil (September 30, 2014 - $15,000) included in deposits and other advances. As at September 30, 2015, Adrea was owed $282,908 (Note 13) (September 30, 2014 - $87,734) and this amount was included in accounts payable and accrued liabilities.

(ii) Herb Brugh is an officer and director of the Company. The fees paid or accrued to Herb Brugh are for the provision of services as lead director for the year ended September 30, 2015 of $75,932 (year ended September 30, 2014 - $63,467) and car allowance of $nil (year ended September 30, 2014 - $1,250). As at September 30, 2015, Herb Brugh was owed $177,124 (Note 13) (September 30, 2014 - $52,957) and this amount was included in accounts payable and accrued liabilities.

(iii) James Davis is a director and former officer of the Company. The Company incurred consulting fees for the year ended September 30, 2015 of $nil (year ended September 30, 2014 - $77,500).

(iv) For the year ended September 30, 2015, the Company expensed $18,960 for accounting services and $36,297 for CFO services (year ended September 30, 2014: accounting services - $30,100; and CFO services - $30,000). Carmelo Marrelli is the president of Marrelli Support. The amounts charged by Marrelli Support are based on what Marrelli Support usually charges its clients. The Company expects to continue to use Marrelli Support for an indefinite period of time. As at September 30, 2015, Marrelli Support was owed $42,108 (Note 13) (September 30, 2014 - $54,906) and this amount was included in accounts payable and accrued liabilities.

(v) For the year ended September 30, 2015, the Company expensed $1,725 for corporate secretarial services (year ended September 30, 2014 - $785). Carmelo Marrelli is an officer and shareholder of DSA. The amounts charged by DSA are based on what DSA usually charges its clients. The Company expects to continue to use DSA for an indefinite period of time. As at September 30, 2015, DSA was owed $nil (September 30, 2014 - $nil).

(vi) During the year ended September 30, 2015, the Company advanced $nil (year ended September 30, 2014 - $105,000) to Nitinat, a corporation in which the Company holds a 10% interest. During the year ended September 30, 2015, the Company received repayments of advances of $83,470 from Nitinat (year ended September 30, 2014 - $nil). As at September 30, 2015, the Company has advanced a balance of $101,530 (September 30, 2014 - $185,000). The advance is non-interest bearing and is due on demand and has no terms of repayment.

(vii) During the year ended September 30, 2015, the Company sold Nitinat a fully amortized truck for $15,000.

19. RELATED PARTY TRANSACTIONS (Continued)

(b) Remuneration of Directors and key management personnel, other than consulting fees, of the Company was as follows:

Years Ended September 30,	2015	2014
Share-based payments	$ -	$ 72,450

(c) Company shareholders

As of September 30, 2015, the Company's outstanding common shares are widely held, except for small positions held by directors and officers of the Company. These holdings can change at any time at the discretion of the owner.

The Company is not aware of any arrangements that may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, it is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

20. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition, exploration and development of mineral properties located in Canada and Chile as outlined in the consolidated schedule of mineral properties. There are $1 long-term assets in Chile as at September 30, 2015 (September 30, 2014 - $3,750,000). All other assets and all losses are in Canada.

21. COMMITMENT

The Company entered into a management services agreement, amended subsequent to September 30, 2015, providing for payment of $30,000 per month for the services of the CEO. That agreement had an initial term of two years but automatically extends thereafter for successive terms of one year, unless terminated by either party 90 days prior to any yearly extension. In the event of the retirement, death or disability of the CEO, the agreement provides for a payment equal to two times annual salary and bonus. In the event of termination for any reason or not for just cause, the agreement provides for the greater of a payment of two times annual salary or a prorated amount based on date of termination and retirement date.

22. CONTINGENCIES

(i) In August 2013, 6 shareholders commenced an action in the Ontario Superior Court of Justice in which it is alleged that the Company, Nitinat, certain present and past directors and officers of the Company and a company related to a director and officer of Inspiration have acted in a manner that has been oppressive, unfairly prejudicial and/or has unfairly disregarded the interests of the plaintiffs. The plaintiffs are seeking declaratory relief and monetary damages, but have not requested a specific quantum of damages at this time. As this action is still preliminary, the Company does not have the information needed to assess the strength of the plaintiffs' claims.

22. CONTINGENCIES (Continued)

(ii) In August of 2015, litigation was commenced against the Company, its officers and directors by the landlord of the Company's corporate offices. The Company is of the opinion that the claim against the directors and officers is unwarranted and frivolous. Although the Company believes the outcome of this lawsuit will be in its favour, the Company has established a litigation provision of $100,000 in regard to its litigation exposure.

23. INCOME TAXES

A reconciliation of income taxes (recovery) at statutory rates with the reported taxes (recovery) is as follows:

Years ended September 30,	2015	2014
Loss before income taxes	$ (4,751,964)	$ (13,334,119)
Expected income tax recovery at statutory rates	(1,214,000)	(3,533,542)
Non-tax deductible items	12,000	685,434
Adjustment to prior years provision and other	1,798,000	-
Change in unrecognized deductible temporary differences	(596,000)	(63,892)
Total income tax recovery	$ -	$ (2,912,000)

The significant components of the Company's deferred income tax assets (liabilities) are as follows:

As at September 30,	2015	2014
Non-Capital losses	$ 4,044,000	$ 2,826,000
Capital assets	45,000	44,000
Loan receivable	1,442,000	1,850,000
Share issue costs	16,000	11,000
Marketable securities	32,000	40,000
Allowable capital losses	13,000	-
Exploration and evaluation assets	(2,398,000)	(981,000)
	3,194,000	3,790,000
Unrecognized deferred tax assets	(3,194,000)	(3,790,000)
Net deferred tax assets	$ -	$ -

During the year ended September 30, 2007, the Company issued 3,000,000 common shares on a flow-through basis for gross proceeds of $18,000,000. The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to the flow-through participants. During the year ended September 30, 2008, the Company renounced exploration expenditures of $18,000,000 resulting in a charge to capital stock of $6,148,800 with a related increase in deferred income tax liability. As at September 30, 2015, the Company has approximately $6,400,000 in unexpended exploration expenditures, resulting in a potential liability of approximately $2,900,000. Management believes, given the circumstances, no other potential liability will occur to the Company.

24. SUBSEQUENT EVENTS

On October 21, 2015, 250,000 stock options with an exercise price of $1.20 expired unexercised.

In August 2015, the Company requested that its common shares be voluntarily delisted from the TSX. The Company had been under delisting review since April 10, 2015 and it is not able to meet TSX's continued listing requirements. The Company has filed a listing application with the TSX Venture Exchange for the listing of its common shares through the facilities of the TSX Venture Exchange. The common shares are expected to be delisted from the TSX on January 4, 2016 and the Company continues to work with the TSX Venture Exchange in order to satisfy its listing requirements.

INSPIRATION MINING CORPORATION

Consolidated Financial Statements
(Expressed in Canadian Dollars)

Years Ended September 30, 2014 and 2013

Collins Barrow
Chartered Accountants

Collins Barrow Toronto LLP
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Inspiration Mining Corporation

We have audited the accompanying consolidated financial statements of Inspiration Mining Corporation and its subsidiaries, which comprise the consolidated statement of financial position as at September 30, 2014 and the consolidated statements of operations, comprehensive loss, changes in shareholder' equity, cash flows and mineral properties for the year 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 audit. We conducted our audit 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 judgement, 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 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 Inspiration Mining Corporation as at September 30, 2014, and its financial performance and its cash flows for the year then ended 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 indicates the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Other Matter

The financial statements of Inspiration Mining Corporation for the year ended September 30, 2013, were audited by another auditor who expressed an unmodified opinion on those statements on December 23, 2013.

Collins Barrow Toronto LLP

Chartered Accountants
Licensed Public Accountants
Toronto, Ontario
December 23, 2014

INSPIRATION MINING CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)

	September 30, 2014	September 30, 2013
Assets		
Current assets		
Cash and cash equivalents (Note 5)	**$ 48,137**	$ 627,460
Short-term investments (Note 7)	**5,731**	45,103
Marketable securities (Note 8)	**19,373**	363,104
Receivables (Note 9)	**16,717**	33,313
Prepaid expenses (Note 20)	**27,953**	91,553
Loan receivable (Note 11(i))	**125,000**	1,972,000
Due from related parties (Note 20)	**185,000**	104,038
Promissory note receivable (Note 11(ii))	**90,890**	83,195
Total current assets	**518,801**	3,319,766
Deposits and other advances (Notes 10 and 20)	**15,000**	82,500
Equipment (Note 13)	**-**	8,577
Investment in associate (Note 12)	**51,500**	892,548
Mineral properties (Schedule and 15)	**24,207,197**	31,665,982
Total assets	**$ 24,792,498**	$ 35,969,373
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities (Notes 14 and 20)	**$ 678,254**	$ 283,546
Total current liabilities	**678,254**	283,546
Deferred income tax liability (Note 25)	**-**	2,912,000
Total liabilities	**678,254**	3,195,546
Shareholders' equity		
Share capital (Note 16)	**46,230,936**	45,973,936
Shares to be issued (Note 16(b)(3))	**143,986**	-
Contributed surplus	**28,555,468**	28,208,978
Accumulated other comprehensive loss	**(41,457)**	(1,056,517)
Deficit	**(50,774,689)**	(40,352,570)
Total shareholders' equity	**24,114,244**	32,773,827
Total liabilities and shareholders' equity	**$ 24,792,498**	$ 35,969,373

Nature of operations and going concern (Note 1)
Commitments (Note 22)
Contingencies (Note 23)
Subsequent events (Note 26)

On behalf of the Board:

"D. Randall Miller" Director

"Herbert Brugh" Director

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

INSPIRATION MINING CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(EXPRESSED IN CANADIAN DOLLARS)

Years Ended September 30,	2014	2013
Operating Expenses		
General and administrative (Note 19)	**$ 2,143,073**	$ 1,751,486
Operating Loss	**(2,143,073)**	(1,751,486)
Interest income	**1,376**	346,980
Interest expense	**(37,407)**	(26,463)
Flow-through share tax expense	**-**	(18,084)
Gain (loss) on sale of marketable securities (Note 8)	**(968,659)**	1,571,239
Loss from associate (Note 12)	**(716,400)**	(824,100)
Write-down of mineral properties (Note 15)	**(7,640,358)**	-
Gain on deconsolidation (Note 24)	**-**	1,061,275
Impairment of loan receivable (Note 11)	**(1,667,000)**	(2,403,400)
(Reversal of) impairment of marketable securities (Note 8)	**2,000**	(327,801)
Impairment of investment in associate (Note 12)	**(86,723)**	-
Impairment of receivable (Note 9)	**(77,875)**	(111,800)
Loss before income taxes	**(13,334,119)**	(2,483,640)
Deferred income tax recovery (expense) (Note 25)	**2,912,000**	(223,000)
Net loss for the year	**$(10,422,119)**	$ (2,706,640)
Attributable to:		
Equity holders of the Parent Company	**$(10,422,119)**	$ (2,680,399)
Non-controlling interest (Note 24)	**-**	(26,241)
	$(10,422,119)	$ (2,706,640)
Basic and diluted loss per common share	**$ (0.13)**	$ (0.04)
Weighted average number of common shares outstanding	**81,201,325**	72,525,921

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

INSPIRATION MINING CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)

Years Ended September 30,	2014	2013
Net loss for the year	**$(10,422,119)**	$ (2,706,640)
Other comprehensive (loss) income:		
Items that will be reclassified subsequently to income:		
Unrealized loss on available-for-sale marketable securities (Note 8)	**(3,532)**	(459,390)
Reclassification of net realized loss (gain) and impairment charge on available-for-sale marketable securities	**1,056,517**	(1,109,521)
Share of other comprehensive loss of associate (Note 12)	**(37,925)**	-
Other comprehensive income (loss)	**1,015,060**	(1,568,911)
Total comprehensive loss for the year	**$ (9,407,059)**	$ (4,275,551)
Attributable to:		
Equity holders of the Parent Company	**$ (9,407,059)**	$ (4,249,310)
Non-controlling interest (Note 24)	**-**	(26,241)
	$ (9,407,059)	$ (4,275,551)

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

INSPIRATION MINING CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(EXPRESSED IN CANADIAN DOLLARS)

	# of Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Accumulated Deficit	Non-controlling Interest	Total
Balance at September 30, 2012	**68,632,770**	**$ 45,356,472**	**$ 28,629,771**	**$ 512,394**	**$(37,672,171)**	**$ 1,732,704**	**$ 38,559,170**
Units issued in private placement	5,350,000	535,000	-	-	-	-	535,000
Shares issued for professional fees and retainer	1,000,000	100,000	-	-	-	-	100,000
Share issue costs	-	(69,450)	-	-	-	-	(69,450)
Fair value of warrants	-	(26,750)	26,750	-	-	-	-
Fair value of broker warrants	-	(21,336)	21,336	-	-	-	-
Shares issued for settlement of accounts payable	2,000,000	100,000	-	-	-	-	100,000
Net unrealized loss on available-for-sale marketable securities	-	-	-	(459,390)	-	-	(459,390)
Reclassification of net realized income and impairment charge on available-for-sale marketable securities	-	-	-	(1,109,521)	-	-	(1,109,521)
Deconsolidation of subsidiary	-	-	(468,879)	-	-	(1,706,463)	(2,175,342)
Net loss for the year	-	-	-	-	(2,680,399)	(26,241)	(2,706,640)
Balance at September 30, 2013	**76,982,770**	**$ 45,973,936**	**$ 28,208,978**	**$ (1,056,517)**	**$(40,352,570)**	**$ -**	**$ 32,773,827**

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

INSPIRATION MINING CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)
(EXPRESSED IN CANADIAN DOLLARS)

	# of Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Accumulated Deficit	Shares to be Issued	Total
Balance at September 30, 2013	**76,982,770**	**$ 45,973,936**	**$ 28,208,978**	**$ (1,056,517)**	**$(40,352,570)**	**$ -**	**$ 32,773,827**
Shares issued for professional fees and retainer	5,063,636	257,000	-	-	-	-	257,000
Shares to be issued in private placement	-	-	-	-	-	143,986	143,986
Share-based payments	-	-	346,490	-	-	-	346,490
Net unrealized loss on available-for-sale marketable securities	-	-	-	(3,532)	-	-	(3,532)
Reclassification of net realized loss and impairment charge on available-for-sale marketable securities	-	-	-	1,056,517	-	-	1,056,517
Share of other comprehensive loss of associate	-	-	-	(37,925)	-	-	(37,925)
Net loss for the year	-	-	-	-	(10,422,119)	-	(10,422,119)
Balance at September 30, 2014	**82,046,406**	**$ 46,230,936**	**$ 28,555,468**	**$ (41,457)**	**$(50,774,689)**	**$ 143,986**	**$ 24,114,244**

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

INSPIRATION MINING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)

Years Ended September 30,	2014	2013
Cash Flows Used In Operating Activities		
Net loss for the year	**$ (10,422,119)**	$ (2,706,640)
Items not affecting cash:		
Depreciation	**8,577**	4,154
Share-based payments	**346,490**	-
Loss (gain) on the sale of marketable securities	**968,659**	(1,571,239)
(Reversal of) impairment of marketable securities	**(2,000)**	327,801
Write-down of mineral properties	**7,640,358**	-
Impairment of loan receivable	**1,667,000**	2,403,400
Gain on deconsolidation	**-**	(1,061,275)
Shares issued for professional fees	**231,480**	20,000
Interest income accrued	**-**	(275,400)
Deferred income tax (recovery) expense	**(2,912,000)**	223,000
Loss from associate	**716,400**	824,100
Impairment of investment in associate	**86,723**	-
Foreign exchange	**(7,695)**	-
Impairment of receivable	**77,875**	111,800
Changes in non-cash working capital items:		
Receivables	**(61,279)**	(36,618)
Prepaid expenses	**89,120**	38,187
Accounts payable and accrued liabilities	**355,868**	(82,551)
Deposits and other advances	**67,500**	4,423
	(1,149,043)	(1,776,858)
Cash Flows Provided By Financing Activities		
Proceeds received in private placement	**-**	535,000
Share issue costs	**-**	(69,450)
Shares to be issued	**143,986**	-
	143,986	465,550
Cash Flows Provided By Investing Activities		
Purchase of marketable securities	**(189,262)**	(1,750)
Proceeds from sale of marketable securities	**619,319**	3,483,440
Redemption of short-term investments	**39,372**	190,627
Purchase of equipment	**-**	(1,966)
Loan receivable	**-**	(83,195)
Advances to related parties	**(105,000)**	(104,038)
Change in cash related to deconsolidation	**-**	(70,715)
Mineral properties expenditures	**(118,695)**	(1,930,614)
Repayment of loan receivable	**180,000**	-
	425,734	1,481,789
Net change in cash and cash equivalents during the year	**(579,323)**	170,481
Cash and cash equivalents, beginning of year	**627,460**	456,979
Cash and cash equivalents, end of year	**$ 48,137**	$ 627,460
Supplemental information		
Shares issued for settlement of accounts payable	**$ -**	$ 100,000
Mineral properties expenditures included in accounts payable and accrued liabilities	**$ 78,138**	$ 15,260

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

INSPIRATION MINING CORPORATION
CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES
(EXPRESSED IN CANADIAN DOLLARS)

Years Ended September 30,	2014	2013
Desrosiers Property, Ontario, Canada		
Balance, beginning of year	**$ 4,117,392**	$ 4,113,255
Legal fees	**-**	4,137
Write-down	**(4,117,391)**	-
Total expenditures during the year	**(4,117,391)**	4,137
Balance, end of year	**$ 1**	$ 4,117,392
Barton Syndicate Dry Fork Property, Utah, USA		
Balance, beginning of year	**$ 1**	$ 1
Claim costs	**5,583**	-
Write-down	**(5,583)**	-
Total expenditures during the year	**-**	-
Balance, end of year	**$ 1**	$ 1
Cleaver Property, Ontario, Canada		
Balance, beginning of year	**$ 3,524,385**	$ 3,524,385
Drilling recovery	**(7,000)**	-
Write-down	**(3,517,384)**	-
Total expenditures during the year	**(3,524,384)**	-
Balance, end of year	**$ 1**	$ 3,524,385
Langmuir Property, Ontario, Canada		
Balance, beginning of year	**$ 20,274,204**	$ 20,140,087
Acquisition costs	**-**	2,640
Assays and recording	**-**	(15,396)
Equipment rental	**9,000**	5,460
Geological and geophysical	**169,888**	122,321
Rent and related charges	**4,102**	19,092
Total expenditures during the year	**182,990**	134,117
Balance, end of year	**$ 20,457,194**	$ 20,274,204

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

INSPIRATION MINING CORPORATION
CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES (Continued)
(EXPRESSED IN CANADIAN DOLLARS)

Years Ended September 30,	2014	2013
Llamara Project, Salar de Llamara, Chile		
Balance, beginning of year	**$ 3,750,000**	$ 2,000,000
Acquisition costs	**-**	1,750,000
Total expenditures during the year	**-**	1,750,000
Balance, end of year	**$ 3,750,000**	$ 3,750,000
Jasper Claims, British Columbia, Canada		
Balance, beginning of year	**$ -**	$ 1,093,809
Camp and field costs	**-**	72
Deconsolidation of subsidiary	**-**	(1,093,881)
Total expenditures during the year	**-**	(1,093,809)
Balance, end of year	**$ -**	$ -
Chibougamau Claims, Quebec, Canada		
Balance, beginning of year	**$ -**	$ 1,093,274
Deconsolidation of subsidiary	**-**	(1,093,274)
Total expenditures during the year	**-**	(1,093,274)
Balance, end of year	**$ -**	$ -
Total Mineral Properties	**$ 24,207,197**	$ 31,665,982

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Inspiration Mining Corporation (the "Company") was incorporated under the laws of British Columbia on November 15, 1972. Since October 1, 2005, the Company has been engaged in the acquisition, exploration, evaluation and development of mineral resource properties in Canada, Chile and the United States. The primary office of the Company is located at 36 Toronto Street, Suite 1000, Toronto, ON, M5C 2C5.

The consolidated financial statements were approved by the Board of Directors on December 19, 2014.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and development programs will result in profitable mining operations. The Company has not yet established whether its mineral properties contain reserves that are economically recoverable. The recovery of amounts capitalized for mineral properties and related deferred costs in the consolidated statement of financial position is dependant upon the existence of economically recoverable reserves, the ability of the Company to arrange appropriate financing to complete the development of the properties and upon future profitable production or proceeds from their disposition. Changes in future conditions could require material write-downs of the carrying values of mineral property.

Although the Company has taken steps to verify title to the property on which it is conducting exploration and in which it is acquiring an interest, in accordance with industry standards for the current stage of exploration of such property, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, aboriginal claims, and noncompliance with regulatory requirements.

	September 30, 2014	September 30, 2013
Working capital (deficit)	$ (159,453)	$ 3,036,220
Deficit	$ 50,774,689	$ 40,352,570

These consolidated financial statements have been prepared on a basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The certainty of funding future exploration expenditures and availability of additional financing sources cannot be assured at this time, these uncertainties may cast a significant doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include adjustments to the carrying values and classifications of recorded assets and liabilities and related revenues and expenses that might be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

(a) Basis of preparation

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the years ended September 30, 2014 and 2013.

These consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified as fair value through profit or loss and available-for-sale.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

(b) Change in accounting policies

(i) IFRS 10 – Consolidated Financial Statements ("IFRS 10") was issued by the IASB in May 2011. IFRS 10 is a new standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity's returns. At October 1, 2013, the Company adopted this standard and there was no material impact on the Company's consolidated financial statements.

(ii) IFRS 11 – Joint Arrangements ("IFRS 11") was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, whereas entities in the latter case account for the arrangement using the equity method. At October 1, 2013, the Company adopted this standard and there was no material impact on the Company's consolidated financial statements.

(iii) IFRS 12 – Disclosure of Interests in Other Entities ("IFRS 12") was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles, and off balance sheet vehicles. At October 1, 2013, the Company adopted this standard and there was no material impact on the Company's consolidated financial statements other than additional disclosures (Note 12) .

(iv) IFRS 13 – Fair Value Measurement ("IFRS 13") was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRSs. At October 1, 2013, the Company adopted this standard and there was no material impact on the Company's consolidated financial statements.

(v) In October 2011, the IASB issued IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine. This interpretation requires the capitalization and depreciation of stripping costs in the production phase if an entity can demonstrate that it is probable future economic benefits will be realized, the costs can be reliably measured and the entity can identify the component of the ore body for which access has been improved. At October 1, 2013, the Company adopted this standard and there was no material impact on the Company's consolidated financial statements.

(vi) As a result of the issue of the new consolidation suite of standards, IAS 27 - Separate Financial Statements ("IAS 27 (amended)") has been reissued to reflect the change as the consolidation guidance has recently been included in IFRS 10. In addition, IAS 27 (amended) will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when the Company prepares separate financial statements. At October 1, 2013, the Company adopted the amendments to this standard and there was no material impact on the Company's consolidated financial statements.

(vii) As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 - Investments in Associates and Joint Ventures ("IAS 28"), has been amended and will further provide the accounting guidance for investments in associates and will set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This standard will be applied by the Company when there is joint control, or significant influence over an investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not include control or joint control of those policy decisions. At October 1, 2013, the Company adopted the amendments to this standard and there was no material impact on the Company's consolidated financial statements.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

(c) New accounting standards not yet adopted

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective.

(i) IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

(ii) IAS 32 - Financial Instruments - Presentation provides for amendments relating to offsetting financial assets and financial liabilities. The standard is effective for annual periods beginning on or after January 1, 2014.

(d) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are consolidated from the date on which the Company obtains control, and continue to be consolidated until control ceases. Control is established when the Company has the rights that give it the ability to direct the activities that significanly affect the investee's returns, the exposure, or rights, to variable returns from its involvement and the ability to use its power over the investee to affect the amount of the investor's returns, and generally exists where more than 50% of the voting power of the entity is held by the Company or has the ability to determine the strategic, operating, investing and financing policies of a company without the co-operation of others. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All material intercompany transactions and balances are eliminated in full on consolidation.

Where the ownership of a subsidiary is less than 100%, and a non-controlling interest thus exists, any losses of that subsidiary are attributed to the non-controlling interests even if that results in a deficit. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

The following companies have been consolidated within the consolidated financial statements:

Name of subsidiary	Place of incorporation	Ownership interest	Principal activity
Metal Mines Inc. ("Metal")	Ontario, Canada	100%	Exploration company
1691063 Ontario Ltd. ("1691063")	Ontario, Canada	100%	Exploration company
Inspiration Mining-Utah, Inc. ("Inspiration Utah")	United States	100%	Exploration company

(e) Financial currency and foreign currency translation

These consolidated financial statements are presented in Canadian dollars. The functional currency for each entity consolidated with the Company is determined by the currency of the primary economic environment in which it operates ("the functional currency"). The Company and its subsidiaries functional currency is the Canadian dollar.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

(f) Financial instruments

Financial instruments are defined as any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity. The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

Financial assets are classified into the following categories at their initial recognition:

- financial assets at fair value through profit or loss ("FVTPL");
- held-to-maturity investments;
- loans and receivables;
- or available-for-sale investments.

Financial liabilities are classified into the following categories at their initial recognition:

- financial liabilities at FVTPL;
- or other financial liabilities.

Financial assets and liabilities are initially measured at fair value, plus (in the case of a financial asset or liability not at FVTPL) transaction costs directly attributable to the acquisition or issuance of the financial asset or liability. In a purchase or sale of financial assets, recognition and derecognition occurs using trade date accounting.

Financial assets are subsequently measured after initial recognition at fair value, except for financial assets classified as held-to-maturity investments or loans and receivables, which are subsequently measured at amortized cost using the effective interest method. FVTPL fair value changes are recorded in net loss versus available-for-sale investments fair value changes which are recorded in other comprehensive loss.

Financial liabilities at FVTPL are subsequently measured after recognition at fair value. All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial assets are derecognized when:

- the contractual rights to the cash flows from the financial asset expire;
- the contractual rights to the cash flows from the financial asset are retained, but a contractual obligation to pay the cash flows to another party without material delay is assumed by the Company;
- or when the Company transfers substantially all the risks and rewards of ownership of the financial asset.

Financial liabilities are derecognized when the obligations are discharged, cancelled, or expire.

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

(f) Financial instruments (continued)

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of financial assets classified as loans and receivables, where the carrying amount is reduced through the use of an allowance account. When these assets are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and cash equivalents and marketable securities are measured based on level 1 inputs of the fair value hierarchy.

(g) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and its 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 current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of comprehensive loss.

Assets with an indefinite useful life that are not amortized are tested annually for impairment, irrespective of whether there is any indication that these assets may be impaired.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

(h) Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the issuance date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash held in trust and highly liquid short-term interest bearing accounts which are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

(j) Short-term investments

Short-term investments are liquid investments with a maturity greater than three months and less than twelve months and are recorded at fair market value.

(k) Marketable securities

Investments in marketable securities have been designated as available-for-sale and are recorded at fair value. Fair values for available-for-sale investments are determined by reference to the last bid price at the date of the consolidated statement of financial position. Unrealized gains and losses are recognized in other comprehensive income (loss). If a decline in fair value is considered to be other than temporary the loss is recognized in profit or loss.

(l) Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recognized based on the cost of an item of equipment, less its estimated residual value, over its estimated useful life at the following rates:

Computer equipment	30%	Declining balance
Software	100%	Declining balance

An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

(m) Mineral properties

Exploration costs incurred prior to the Company obtaining the legal right to explore it are expensed in the period in which they are incurred.

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

Exploration and evaluation expenditures for the Company's investments in a resource property are carried forward as an asset provided that one of the following conditions are met; (i) such costs are expected to be recouped in full through successful development and exploration of the mineral property, or alternatively by sale; or (ii) although exploration and evaluation activities in the mineral property have not reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves, active field work and other activities in relation to the mineral property are continuing, or planned for the foreseeable future.

The carrying values of capitalized amounts are reviewed annually or whenever indicators of impairment are present. In the case of undeveloped properties, there may be only inferred resources to allow management to form a basis for the impairment review. The review is based on the Company's intentions for the development of such a property. If a mineral property does not prove viable, all unrecoverable costs associated with the property are charged through profit or loss at the time that determination is made.

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 “mining assets” in property, plant and equipment. Investment in resource property expenditures accumulated to that date are tested for impairment before the mineral property costs are transferred to property, plant and equipment.

(n) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows to present value.

(o) Flow-through shares

The Company has adopted a policy whereby proceeds from flow-through issuance are allocated between the offering of shares and the sale of tax benefits based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A liability is recognized for this difference and is extinguished by crediting deferred income tax recovery when the entity renounces the tax differences and has made the appropriate expenditures.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

(p) Share-based payment transactions

The fair value of equity-settled share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

The fair value of share based payments to non-employees and other share-based payments are based on the fair value of the goods or services received. If the Company cannot estimate reliably the fair value of the goods or services received, the Company measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted at the date the Company receives the goods or services.

(q) Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs are discounted to their net present value and are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses. The Company has no material restoration, rehabilitation and environmental costs as at September 30, 2014 and September 30, 2013.

(r) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share, which is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares. The Company's diluted loss per share does not include the effect of stock options and warrants as they are anti-dilutive.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

(s) Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statement of operations except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the consolidated statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are presented as non-current.

(t) Non-controlling interests

Non-controlling interests in the Company's less than wholly-owned subsidiaries are classified as a separate component of equity. On initial recognition, non-controlling interests are measured at their proportionate share of the acquisition date fair value of identifiable net assets of the related subsidiary acquired by the Company. Subsequent to the acquisition date, adjustments are made to the carrying amount of non-controlling interests for the non-controlling interests' share of changes to the subsidiary's equity. Adjustments to recognize the non-controlling interests' share of changes to the subsidiary's equity are made even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interests is adjusted to reflect the change in the non-controlling interests' relative interests in the subsidiary and the difference between the adjustment to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to shareholders of the Company.

(u) Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

(u) Significant accounting judgments and estimates (continued)

Critical accounting estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of receivables and loan receivable that are included in the consolidated statements of financial position;
- all inputs used in the Black-Scholes option-pricing model for determining the fair value of warrants granted;
- recorded costs of mineral properties are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount; and
- the assumptions used for determining the amount of deferred income taxes and deferred income tax assets and liabilities including future income tax rate and recoverability.

Critical accounting judgments

- the Company's assumption of no material restoration, rehabilitation and environmental provisions, based on the facts and circumstances that existed during the year; and
- going concern presentation of the consolidated financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

3. CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

(i) To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
(ii) To maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, shares to be issued, contributed surplus, accumulated other comprehensive loss and deficit which at September 30, 2014 totaled $24,114,244 (September 30, 2013 - $32,773,827).

3. CAPITAL MANAGEMENT (Continued)

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral activities. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the years ended September 30, 2014 and 2013. The Company is not subject to any capital requirements imposed by a lending institution.

4. FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk

The Company's credit risk is primarily attributable to cash and cash equivalents, short-term investments, receivables, loan and promissory note receivable and due from related party. The Company has concentration of credit risk related to the loan receivable. Cash and cash equivalents and short-term investments are held with reputable financial institutions, from which management believes the risk of loss to be remote. Loan receivable is due from an unrelated party and the borrower granted to the Company a general security over all of its present and after acquired property. The net asset value of the mutual funds that formed part of the collateral of the loan receivable was $nil as of September 30, 2014 and was inadequate to pay off the principal and accrued interest of the loan receivable. The mutual funds are subject to fair value fluctuations arising from changes in the equity markets. The loan is repayable on July 30, 2016.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. As at September 30, 2014, the Company had a cash and cash equivalents and short-term investments balance of $53,868 (September 30, 2013 - $672,563) to settle current liabilities of $678,254 (September 30, 2013 - $283,546). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure maintenance of liquidity.

Market Risk

Interest rate risk
The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term certificates of deposits issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

4. FINANCIAL RISK FACTORS (Continued)

Market Risk (continued)

Foreign currency risk
The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in the US dollar currency from its Canadian dollar bank accounts. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

Price risk
The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

The Company's marketable securities are subject to fair value fluctuations arising from changes in the equity markets.

Sensitivity analysis

As at September 30, 2014, both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to their short-term nature.

The sensitivity analysis shown in the notes below may differ materially from actual results.

Based on management's knowledge of and experience with the financial markets, the Company believes the following movements are "reasonably possible":

(i) The Company's cash equivalents and short-term investments are subject to fixed interest rates ranging between 0.15% to 1.0%. Management believes interest rate risk is minimal. In addition, the Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

(ii) The Company's marketable securities amounting to $19,373 are subject to fair value fluctuations. As at September 30, 2014, if the fair value of the Company's marketable securities had decreased/increased by 10% with all other variables held constant, comprehensive loss for the year ended September 30, 2014 would have been approximately $2,000 higher/lower. Similarly, as at September 30, 2014, reported shareholders' equity would have been approximately $2,000 lower/higher as a result of a 10% decrease/increase in the fair value of the Company's marketable securities.

(iii) Commodity price risk could affect the Company. In particular, the Company’s future profitability and viability of development depends upon the world market of precious and base metals. As of September 30, 2014, the Company was not a producing entity. As a result, commodity price risk could affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

5. CASH AND CASH EQUIVALENTS

	September 30, 2014	September 30, 2013
Cash	$ 21,878	$ 161,352
Investment savings accounts	-	464,834
Funds held in trust	26,259	1,274
	$ 48,137	**$ 627,460**

6. CATEGORIES OF FINANCIAL INSTRUMENTS

	September 30, 2014	September 30, 2013
Financial assets:		
FVTPL		
Current		
Cash and cash equivalents	$ 48,137	$ 627,460
Short-term investments	$ 5,731	$ 45,103
Loans and receivables		
Current		
Loan receivable	$ 125,000	$ 1,972,000
Promissory note receivable	$ 90,890	$ 83,195
Due from related parties	$ 185,000	$ 104,038
Available-for-sale		
Current		
Marketable securities	$ 19,373	$ 363,104
Financial liabilities:		
Other financial liabilities		
Current		
Accounts payable and accrued liabilities	$ 678,254	$ 283,546

Cash and cash equivalents and marketable securities are measured based on level 1 inputs and short-term investments are measured based on level 2 inputs of the fair value hierarchy.

As of September 30, 2014 and September 30, 2013, the fair value of all the Company's financial instruments approximates the carrying value, due to their short-term nature.

7. SHORT-TERM INVESTMENTS

Short-term investments are highly liquid investments with maturity dates of more than 90 days. As of September 30, 2014, the related interest receivable for these investments is $nil (September 30, 2013 - $110).

8. MARKETABLE SECURITIES

As at September 30, 2014, marketable securities are comprised of investments in shares of other public companies with a total cost of $322,505 (September 30, 2013 - $1,721,221).

During the year ended September 30, 2014, the Company sold certain marketable securities with a cost of $1,587,978 (year ended September 30, 2013 - $1,912,201) for proceeds of $619,319 (year ended September 30, 2013 - $3,483,440), resulting in a realized loss of $968,659 (year ended September 30, 2013 - realized gain of $1,571,239). For the year ended September 30, 2014, the Company recorded an unrealized loss of $3,532 (year ended September 30, 2013 - unrealized loss of $459,390).

The Company held 4,800,000 (September 30, 2013 - 4,800,000) common shares in a publicly traded company that has a common director. During the year ended September 30, 2012, the Company recorded an impairment loss of $503,722 on its investment in this company.

9. RECEIVABLES

	September 30, 2014	September 30, 2013
Harmonized goods and services taxes receivable	$ 16,717	$ 31,977
Other receivables (i)	-	1,336
	$ 16,717	**$ 33,313**

(i) During the year ended September 30, 2014, the Company advanced $77,875 (year ended September 30, 2013 - $84,673) to a company that has a common director. As at September 30, 2014, the Company recorded an impairment loss of $77,875 (September 30, 2013 - $111,800) on this receivable due to the uncertainty in collection. Included in investments is 4,800,000 shares with a fair value of $nil in this company.

10. DEPOSITS AND OTHER ADVANCES

	September 30, 2014	September 30, 2013
Rent deposit	$ 15,000	$ 15,000
Consulting fee retainer to related party (Note 20)	-	67,500
	$ 15,000	**$ 82,500**

11. LOAN RECEIVABLE AND PROMISSORY NOTE RECEIVABLE

Balance at September 30, 2012	**$**	**4,100,000**
Interest accrued (i)		275,400
Impairment (i)		(2,403,400)
Balance, September 30, 2013		**1,972,000**
Impairment (i)		(1,667,000)
Repayment (i)		(180,000)
Balance, September 30, 2014	**$**	**125,000**

(i) The Company entered into a loan agreement with a private company incorporated in Luxembourg on July 30, 2009, whereby the Company agreed to loan that company a total of up to $6,000,000. The loan originally was repayable on demand and bore interest at prime plus 4%. On February 9, 2010, the Company and the borrower amended the loan such that the loan was repayable on July 30, 2014 and interest is at 4% per annum. On July 3, 2014, the Company agreed to amend the repayment date of the loan to July 30, 2016. As at September 30, 2014, the Company has advanced $6,000,000 (September 30, 2013 - $6,000,000) and has accrued interest income of $843,998 (September 30, 2013 - $1,023,998).

The borrower granted the Company a general security over all of its present and after acquired property. The security ranks in priority to all mortgages, charges, liens, encumbrances and security interests unless otherwise specifically agreed to in writing by the Company. As collateral on the loan, the borrower has invested the $6,000,000 loan into mutual funds in Europe, the net asset value of the funds at September 30, 2014 is approximately $nil (September 30, 2013 - $1,972,000). Subsequent to September 30, 2014, the Company received a loan receivable repayment of $125,000 (Note 26).

In the fiscal year ended September 30, 2013, the Company recorded an impairment charge on the loan in the amount of $2,403,400 to recognize the difference between the original loan value plus accrued interest and the value of the loan collateral at that time.

During the year ended September 30, 2014, the Company recorded an impairment charge on the loan in the amount of $1,667,000 due to the uncertainty regarding the underlying security and did not record any accrued interest due to the uncertainty of collection.

(ii) The Company entered into a GBP 50,000 ($90,890) promissory note with a private company on July 4, 2013. The promissory note is non-interest bearing and is due on demand. Subsequent to September 30, 2014, the Company received a loan receivable repayment of GBP 25,000 (Note 26).

12. INVESTMENT IN ASSOCIATE

On November 9, 2012, as a result of the deconsolidation of Nitinat Minerals Corporation ("Nitinat"), an equity investment in Nitinat of $1,716,648 was recorded based on the fair value of the shares held at that date.

At November 9, 2012	**$**	**1,716,648**
Share of net loss [1]		(824,100)
At September 30, 2013		**892,548**
Share of net loss		(716,400)
Share of other comprehensive loss		(37,925)
Impairment		(86,723)
At September 30, 2014	**$**	**51,500**

[1] During the period from November 10, 2012 to September 30, 2013, the Company's share of the loss of Nitinat of $824,100 has been recorded in the consolidated statements of operations.

The fair value of the Company's investment in Nitinat at September 30, 2014 is approximately $51,500 (September 30, 2013 - $1,144,000). The Company recorded an impairment charge of $86,723 to recognize the difference between the carrying value and the fair value of the investment.

The table below discloses selected financial information for Nitinat on a 100% basis. The Company's share of Nitinat is 23% (September 30, 2013 - 28%).

Loss and comprehensive loss for the period from November 10, 2012 to September 30, 2013	$ (2,869,372)
Loss for the year ended September 30, 2014	$ 3,022,845
Comprehensive loss for the year ended September 30, 2014	$ 3,189,077

	September 30, 2014	**September 30, 2013 (Unaudited)**
Current assets	$ 68,373	$ 101,471
Non-current assets	1,658,737	3,634,058
Total assets	$ 1,727,110	$ 3,735,529
Current liabilities	$ 923,985	$ 513,100
Total liabilities	$ 923,985	$ 513,100

Nitinat is engaged in the acquisition, exploration, evaluation and development of mineral resource properties. The Company exerted significant influence over Nitinat and therefore Nitinat was accounted for as an investment under the equity method.

13. EQUIPMENT

Cost	Computer equipment	Software	Total
Balance, September 30, 2012	$ 16,226	$ 8,361	$ 24,587
Additions	1,966	-	1,966
Balance, September 30, 2013	18,192	8,361	26,553
Balance, September 30, 2014	$ 18,192	$ 8,361	$ 26,553

Accumulated depreciation	Computer equipment	Software	Total
Balance, September 30, 2012	$ 6,571	$ 7,251	$ 13,822
Depreciation for the year	3,044	1,110	4,154
Balance, September 30, 2013	9,615	8,361	17,976
Depreciation for the year	8,577	-	8,577
Balance, September 30, 2014	$ 18,192	$ 8,361	$ 26,553

Carrying value	Computer equipment	Software	Total
Balance, September 30, 2013	$ 8,577	$ -	$ 8,577
Balance, September 30, 2014	$ -	$ -	$ -

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2014	September 30, 2013
Falling due within the year		
Trade payables	$ 482,657	$ 265,243
Accounts payable to related parties	195,597	18,303
	$ 678,254	$ 283,546

15. MINERAL PROPERTIES

Title to mining properties

Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has diligently investigated rights of ownership to all of the mineral claims in which it has an interest and, to the best of its knowledge, all agreements relating to such ownership rights are in good standing. However, this should not be construed as a guarantee of title. The claims may be subject to prior claims, agreements or transfers, and rights of ownership may be affected by undetected defects.

15. MINERAL PROPERTIES (Continued)

(a) Barton Syndicate Dry Fork Property, Utah, USA

The Company entered into a lease and option agreement on August 16, 2004 which was amended on July 20, 2006, with the Barton Syndicate Trust ("Barton Trust") to purchase a 100% interest in a group of mining claims in the Salt Lake and Tooele Counties of Utah, USA. During the year ended September 30, 2012, the Company recorded an impairment of $268,820 on the property. During the year ended September 30, 2014, the Company recorded an impairment of $5,583 on the property.

(b) Langmuir Property, Ontario, Canada

The Company acquired a 100% interest in certain mineral claims located in the Langmuir Township, Porcupine Mining Division of Ontario. The Company acquired these claims by an issuance of 16,800,000 common shares with a value of $840,000 and assumed debt of $131,084, of which $103,280 was due to related parties of the Company. There is no requirement by the Company to carry out an exploration program except to keep the claims in good standing. The mineral claims were originally subject to a 3% net smelter return (“NSR”) royalty (of which 1/3 is owned by a private company controlled by the president and director of the Company). After the settlement of a litigation proceeding in fiscal 2006, the Company purchased 2/3 of the 3% NSR royalty for a total of $1,960,053.

In September 2005, the Company entered into an agreement to purchase a 100% interest in seven claims located in the Langmuir Township, Porcupine Mining Division of Ontario. The Company paid a total of $19,000, which consisted of a cash payment of $5,000 and an issue of 50,000 common shares with a value of $14,000. These mineral claims are subject to a 1% NSR royalty.

The Company acquired two patented land claims located adjacent to the existing Langmuir claims pursuant to an asset purchase agreement dated November 21, 2008. As consideration for the land claims, the Company paid the vendors $75,000, issued 105,000 common shares valued at $64,050 and expended the required exploration expenditures of $300,000 over a three year period. The claims are subject to a 3% NSR royalty. The Company has the right to purchase 1/3 of the NSR at a purchase price of $1,000,000 at any time prior to November 24, 2018.

(c) Cleaver Property, Ontario, Canada

On June 14, 2007, the Company entered into an option agreement to acquire certain rights and mineral claims located in the Porcupine Mining Division in the Province of Ontario. The vendor has agreed to grant an exclusive option to the Company to acquire a 100% interest in the mineral claims. The Company agreed and paid $638,000 in option payments and incurred the required exploration and development of the mineral claims of $1,400,000 to earn its 100% interest.

The property is subject to a 3% NSR in favour of the vendor. The Company has the option to purchase 2% of the 3% NSR for the sum of $2,000,000 expiring June 13, 2017.

During the year ended September 30, 2014, the Company recorded an impairment of $3,517,384 on the property due to the current state of the market.

15. MINERAL PROPERTIES (Continued)

(d) Desrosiers Property, Ontario, Canada

The Company acquired its interest in the Desrosiers Property through the acquisition of its subsidiary 1691063 in fiscal year ended September 30, 2009. To earn its 100% undivided interest the Company paid the original vendors a total of $150,000 and fulfilled the exploration work commitment of $450,000.

In accordance with the acquisition of 1691063, the Company has taken on the responsibility for all right, title and interest in the mineral property sale agreement dated March 2, 2006 entered into between 1691063 and vendors. The Company will now be responsible for a NSR royalty as follows:

i) 6% of NSR on the first 15,000 tonne or ore mined and subsequently delivered to the mill from the property;

ii) 3% of all tonnage mined and delivered to the mill from the property for any amount above the 15,000 tonne. The vendors shall also have a 3% NSR on any part or parts of the mining claims staked within the 3 km area of interest which shall be included in the NSR subject to sale in accordance to sub paragraph (iii) below;

iii) Following payment of the NSR for mining and milling of the first 15,000 tonne, the Company shall have the right to purchase the 3% NSR for cash in the amount of $3,000,000;

iv) The NSR of 6% on the first 15,000 tonne in which minerals, ores or concentrates from the Property were sold or otherwise deemed disposed of and payment to the sellers shall be made by individual certified cheques issued to the parties within 30 days of the buyer's receipt of payment from minerals, ore or concentrate; and

v) The Company shall have the right for 90 days to match any other offer on part of or the full amount of 3% NSR received by either one or all of the vendors from a third party.

During the year ended September 30, 2014, the Company recorded an impairment of $4,117,391 on the property due to the current state of the market.

(e) Llamara Project, Salar de Llamara, Chile

In June 2012, the Company entered into an agreement to purchase an interest in an exploration and evaluation asset in Chile (the "Llamara Project") through the acquisition of 20% of the issued and outstanding shares (1,250,000 common shares) of Potash Dragon Inc. ("Potash Dragon) for cash consideration of $2,000,000.

Included in the acquisition were 3,750,000 common share purchase warrants which entitles the Company to purchase one common share for a purchase price of $0.80 per share, on the earlier of the date that is: (a) September 22, 2013, and (b) 45 days from the date that Potash Dragon receives an executed geological report prepared in compliance with National Instrument 43-101 with respect to Potash Dragon's brine resource in Chile.

During the year ended September 30, 2013, Potash Dragon delivered the geological report and the expiry date of the share purchase warrants was extended to May 15, 2013.

In March 2013, the Company exercised 2,187,500 common share purchase warrants at an exercise price of $0.80 per share. As a result the Company has increased its interest in the Llamara Project to 41%.

15. MINERAL PROPERTIES (Continued)

(e) Llamara Project, Salar de Llamara, Chile (continued)

On May 15, 2013, the remaining 1,562,500 common share purchase warrants were allowed to expire unexercised.

In January 2014, due to the failure of Potash Dragon to complete a going public transaction (initial public offering, reverse take-over transaction or other similar transaction) within the prescribed timeframe of the purchase agreement, the Company was issued an additional 1,265,625 shares of Potash Dragon, the Company has increased its interest in the Llamara Project to 48%.

(f) Chibougamau Claims, Quebec, Canada

Pursuant to an option agreement dated June 13, 2011 (the "Agreement"), Nitinat acquired an undivided 100% in certain mining claims located in Chibougamau in the Province of Quebec from an arm's length party (the "Optionor"). Pursuant to the terms of the Agreement, Nitinat paid and issued to the Optionor 2,900,000 common shares of Nitinat (issued with a value of $452,400).

As a result of the loss of control of Nitinat (Note 24), the Company no longer consolidates the Chibougamau claims.

(g) Jasper Claims, British Columbia, Canada

On November 2, 2009, pursuant to a purchase agreement dated December 1, 2007 but effective as at July 30, 2007, the Company received an aggregate of 13,367,904 common shares (the "Shares") in the capital of Nitinat upon the automatic exercise of the 13,367,904 special warrants previously issued to the Company for the sale of the Jasper claims. As a result of the loss of control of Nitinat (Note 24), the Company no longer consolidates the Jasper claims.

16. SHARE CAPITAL

(a) Authorized

Unlimited common shares, without par value.

(b) Issued and outstanding

During the year ended September 30, 2014:

(1) On November 27, 2013, the Company issued 5,000,000 common shares at a price of $0.05 for consulting services. Out of the total value of shares issued, the Company recorded $227,273 in investor relations (included in general and administrative expenses) and $22,727 in prepaid expenses for consulting services to be rendered in future fiscal periods.

(2) On July 17, 2014, the Company issued 63,636 common shares with a value of $7,000 for consulting services. Out of the total value of shares issued, the Company recorded $4,208 in professional fees (included in general and administrative expenses) and $2,792 in prepaid expenses for consulting services to be rendered in future fiscal periods.

16. SHARE CAPITAL (Continued)

(b) Issued and outstanding (continued)

During the year ended September 30, 2014: (continued)

(3) Proceeds of $143,986 were received prior to September 30, 2014 related to a private placement that has yet to close. The private placement consists of units at a price of $0.06 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.10 for a period of 24 months from closing.

During the year ended September 30, 2013:

(1) On February 22, 2013, the Company closed a brokered private placement of 5,350,000 units at a price of $0.10 per unit. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire a common share at an exercise price of $0.12 per share expiring February 22, 2015.

In connection with the placement, the broker received a cash commission of $69,450 and was issued broker warrants to purchase up to 444,500 common shares at a price of $0.12 per share expiring February 22, 2015.

The fair value of the 2,675,000 warrants issued in this private placement was estimated to be $26,750 using the residual value method.

The fair value of the 444,500 broker warrants was estimated at $21,336 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 115.93%, risk-free interest rate - 1.07% and an expected life of 2 years.

(2) On February 22, 2013, the Company issued 1,000,000 common shares at a price of $0.10 per share as settlement of an accounts payable.

(3) On September 18, 2013, the Company issued 2,000,000 common shares at a price of $0.05 for consulting services. Out of the total value of shares issued, the Company recorded $20,000 in professional fees (included in general and administrative expenses) and $80,000 in prepaid expenses for consulting services to be rendered in the next fiscal year.

17. STOCK OPTIONS

The Company has an incentive stock option plan in place with the TSX Exchange under which it is authorized to grant options to executive officers, directors, employees and consultants. The Company has implemented a fixed plan, whereby it may not exceed a total of 12,892,500 common shares under the plan. Options granted under the plan will have a term not to exceed 10 years and are granted at an option price which shall not be less than the closing market price one trading day prior to the grant date. The options vest as determined by the Board of Directors.

17. STOCK OPTIONS (Continued)

	Number of Stock Options	Weighted Average Exercise Price
Balance, September 30, 2012	**9,855,000**	**$ 0.41**
Forfeited	(500,000)	(0.15)
Balance, September 30, 2013	**9,355,000**	**0.42**
Granted (i)(ii)	4,300,000	0.10
Expired	(2,650,000)	(0.64)
Cancelled	(2,080,000)	(0.48)
Balance, September 30, 2014	**8,925,000**	**$ 0.19**
Options vested, September 30, 2014	**8,925,000**	**$ 0.19**

(i) On February 20, 2014, the Company granted 3,400,000 stock options of the Company to consultants at an exercise price of $0.10 for 5 years. All of the options vested immediately. The fair value of stock options was estimated at $274,040 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 113.99% (based on historical volatility), risk-free interest rate - 1.62% and an expected average life of 5 years.

(ii) On April 21, 2014, the Company granted 900,000 stock options of the Company to officers and directors at an exercise price of $0.105 for 5 years. All of the options vested immediately. The fair value of stock options was estimated at $72,450 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 114.84% (based on historical volatility), risk-free interest rate - 1.72% and an expected average life of 5 years.

The options were valued using the fair value of the equity instrument granted in the absence of a reliable estimate of the fair value of the services received.

Stock options outstanding at September 30, 2014 are as follows:

Number of Stock Options	Exercise Price ($)	Remaining Contractual Life (years)	Expiry Date
25,000	0.33	0.40	February 24, 2015
2,050,000	0.34	0.48	March 24, 2015
1,300,000	0.21	0.87	August 12, 2015
1,250,000	0.24	1.06	October 21, 2015
3,400,000	0.10	4.39	February 20, 2019
900,000	0.105	4.56	April 21, 2019
8,925,000			

18. WARRANTS

	Number of Warrants	Weighted Average Exercise Price
Balance, September 30, 2012	**-**	**$ -**
Granted	3,119,500	0.12
Balance, September 30, 2013 and September 30, 2014	**3,119,500**	**$ 0.12**

Warrants outstanding at September 30, 2014 are as follows:

Number of Warrants	Exercise Price ($)	Fair Value ($)	Expiry Date
3,119,500	0.12	48,086	February 22, 2015

19. GENERAL AND ADMINISTRATIVE

Years Ended September 30,	2014	2013
Depreciation	**$ 8,577**	$ 4,154
Share-based payments (Note 17)	**346,490**	-
Investor relations	**630,356**	367,044
Management fees (Note 20)	**360,000**	360,000
Office and miscellaneous	**167,325**	231,603
Professional fees (Note 20)	**358,818**	508,001
Rent and telephone	**159,201**	195,409
Shareholders information	**13,559**	10,115
Transfer agent and filing fees	**47,961**	38,628
Travel and related	**50,786**	36,532
	$ 2,143,073	$ 1,751,486

20. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, to similar transactions to non-key management personnel related entities on an arm's length basis.

20. RELATED PARTY TRANSACTIONS (Continued)

(a) The Company entered into the following transactions with related parties:

	Notes	Years Ended September 30, 2014	2013
Adrea Capital Corp. ("Adrea")	(i)	**$ 488,000**	$ 513,861
Anderson Business Solutions	(ii)	**$ -**	$ 66,000
Herb Brugh	(iii)	**$ 64,717**	$ 84,250
James Davis	(iv)	**$ 77,500**	$ 10,000
Marrelli Support Services Inc. ("Marrelli Support")	(v)	**$ 60,100**	$ -
DSA Corporate Services Inc. ("DSA")	(vi)	**$ 785**	$ -

(i) Adrea is a company controlled by D. Randall Miller, the Chief Executive Officer ("CEO") and a director of the Company. The fees for the year ended September 30, 2014 consisted of management fees of $360,000 (year ended September 30, 2013 - $365,000), expenses of $18,000 (year ended September 30, 2013 - $18,000) and rent expense of $110,000 (year ended September 30, 2013 - $130,861). As at September 30, 2014, Adrea has a rent deposit of $15,000 (September 30, 2013 - $15,000) included in deposits and other advances. As at September 30, 2014, $nil (September 30, 2013 - $24,038) is receivable from Adrea. As at September 30, 2014, Adrea was owed $87,734 (September 30, 2013 - $nil) and this amount was included in accounts payable and accrued liabilities.

(ii) Anderson Business Solutions is a company controlled by Peter Anderson, the former Chief Financial Officer ("CFO") of the Company. The fees paid to this company are for the provision of services as the CFO. As at September 30, 2014, Anderson Business Solutions was owed $nil (September 30, 2013 - $6,215).

(iii) Herb Brugh is an officer and director of the Company. The fees paid to Herb Brugh are for the provision of services as lead director for the year ended September 30, 2014 of $63,467 (September 30, 2013 - $68,000) and car allowance of $1,250 (year ended September 30, 2013 - $16,250). As at September 30, 2014, Herb Brugh was owed $52,957 (September 30, 2013 - $12,088) and this amount was included in accounts payable and accrued liabilities.

(iv) James Davis is a director and former officer of the Company. The Company paid or accrued consulting fees for the year ended September 30, 2014 of $77,500 (year ended September 30, 2013 - $10,000) and prepaid consulting fees of $nil (September 30, 2013 - $77,500 ($10,000 included in prepaid expenses and $67,500 in deposits and other advances)).

(v) For the year ended September 30, 2014, the Company expensed $30,100 for accounting services and $30,000 for CFO services (year ended September 30, 2013: accounting services - $nil; and CFO services - $nil). Carmelo Marrelli is the president of Marrelli Support. The amounts charged by Marrelli Support are based on what Marrelli Support usually charges its clients. The Company expects to continue to use Marrelli Support for an indefinite period of time. As at September 30, 2014, Marrelli Support was owed $54,906 (September 30, 2013 - $nil) and this amount was included in accounts payable and accrued liabilities.

20. RELATED PARTY TRANSACTIONS (Continued)

(a) The Company entered into the following transactions with related parties (continued):

(vi) For the year ended September 30, 2014, the Company expensed $785 for corporate secretarial services (year ended September 30, 2013 - $nil). Carmelo Marrelli is an officer and shareholder of DSA. The amounts charged by DSA are based on what DSA usually charges its clients. The Company expects to continue to use DSA for an indefinite period of time. As at September 30, 2014, DSA was owed $nil (September 30, 2013 - $nil) and this amount was included in accounts payable and accrued liabilities.

(vii) During the year ended September 30, 2014, the Company advanced $105,000 (year ended September 30, 2013 - $80,000) to Nitinat, a corporation in which the Company holds a 23% interest. As at September 30, 2014, the Company has advanced a total of $185,000. The advance is non-interest bearing and is due on demand.

(b) Remuneration of Directors and key management personnel, other than consulting fees, of the Company was as follows:

Years Ended September 30,	**2014**	**2013**
Share-based payments	**$ 72,450**	$ -

(c) Company shareholders

As of September 30, 2014, the Company's outstanding common shares are widely held, except for small positions held by directors and officers of the Company. These holdings can change at any time at the discretion of the owner.

The Company is not aware of any arrangements that may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, it is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

21. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition, exploration and development of mineral properties located in Canada, the United States and Chile as outlined in the consolidated schedule of mineral properties. There are $3,750,000 long-term assets in Chile. All other assets and all losses are in Canada.

22. COMMITMENTS

a) The Company entered into a management services agreement providing for payment of $30,000 per month for the services of the CEO. That agreement had an initial term of two years but automatically extends thereafter for successive terms of one year, unless terminated by either party 90 days prior to any yearly extension. In the event of the retirement, death or disability of the CEO, the agreement provides for a payment equal to two times annual salary and bonus. In the event of termination for any reason or not for just cause, the agreement provides for the greater of a payment of six times annual salary or a prorated amount based on date of termination and retirement date.

22. COMMITMENTS (Continued)

b) The Company signed a sublease agreement with a company controlled by the CEO of the Company for a five year term commencing on February 1, 2011 and expiring on January 31, 2016. The lease payments are $10,000 per month for the term of the lease. The Company is also required to make parking payments of $430 per month for the term of the lease.

23. CONTINGENCIES

In August 2013, litigation was commenced against the Company, Nitinat and certain present and past directors and officers of the Company. The litigation was commenced by certain shareholders of the Company claiming certain actions undertaken by the Company have been oppressive and have caused undue prejudice and disregarded the interests of the plaintiffs. The plaintiffs have not set out the quantum of damages that they are seeking. The Company is of the opinion that the litigation is frivolous and completely without merit.

24. NON-CONTROLLING INTEREST

At September 30, 2012	**$**	**1,732,704**
Share of net loss		(26,241)
Loss of control		(1,706,463)
At September 30, 2013 and September 30, 2014	**$**	**-**

On November 9, 2012, Nitinat issued 10,000,000 common shares (valued at $1,500,000). The share issuance by Nitinat resulted in a decrease to the Company's interest in Nitinat to approximately 29% and the loss of control of Nitinat. As a result, Nitinat was deconsolidated at November 9, 2012, a gain on deconsolidation of $1,061,275 was recorded and an equity investment in Nitinat of $1,716,648 was recognized (Note 12).

The fair value of the Nitinat net assets deconsolidated and the gain on deconsolidation was as follows:

		November 9, 2012
Cash	$	70,714
Short-term investments		143,972
Receivables		109,652
Prepaid expenses		18,000
Deposits and other advances		346,873
Mineral properties		2,187,155
Accounts payable and accrued liabilities		(45,651)
Fair value of Nitinat's net assets		2,830,715
Less:		
Contributed surplus		468,879
Non-controlling interest		1,706,463
Fair value of investment in Nitinat		1,716,648
Gain on deconsolidation	$	1,061,275

25. INCOME TAXES

A reconciliation of income taxes (recovery) at statutory rates with the reported taxes (recovery) is as follows:

Years ended September 30,	2014	2013
Loss before income taxes and non-controlling interest	$ (13,334,119)	$ (2,483,640)
Expected income tax recovery at statutory rates	(3,533,542)	(658,000)
Non-tax deductible items	685,434	(419,000)
Share-issue costs	-	(18,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	-	(186,000)
Impact of future income tax rates applied versus current statutory rate	-	21,000
Change in unrecognized deductible temporary differences and other	(63,892)	1,483,000
Total income tax expense (recovery)	$ (2,912,000)	$ 223,000

The significant components of the Company's deferred income tax assets and liabilities are as follows:

As at September 30,	2014	2013
Deferred income tax assets (liabilities):		
Mineral properties	$ (981,000)	$ (2,943,000)
Non-capital loss	981,000	31,000
Net deferred income tax liabilities	$ -	$ (2,912,000)

The significant components of the Company's deferred income tax assets that have not been setup are as follows:

As at September 30,	2014	2013
Non-Capital losses	$ 2,826,000	$ 3,156,000
Capital assets	44,000	43,000
Mineral properties	-	114,000
Loan receivable	1,850,000	1,339,000
Share issue costs	11,000	15,000
Marketable securities	40,000	247,000
Total	$ 4,771,000	$ 4,914,000

25. INCOME TAXES (Continued)

Tax attributes are subject to review and potential adjustment by tax authorities. Significant components of deductible and taxable temporary differences, unused tax losses and unused tax credits that have not been included on the consolidated statements of financial position are as follows:

	September 30, 2014	Expiry Dates	September 30, 2013	Expiry Dates
Temporary Differences				
Non-Capital losses	**$ 14,658,000**	2015 to 2034	$ 11,699,000	2014 to 2033
Capital assets	**166,000**	No expiry date	164,000	No expiry date
Loan receivable	**6,982,000**	No expiry date	5,052,000	No expiry date
Investment tax credit	**210,000**	2020 to 2034	219,000	2020 to 2033
Share issue costs	**42,000**	2015 to 2017	56,000	2014 to 2017
Marketable securities	**303,000**	No expiry date	1,862,000	No expiry date

During the year ended September 30, 2007, the Company issued 3,000,000 common shares on a flow-through basis for gross proceeds of $18,000,000. The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to the flow-through participants. During the year ended September 30, 2008, the Company renounced exploration expenditures of $18,000,000 resulting in a charge to capital stock of $6,148,800 with a related increase in deferred income tax liability. As at September 30, 2010, the Company had approximately $6,400,000 in unexpended exploration expenditures, resulting in a potential liability of approximately $2,900,000. Management believes, given the circumstances, no other potential liability will occur to the Company.

26. SUBSEQUENT EVENTS

(i) Subsequent to September 30, 2014, the Company advanced an additional $75,000 to Nitinat, a corporation in which the Company holds a 23% interest.

(ii) Subsequent to September 30, 2014, the Company received a promissory note repayment of GBP 25,000.

(iii) Subsequent to September 30, 2014, the Company received a loan receivable repayment of $125,000.

(iv) Subsequent to September 30, 2014, John Robertson resigned as a director of the Company.

INSPIRATION MINING CORPORATION

Consolidated Financial Statements
(Expressed in Canadian Dollars)

Years Ended September 30, 2013 and 2012

Management's Responsibility for Consolidated Financial Statements

The accompanying consolidated financial statements of Inspiration Mining Corporation (the "Company") are the responsibility of management and the Board of Directors.

The consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it with sufficient knowledge to support management representations that it has exercised reasonable diligence to ensure that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and theconsolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) *"D. Randall Miller"*
D. Randall Miller
Chief Executive Officer

(signed) *"Carmelo Marrelli"*
Carmelo Marrelli
Chief Financial Officer

Toronto, Canada
December 23, 2013

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Inspiration Mining Corporation

We have audited the accompanying consolidated financial statements of Inspiration Mining Corporation, which comprise the consolidated statements of financial position as at September 30, 2013 and 2012, and the consolidated statements of operations, comprehensive loss, changes in shareholders' equity, cash flows and mineral properties 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.

Auditors' 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 auditors' 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, these consolidated financial statements present fairly, in all material respects, the financial position of Inspiration Mining Corporation as at September 30, 2013 and 2012 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 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Inspiration Mining Corporation's ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada Chartered Accountants

December 23, 2013

INSPIRATION MINING CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)

	September 30, 2013	September 30, 2012
Assets		
Current assets		
Cash and cash equivalents (Note 5)	**$ 627,460**	$ 456,979
Short-term investments (Note 7)	**45,103**	379,702
Marketable securities (Note 8)	**363,104**	4,243,477
Receivables (Note 9)	**33,313**	218,147
Prepaid expenses (Note 20)	**91,553**	67,740
Loan receivable (Note 11(i))	**1,972,000**	-
Due from related parties (Note 20)	**104,038**	-
Promissory note receivable (Note 11(ii))	**83,195**	-
Total current assets	**3,319,766**	5,366,045
Loans receivable (Note 11)	**-**	4,100,000
Deposits and other advances (Notes 10 and 20)	**82,500**	433,796
Equipment (Note 13)	**8,577**	10,765
Investment in associate (Note 12)	**892,548**	-
Mineral properties (Schedule and Note 15)	**31,665,982**	31,964,811
Total assets	**$ 35,969,373**	$ 41,875,417
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities (Notes 14 and 20)	**$ 283,546**	$ 546,247
Total current liabilities	**283,546**	546,247
Deferred income tax liability (Note 25)	**2,912,000**	2,770,000
Total liabilities	**3,195,546**	3,316,247
Shareholders' equity		
Share capital (Note 16)	**45,973,936**	45,356,472
Contributed surplus	**28,208,978**	28,629,771
Accumulated other comprehensive (loss) income	**(1,056,517)**	512,394
Deficit	**(40,352,570)**	(37,672,171)
Equity attributable to equity holders of the Parent Company	**32,773,827**	36,826,466
Non-controlling interest (Note 24)	**-**	1,732,704
Total equity	**32,773,827**	38,559,170
Total liabilities and equity	**$ 35,969,373**	$ 41,875,417

Nature and going concern (Note 1)
Commitments (Note 22)
Contingencies (Note 23)
Subsequent events (Note 26)

On behalf of the Board:

"D. Randall Miller" Director

"James E. Davis" Director

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

INSPIRATION MINING CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(EXPRESSED IN CANADIAN DOLLARS)

Years Ended September 30,	2013	2012
Operating Expenses		
General and administrative (Note 19)	**$ 1,751,486**	$ 1,974,400
Operating Loss	**(1,751,486)**	(1,974,400)
Interest income	**346,980**	499,675
Interest expense	**(26,463)**	-
Flow-through share tax expense	**(18,084)**	(5,272)
Gain (loss) on sale of marketable securities (Note 8)	**1,571,239**	(88,001)
Loss from associate (Note 12)	**(824,100)**	-
Write-down of mineral properties (Note 15)	**-**	(268,820)
Gain on deconsolidation (Note 24)	**1,061,275**	-
Impairment of loan receivable (Note 11)	**(2,403,400)**	(2,648,598)
Impairment of marketable securities (Note 8)	**(327,801)**	(503,722)
Impairment of receivable (Note 9)	**(111,800)**	-
Loss before income taxes	**(2,483,640)**	(4,989,138)
Deferred income tax (expense) recovery (Note 25)	**(223,000)**	87,000
Net loss for the year	**$ (2,706,640)**	$ (4,902,138)
Attributable to:		
Equity holders of the Parent Company	**$ (2,680,399)**	$ (4,780,787)
Non-controlling interest (Note 24)	**(26,241)**	(121,351)
	$ (2,706,640)	$ (4,902,138)
Basic and diluted loss per common share	**$ (0.04)**	$ (0.07)
Weighted average number of common shares outstanding	**72,525,921**	69,032,704

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

INSPIRATION MINING CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(EXPRESSED IN CANADIAN DOLLARS)

Years Ended September 30,	2013	2012
Net loss for the year	**$ (2,706,640)**	$ (4,902,138)
Other comprehensive income (loss):		
Unrealized loss on available-for-sale marketable securities	**(459,390)**	(578,679)
Reclassification of net realized (gain) loss and impairment charge on available-for-sale marketable securities	**(1,109,521)**	591,723
Other comprehensive income (loss)	**(1,568,911)**	13,044
Total comprehensive loss for the year	**$ (4,275,551)**	$ (4,889,094)
Attributable to:		
Equity holders of the Parent Company	**$ (4,249,310)**	$ (4,767,743)
Non-controlling interest	**(26,241)**	(121,351)
	$ (4,275,551)	$ (4,889,094)

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

INSPIRATION MINING CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(EXPRESSED IN CANADIAN DOLLARS)

	# of Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Accumulated Deficit	Non-controlling Interest	Total
Balance at September 30, 2011	**69,843,770**	**$ 46,286,012**	**$ 27,851,465**	**$ 499,350**	**$(32,891,384)**	**$ 1,866,455**	**$ 43,611,898**
Cancellation of shares	(1,351,000)	(947,640)	757,898	-	-	-	(189,742)
Mineral properties acquisition	100,000	10,500	-	-	-	-	10,500
Net unrealized loss on available-for-sale marketable securities, net of tax	-	-	-	(578,679)	-	-	(578,679)
Reclassification of net realized loss and impairment charge on available-for-sale marketable securities	-	-	-	591,723	-	-	591,723
Subsidiary share-based payments	-	-	20,408	-	-	-	20,408
Shares issued for professional fees	40,000	7,600	-	-	-	-	7,600
Subsidiary share issue and revaluation	-	-	-	-	-	(12,400)	(12,400)
Net loss for the year	-	-	-	-	(4,780,787)	(121,351)	(4,902,138)
Balance at September 30, 2012	**68,632,770**	**$ 45,356,472**	**$ 28,629,771**	**$ 512,394**	**$(37,672,171)**	**$ 1,732,704**	**$ 38,559,170**
Units issued in private placement	5,350,000	535,000	-	-	-	-	535,000
Shares issued for professional fees and retainer	1,000,000	100,000	-	-	-	-	100,000
Share issue costs	-	(69,450)	-	-	-	-	(69,450)
Fair value of warrants	-	(26,750)	26,750	-	-	-	-
Fair value of broker warrants	-	(21,336)	21,336	-	-	-	-
Shares issued for settlement of accounts payable	2,000,000	100,000	-	-	-	-	100,000
Net unrealized loss on available-for-sale marketable securities	-	-	-	(459,390)	-	-	(459,390)
Reclassification of net realized loss and impairment charge on available-for-sale marketable securities	-	-	-	(1,109,521)	-	-	(1,109,521)
Deconsolidation of subsidiary	-	-	(468,879)	-	-	(1,706,463)	(2,175,342)
Net loss for the year	-	-	-	-	(2,680,399)	(26,241)	(2,706,640)
Balance at September 30, 2013	**76,982,770**	**$ 45,973,936**	**$ 28,208,978**	**$ (1,056,517)**	**$(40,352,570)**	**$ -**	**$ 32,773,827**

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

INSPIRATION MINING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)

Years Ended September 30,	2013	2012
Cash Flows Used In Operating Activities		
Net loss for the year	**$ (2,706,640)**	$ (4,902,138)
Items not affecting cash:		
Depreciation	**4,154**	5,248
Share-based payments	**-**	20,408
(Gain) loss on the sale of marketable securities	**(1,571,239)**	88,001
Impairment of marketable securities	**327,801**	503,722
Write-down of mineral properties	**-**	268,820
Impairment of loan receivable	**2,403,400**	2,648,598
Gain on deconsolidation	**(1,061,275)**	-
Shares issued for professional fees	**20,000**	7,600
Interest income accrued	**(275,400)**	(265,312)
Deferred income tax expense (recovery)	**223,000**	(87,000)
Loss from associate	**824,100**	-
Impairment of receivable	**111,800**	-
Changes in non-cash working capital items:		
Receivables	**(36,618)**	(3,937)
Prepaid expenses	**38,187**	(30,504)
Accounts payable and accrued liabilities	**(82,551)**	(192,848)
Deposits and other advances	**4,423**	21,336
	(1,776,858)	(1,918,006)
Cash Flows Provided By (Used In) Financing Activities		
Repurchase of common shares	**-**	(189,742)
Proceeds received in private placement	**535,000**	-
Share issue costs	**(69,450)**	-
	465,550	(189,742)
Cash Flows Provided By Investing Activities		
Purchase of marketable securities	**(1,750)**	(263,515)
Proceeds from sale of marketable securities	**3,483,440**	227,534
Redemption of short-term investments	**190,627**	5,512,791
Purchase of equipment	**(1,966)**	(2,221)
Loan receivable	**(83,195)**	-
Advances to related parties	**(104,038)**	-
Change in cash related to deconsolidation	**(70,715)**	-
Mineral properties expenditures	**(1,930,614)**	(2,965,469)
Deposits and other advances	**-**	(300,000)
	1,481,789	2,209,120
Net change in cash and cash equivalents during the year	**170,481**	101,372
Cash and cash equivalents, beginning of year	**456,979**	355,607
Cash and cash equivalents, end of year	**$ 627,460**	$ 456,979
Supplemental information		
Shares issued for settlement of accounts payable	**$ 100,000**	$ -
Mineral properties expenditures included in accounts payable and accrued liabilities	**$ 15,260**	$ 133,720
Shares issued by Nitinat in lieu of mineral properties expenditure	**$ -**	$ 10,500

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

INSPIRATION MINING CORPORATION
CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES
(EXPRESSED IN CANADIAN DOLLARS)

Years Ended September 30,	2013	2012
Desrosiers Property, Ontario, Canada		
Balance, beginning of year	**$ 4,113,255**	$ 4,084,478
Legal fees	**4,137**	-
Rent and related charges	**-**	28,777
Total expenditures during the year	**4,137**	28,777
Balance, end of period	**$ 4,117,392**	$ 4,113,255
Barton Syndicate Dry Fork Property, Utah, USA		
Balance, beginning of year	**$ 1**	$ 264,141
Consulting	**-**	4,680
Write-down	**-**	(268,820)
Total expenditures during the year	**-**	(264,140)
Balance, end of year	**$ 1**	$ 1
Cleaver Property, Ontario, Canada		
Balance, beginning of year	**$ 3,524,385**	$ 3,486,488
Drilling	**-**	7,000
Travel	**-**	4,674
Rent and related charges	**-**	26,223
Total expenditures during the year	**-**	37,897
Balance, end of year	**$ 3,524,385**	$ 3,524,385
Langmuir Property, Ontario, Canada		
Balance, beginning of year	**$ 20,140,087**	$ 19,715,192
Acquisition costs	**2,640**	30,500
Assays and recording	**(15,396)**	207,570
Drilling	**-**	15,525
Equipment rental	**5,460**	-
Geological and geophysical	**122,321**	144,886
Rent and related charges	**19,092**	26,414
Total expenditures during the year	**134,117**	424,895
Balance, end of year	**$ 20,274,204**	$ 20,140,087

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

INSPIRATION MINING CORPORATION
CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES (CONTINUED)
(EXPRESSED IN CANADIAN DOLLARS)

Years Ended September 30,	2013	2012
Llamara Project, Salar de Llamara, Chile		
Balance, beginning of year	**$ 2,000,000**	$ -
Acquisition costs	**1,750,000**	2,000,000
Total expenditures during the year	**1,750,000**	2,000,000
Balance, end of year	**$ 3,750,000**	$ 2,000,000
Jasper Claims, British Columbia, Canada		
Balance, beginning of year	**$ 1,093,809**	$ 1,041,191
Drilling	**-**	16,828
Camp and field costs	**72**	6,500
Geological consulting	**-**	29,290
Deconsolidation of subsidiary	**(1,093,881)**	-
Total expenditures during the year	**(1,093,809)**	52,618
Balance, end of year	**$ -**	$ 1,093,809
Chibougamau Claims, Quebec, Canada		
Balance, beginning of year	**$ 1,093,274**	$ 602,400
Acquisition costs	**-**	332,600
Geological and geophysical	**-**	158,274
Deconsolidation of subsidiary	**(1,093,274)**	-
Total expenditures during the year	**(1,093,274)**	490,874
Balance, end of year	**$ -**	$ 1,093,274
Total Mineral Properties	**$ 31,665,982**	$ 31,964,811

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

1. NATURE AND GOING CONCERN

Inspiration Mining Corporation (the "Company") was incorporated under the laws of British Columbia on November 15, 1972. Since October 1, 2005, the Company has been engaged in the acquisition, exploration, evaluation and development of mineral resource properties in Canada and the United States. The primary office of the Company is located at 70 York Street, Suite 1710, Toronto, ON, M5H 1S9.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and development programs will result in profitable mining operations. The Company has not yet established whether its mineral properties contain reserves that are economically recoverable. The recovery of amounts capitalized for mineral properties and related deferred costs in the consolidated balance sheet is dependant upon the existence of economically recoverable reserves, the ability of the Company to arrange appropriate financing to complete the development of the properties and upon future profitable production or proceeds from their disposition. Changes in future conditions could require material write-downs of the carrying values of mineral property.

Although the Company has taken steps to verify title to the property on which it is conducting exploration and in which it is acquiring an interest, in accordance with industry standards for the current stage of exploration of such property, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, aboriginal claims, and noncompliance with regulatory requirements.

These consolidated financial statements for the year ended September 30, 2013 were authorized for issuance by the Board of Directors of the Company on December 23, 2013.

	September 30, 2013	September 30, 2012
Working capital	$ 3,036,220	$ 4,819,798
Deficit	$ 40,352,570	$ 37,672,171

These consolidated financial statements have been prepared on a basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The certainty of funding future exploration expenditures and availability of additional financing sources cannot be assured at this time and if the loans receivable are determined in the future to be uncollectible, these uncertainties may cast a significant doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include adjustments to the carrying values and classifications of recorded assets and liabilities and related revenues and expenses that might be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

(a) Basis of preparation

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the years ended September 30, 2013 and 2012.

These consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified as at fair value through profit or loss and available-for-sale.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

(b) Change in accounting policies

IAS 1 – Presentation of financial statements ("IAS 1") was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. At October 1, 2012, the Company adopted this standard and there was no material impact on the Company's consolidated financial statements.

(c) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are consolidated from the date on which the Company obtains control, and continue to be consolidated until control ceases. Control is established when the Company has the power to govern the financial and operating policy decisions of the entity, and generally exists where more than 50% of the voting power of the entity is held by the Company or has the ability to determine the strategic, operating, investing and financing policies of a company without the co-operation of others. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All material intercompany transactions and balances are eliminated in full on consolidation.

Where the ownership of a subsidiary is less than 100%, and a non-controlling interest thus exists, any losses of that subsidiary are attributed to the non-controlling interests even if that results in a deficit. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

The following companies have been consolidated within the consolidated financial statements:

Name of subsidiary	Place of incorporation	Ownership interest	Principal activity
Metal Mines Inc. ("Metal")	Ontario, Canada	100%	Exploration company
1691063 Ontario Ltd. ("1691063")	Ontario, Canada	100%	Exploration company
Inspiration Mining-Utah, Inc. ("Inspiration Utah")	United States	100%	Exploration company

(d) Financial currency and foreign currency translation

These consolidated financial statements are presented in Canadian dollars. The functional currency for each entity consolidated with the Company is determined by the currency of the primary economic environment in which it operates ("the functional currency"). The Company's functional currency is the Canadian dollar.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

(e) Financial instruments

Financial instruments are defined as any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity. The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

Financial assets are classified into the following categories at their initial recognition:

- financial assets at fair value through profit or loss ("FVTPL");
- held-to-maturity investments;
- loans and receivables;
- or available-for-sale investments.

Financial liabilities are classified into the following categories at their initial recognition:

- financial liabilities at FVTPL;
- or other financial liabilities.

Financial assets and liabilities are initially measured at fair value, plus (in the case of a financial asset or liability not at FVTPL) transaction costs directly attributable to the acquisition or issuance of the financial asset or liability. In a purchase or sale of financial assets, recognition and derecognition occurs using trade date accounting.

Financial assets are subsequently measured after initial recognition at fair value, except for financial assets classified as held-to-maturity investments or loans and receivables, which are subsequently measured at amortized cost using the effective interest method.

Financial liabilities at FVTPL are subsequently measured after recognition at fair value. All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial assets are derecognized when:

- the contractual rights to the cash flows from the financial asset expire;
- the contractual rights to the cash flows from the financial asset are retained, but a contractual obligation to pay the cash flows to another party without material delay is assumed by the Company;
- or when the Company transfers substantially all the risks and rewards of ownership of the financial asset.

Financial liabilities are derecognized when the obligations are discharged, cancelled, or expire.

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

(e) Financial instruments (continued)

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of financial assets classified as loans and receivables, where the carrying amount is reduced through the use of an allowance account. When these assets are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and cash equivalents and marketable securities are measured based on level 1 inputs of the fair value hierarchy.

(f) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell and its 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 current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income.

Assets with an indefinite useful life that are not amortized are tested annually for impairment, irrespective of whether there is any indication that these assets may be impaired.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

(g) Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash held in trust and highly liquid short-term interest bearing accounts which are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

(i) Short-term investments

Short-term investments are liquid investments with a maturity greater than three months and less than twelve months and are recorded at fair market value.

(j) Marketable securities

Investments in marketable securities have been designated as available-for-sale and are recorded at fair value. Fair values for available-for-sale investments are determined by reference to the last bid price at the date of the statement of financial position. Unrealized gains and losses are recognized in other comprehensive income. If a decline in fair value is considered to be other than temporary the loss is recognized in profit or loss.

(k) Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recognized based on the cost of an item of equipment, less its estimated residual value, over its estimated useful life at the following rates:

Computer equipment	30%	Declining balance
Software	100%	Declining balance

An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

(l) Mineral properties

Exploration costs incurred prior to the Company obtaining the legal right to explore it are expensed in the period in which they are incurred.

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

Exploration and evaluation expenditures for the Company's investments in a resource property are carried forward as an asset provided that one of the following conditions are met; (i) such costs are expected to be recouped in full through successful development and exploration of the mineral property, or alternatively by sale; or (ii) although exploration and evaluation activities in the mineral property have not reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves, active field work and other activities in relation to the mineral property are continuing, or planned for the foreseeable future.

The carrying values of capitalized amounts are reviewed annually or whenever indicators of impairment are present. In the case of undeveloped properties, there may be only inferred resources to allow management to form a basis for the impairment review. The review is based on the Company's intentions for the development of such a property. If a mineral property does not prove viable, all unrecoverable costs associated with the property are charged through profit or loss at the time that determination is made.

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 “mining assets” in property, plant and equipment. Investment in resource property expenditures accumulated to that date are tested for impairment before the mineral property costs are transferred to property, plant and equipment.

(m) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows to present value.

(n) Flow-through shares

The Company has adopted a policy whereby proceeds from flow-through issuance are allocated between the offering of shares and the sale of tax benefits based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A liability is recognized for this difference and is extinguished by crediting deferred income tax recovery when the entity renounces the tax differences and has made the appropriate expenditures.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

(o) Share-based payment transactions

The fair value of share options granted to employees is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Stock option expense incorporates an expected forfeiture rate.

(p) Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs are discounted to their net present value and are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses. The Company has no material restoration, rehabilitation and environmental costs as at September 30, 2013 and September 30, 2012.

(q) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share, which is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares. The Company's diluted loss per share does not include the effect of stock options and warrants as they are anti-dilutive.

(r) Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of operations except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

(r) Income taxes (continued)

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are presented as non-current.

Tax on income in interim periods accrued using the tax rate that would be applicable to expected total annual earnings.

(s) Non-controlling interests

Non-controlling interests in the Company's less than wholly-owned subsidiaries are classified as a separate component of equity. On initial recognition, non-controlling interests are measured at their proportionate share of the acquisition date fair value of identifiable net assets of the related subsidiary acquired by the Company. Subsequent to the acquisition date, adjustments are made to the carrying amount of non-controlling interests for the non-controlling interests' share of changes to the subsidiary's equity. Adjustments to recognize the non-controlling interests' share of changes to the subsidiary's equity are made even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interests is adjusted to reflect the change in the non-controlling interests' relative interests in the subsidiary and the difference between the adjustment to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to shareholders of the Company.

(t) Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

(t) Significant accounting judgments and estimates (continued)

Critical accounting estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of receivables and loan receivable that are included in the consolidated statements of financial position;
- all inputs used in the Black-Scholes option-pricing model for determining the fair value of warrants granted;
- recorded costs of mineral properties are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount; and
- the assumptions used for determining the amount of deferred income taxes and deferred income tax assets and liabilities including future income tax rate and recoverability.

Critical accounting judgments

- the Company's assumption of no material restoration, rehabilitation and environmental provisions, based on the facts and circumstances that existed during the period; and
- going concern presentation of the financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

(u) New accounting standards and interpretations

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective.

(i) IFRS 9 – Financial instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective as at a date yet to be determined. Earlier adoption is permitted.

(ii) IFRS 10 – Consolidated financial statements ("IFRS 10") was issued by the IASB in May 2011. IFRS 10 is a new standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity's returns. IFRS 10 is effective for annual period beginning on or after January 1, 2013. Earlier adoption is permitted.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

(u) New accounting standards and interpretations (continued)

(iii) IFRS 11 – Joint arrangements ("IFRS 11") was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, whereas entities in the latter case account for the arrangement using the equity method. IFRS 11 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(iv) IFRS 12 – Disclosure of interests in other entities ("IFRS 12") was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles, and off balance sheet vehicles. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(v) IFRS 13 – Fair value measurement ("IFRS 13") was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRSs. IFRS 13 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(vi) In October 2011, the IASB issued IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine. This interpretation requires the capitalization and depreciation of stripping costs in the production phase if an entity can demonstrate that it is probable future economic benefits will be realized, the costs can be reliably measured and the entity can identify the component of the ore body for which access has been improved. Retrospective application of this interpretation is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

(vii) As a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements ("IAS 27") has been reissued to reflect the change as the consolidation guidance has recently been included in IFRS 10. In addition, IAS 27 (amended) will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when the Company prepares separate financial statements. IAS 27 (amended) is required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted.

(viii) As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28, Investments in Associates and Joint Ventures ("IAS 28"), has been amended and will further provide the accounting guidance for investments in associates and will set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This standard will be applied by the Company when there is joint control, or significant influence over an investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not include control or joint control of those policy decisions. IAS 28 is required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted.

(ix) IAS 32 Financial Instruments - Presentation provides for amendments relating to offsetting financial assets and financial liabilities. The standard is effective for annual periods beginning on or after January 1, 2014.

3. CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

(i) To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
(ii) To maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, reserves and deficit which at September 30, 2013 totaled $32,773,827 (September 30, 2012 - $36,826,466).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral activities. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the years ended September 30, 2013 and 2012. The Company is not subject to any capital requirements imposed by a lending institution.

4. FINANCIAL RISK FACTORS

The Company’s activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate and equity and commodity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk

The Company’s credit risk is primarily attributable to cash and cash equivalents, short-term investments, receivables, loan and promissory note receivable. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents and short-term investments are held with reputable financial institutions, from which management believes the risk of loss to be remote. Receivables mainly consist of goods and services tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to receivables is minimal. Loan receivable is due from an unrelated party and the borrower granted to the Company a general security over all of its present and after acquired property. The net asset value of the mutual funds that formed part of the collateral of the loan receivable was $1,972,000 as of September 30, 2013 and was inadequate to pay off the principal and accrued interest of the loan receivable. The mutual funds are subject to fair value fluctuations arising from changes in the equity markets.

4. FINANCIAL RISK FACTORS (Continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. As at September 30, 2013, the Company had a cash and cash equivalents and short-term investments balance of $672,563 (September 30, 2012 - $836,681) to settle current liabilities of $283,546 (September 30, 2012 - $546,247). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure maintenance of liquidity.

Market Risk

Interest rate risk
The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term certificates of deposits issued by its banking institutions. Loan receivable bears a fixed interest rate of 4% and is therefore not subject to interest rate risk. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Foreign currency risk
The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in the US dollar currency from its Canadian dollar bank accounts. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

Price risk
The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

The Company's marketable securities are subject to fair value fluctuations arising from changes in the equity markets.

Sensitivity analysis

As at September 30, 2013, both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

The sensitivity analysis shown in the notes below may differ materially from actual results.

4. FINANCIAL RISK FACTORS (Continued)

Sensitivity analysis (continued)

Based on management's knowledge of and experience with the financial markets, the Company believes the following movements are "reasonably possible":

(i) The Company's cash equivalents and short-term investments are subject to fixed interest rates ranging between 0.15% to 1.0%. Management believes interest rate risk is minimal. In addition, the Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

(ii) The Company's marketable securities amounting to $363,104 are subject to fair value fluctuations. As at September 30, 2013, if the fair value of the Company's marketable securities had decreased/increased by 10% with all other variables held constant, comprehensive loss for the year ended September 30, 2013 would have been approximately $36,000 higher/lower. Similarly, as at September 30, 2013, reported shareholders' equity would have been approximately $36,000 lower/higher as a result of a 10% decrease/increase in the fair value of the Company's marketable securities.

(iii) Commodity price risk could affect the Company. In particular, the Company’s future profitability and viability of development depends upon the world market of precious and base metals. As of September 30, 2013, the Company was not a producing entity. As a result, commodity price risk could affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

5. CASH AND CASH EQUIVALENTS

	September 30, 2013	September 30, 2012
Cash	$ 161,352	$ 439,345
Investment savings accounts	464,834	17,634
Funds held in trust	1,274	-
	$ 627,460	**$ 456,979**

6. CATEGORIES OF FINANCIAL INSTRUMENTS

	September 30, 2013	September 30, 2012
Financial assets:		
Held-for-trading		
Current		
Cash and cash equivalents	$ 627,460	$ 456,979
Short-term investments	$ 45,103	$ 379,702
Loans and receivables		
Current		
Receivables	$ 33,313	$ 218,147
Loan receivable	$ 1,972,000	$ -
Promissory note receivable	$ 83,195	$ -
Due from related parties	$ 104,038	$ -
Long-term		
Loan receivable	$ -	$ 4,100,000
Available-for-sale		
Current		
Marketable securities	$ 363,104	$ 4,243,477
Financial liabilities:		
Other financial liabilities		
Current		
Accounts payable and accrued liabilities	$ 283,546	$ 546,247

As of September 30, 2013 and September 30, 2012, the fair value of all the Company's financial instruments approximates the carrying value, due to their short-term nature.

7. SHORT-TERM INVESTMENTS

Short-term investments are highly liquid investments with maturity dates of more than 90 days. As of September 30, 2013, the related interest receivable for these investments is $110 (September 30, 2012 - $nil).

8. MARKETABLE SECURITIES

As at September 30, 2013, marketable securities are comprised of investment in shares of other public companies with total cost of $1,721,221 (September 30, 2012 - $3,622,366).

During the year ended September 30, 2013, the Company sold certain marketable securities with a cost of $1,912,201 (2012 - $315,535) for proceeds of $3,483,440 (2012 - $227,534), resulting in a realized gain of $1,571,239 (2012 - realized loss of $88,001). For the year ended September 30, 2013, the Company recorded an unrealized loss of $459,390 (2012 - $578,679).

The Company held 4,800,000 (September 30, 2012 - 4,800,000) common shares in a publicly traded company that has a common director. During the year ended September 30, 2012, the Company recorded an impairment loss of $503,722 on its investment in this company.

During the year ended September 30, 2013, the Company recorded an impairment charge of $327,801 on marketable securities in a publicly traded company which experienced significant financial difficulty.

9. RECEIVABLES

	September 30, 2013	September 30, 2012
Harmonized goods and services taxes receivable	$ 31,977	$ 187,559
Other receivables (i)	1,336	30,588
	$ 33,313	**$ 218,147**

(i) During the year ended September 30, 2013, the Company advanced $82,402 (2012 - $29,398) to a company that has a common director. As at September 30, 2013, the Company recorded an impairment loss of $111,800 on this receivable due to the uncertainty in collection.

10. DEPOSITS AND OTHER ADVANCES

	September 30, 2013	September 30, 2012
Rent deposit	$ 15,000	$ 15,000
Exploration advance	-	41,296
Consulting fee retainer to related party (Note 20)	67,500	77,500
Other advances	-	300,000
	$ 82,500	**$ 433,796**

11. LOAN RECEIVABLE AND PROMISSORY NOTE RECEIVABLE

Balance at September 30, 2011	**$**	**6,483,286**
Interest accrued (i)		265,312
Impairment (i)		(2,648,598)
Balance, September 30, 2012		**4,100,000**
Interest accrued (i)		275,400
Impairment (i)		(2,403,400)
Balance, September 30, 2013	**$**	**1,972,000**

(i) The Company entered into a loan agreement with a private company incorporated in Luxembourg on July 30, 2009, whereby the Company agreed to loan that company a total of up to $6,000,000. The loan originally was repayable on demand and bore interest at prime plus 4%. On February 9, 2010 the Company and the borrower amended the loan such that the loan is repayable on July 30, 2014 and interest is at 4% per annum. As at September 30, 2013, the Company has advanced $6,000,000 (September 30, 2012 - $6,000,000) and accrued interest income of $948,002 (September 30, 2012 - $748,598).

The borrower granted the Company a general security over all of its present and after acquired property. The security ranks in priority to all mortgages, charges, liens, encumbrances and security interests unless otherwise specifically agreed to in writing by the Company. As collateral on the loan, the borrower has invested the $6,000,000 loan into mutual funds in Europe, the net asset value of the funds at September 30, 2013 is approximately $1,972,000 (September 30, 2012 - $4,100,000).

In the fiscal year ended September 30, 2013, the Company recorded an impairment charge on the loan in the amount of $2,403,400 (2012 - $2,648,598) to recognize the difference between the original loan value plus accrued interest and the value of the loan collateral at that time.

During the year ended September 30, 2013, the private company that the loan is receivable from purchased 5,000,000 units in the February 22, 2013 private placement (Note 16(b)).

(ii) The Company entered into a GBP 50,000 ($83,195) promissory note with a private company on July 4, 2013. The promissory note is non-interest bearing and is due on demand.

12. INVESTMENT IN ASSOCIATE

On November 9, 2012, as a result of the deconsolidation of Nitinat, an equity investment in Nitinat of $1,716,648 was recorded based on the fair value of the shares held at that date. During the period from November 10, 2012 to September 30, 2013, the Company's share of the loss of Nitinat of $824,100 has been recorded in the consolidated statements of operations.

The fair value of the Company's investment in Nitinat at September 30, 2013 is approximately $1,144,000.

12. INVESTMENT IN ASSOCIATE (Continued)

The table below discloses selected financial information for Nitinat on a 100% basis. The Company's share of Nitinat is 28%.

	September 30, 2013 (Unaudited)
Loss and comprehensive loss for the period from November 10, 2012 to September 30, 2013	$ (2,869,372)
Total assets	3,735,529
Total liabilities	513,100

13. EQUIPMENT

Cost	Computer equipment	Software	Total
Balance, September 30, 2011	$ 16,226	$ 6,140	$ 22,366
Additions	-	2,221	2,221
Balance, September 30, 2012	16,226	8,361	24,587
Additions	1,966	-	1,966
Balance, September 30, 2013	$ 18,192	$ 8,361	$ 26,553

Accumulated depreciation	Computer equipment	Software	Total
Balance, September 30, 2011	$ 2,434	$ 6,140	$ 8,574
Depreciation for the year	4,137	1,111	5,248
Balance, September 30, 2012	6,571	7,251	13,822
Depreciation for the year	3,044	1,110	4,154
Balance, September 30, 2013	$ 9,615	$ 8,361	$ 17,976

Carrying value	Computer equipment	Software	Total
Balance, September 30, 2012	$ 9,655	$ 1,110	$ 10,765
Balance, September 30, 2013	$ 8,577	$ -	$ 8,577

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2013	September 30, 2012
Falling due within the year		
Trade payables	$ 265,243	$ 528,367
Accounts payable to related parties	18,303	17,880
	$ 283,546	$ 546,247

15. MINERAL PROPERTIES

Title to mining properties

Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has diligently investigated rights of ownership to all of the mineral claims in which it has an interest and, to the best of its knowledge, all agreements relating to such ownership rights are in good standing. However, this should not be construed as a guarantee of title. The claims may be subject to prior claims, agreements or transfers, and rights of ownership may be affected by undetected defects.

(a) Barton Syndicate Dry Fork Property, Utah, USA

The Company entered into a lease and option agreement on August 16, 2004 which was amended on July 20, 2006, with the Barton Syndicate Trust ("Barton Trust") to purchase a 100% interest in a group of mining claims in the Salt Lake and Tooele Counties of Utah, USA. During the year ended September 30, 2012, the Company recorded an impairment of $268,820 on the property.

(b) Langmuir Property, Ontario, Canada

The Company acquired a 100% interest in certain mineral claims located in the Langmuir Township, Porcupine Mining Division of Ontario. The Company acquired these claims by an issuance of 16,800,000 common shares with a value of $840,000 and assumed debt of $131,084, of which $103,280 was due to related parties of the Company. There is no requirement by the Company to carry out an exploration program except to keep the claims in good standing. The mineral claims were originally subject to a 3% net smelter return (“NSR”) royalty (of which 1/3 is owned by a private company controlled by the president and director of the Company). After the settlement of a litigation proceeding in fiscal 2006, the Company purchased 2/3 of the 3% NSR royalty for a total of $1,960,053.

In September, 2005, the Company entered into an agreement to purchase a 100% interest in 7 claims located in the Langmuir Township, Porcupine Mining Division of Ontario. The Company paid a total of $19,000, which consisted of a cash payment of $5,000 and an issue of 50,000 common shares with a value of $14,000. These mineral claims are subject to a 1% NSR royalty.

The Company acquired two patented land claims located adjacent to the existing Langmuir claims pursuant to an asset purchase agreement dated November 21, 2008. As consideration for the land claims, the Company paid the vendors $75,000, issued 105,000 common shares valued at $64,050 and expended the required exploration expenditures of $300,000 over a three year period. The claims are subject to a 3% NSR Royalty. The Company has the right to purchase 1/3 of the NSR at a purchase price of $1,000,000 at any time prior to November 24, 2018.

15. MINERAL PROPERTIES (Continued)

(b) Langmuir Property, Ontario, Canada (continued)

During the year ended September 30, 2010, the Company entered into an option agreement to purchase additional mineral claims forming part of the Langmuir property for the following consideration:

a) Pay $5,000 (paid) and issue 50,000 common shares of the Company (issued with a value of $12,500) on April 14, 2010; and
b) Pay $20,000 (paid) and issue 100,000 common shares of the Company (issued with a value of $10,500) on April 14, 2011.

(c) Cleaver Property, Ontario, Canada

On June 13, 2007, the Company entered into an option agreement to acquire certain rights and mineral claims located in the Porcupine Mining Division in the Province of Ontario. The vendor has agreed to grant an exclusive option to the Company to acquire a 100% interest in the mineral claims. The Company agreed and paid $638,000 in option payments and incurred the required exploration and development of the mineral claims of $1,400,000 to earn its 100% interest.

The property is subject to a 3% NSR in favour of the vendor. The Company has the option to purchase 2% of the 3% NSR for the sum of $2,000,000 expiring June 13, 2017.

(d) Desrosiers Property, Ontario, Canada

The Company acquired its interest in the Desrosiers Property through the acquisition of its subsidiary 1691063 in fiscal year ended September 30, 2009. To earn its 100% undivided interest the Company paid the original vendors a total of $150,000 and fulfilled the exploration work commitment of $450,000.

In accordance with the acquisition of 1691063, the Company has taken on the responsibility for all right, title and interest in mineral property sale agreement dated March 2, 2006 entered into between 1691063 and vendors. The Company will now be responsible for a NSR royalty as follows:

i) 6% of NSR on the first 15,000 tonne or ore mined and subsequently delivered to the mill from the property;

ii) 3% of all tonnage mined and delivered to the mill from the property for any amount above the 15,000 tonne. The vendors shall also have a 3% NSR on any part or parts of the mining claims staked within the 3 km area of interest which shall be included in the NSR subject to sale in accordance to sub paragraph (iii) below;

iii) Following payment of the NSR for mining and milling of the first 15,000 tonne, the Company shall have the right to purchase the 3% NSR for cash in the amount of $3,000,000;

iv) The NSR of 6% on the first 15,000 tonne in which minerals, ores or concentrates from the Property were sold or otherwise deemed disposed of and payment to the sellers shall be made by individual certified cheques issued to the parties within 30 days of the buyer's receipt of payment from minerals, ore or concentrate; and

v) The Company shall have the right for 90 days to match any other offer on part of or the full amount of 3% NSR received by either one or all of the vendors from a third party.

15. MINERAL PROPERTIES (Continued)

(e) Llamara Project, Salar de Llamara, Chile

In June 2012, the Company entered into an agreement to purchase an interest in an exploration and evaluation asset in Chile (the “Llamara Project”) through the acquisition of 20% of the issued and outstanding shares of Potash Dragon Inc. ("Potash Dragon) for cash consideration of $2,000,000.

Included in the acquisition were 3,750,000 common share purchase warrants which entitles the Company to purchase 1 common share for a purchase price of $0.80 per share, on the earlier of the date that is: (a) September 22, 2013, and (b) 45 days from the date that Potash Dragon receives an executed geological report prepared in compliance with National Instrument 43-101 with respect to Potash Dragon’s brine resource in Chile.

During the year ended September 30, 2013, Potash Dragon delivered the geological report and the expiry date of the share purchase warrants was extended to May 15, 2013.

In March 2013, the Company exercised 2,187,500 common share purchase warrants at an exercise price of $0.80 per share. As a result the Company has increased its interest in the Llamara Project to 41%.

On May 15, 2013, the remaining 1,562,500 common share purchase warrants were allowed to expire unexercised.

(f) Chibougamau Claims, Quebec, Canada

Pursuant to an option agreement dated June 27, 2011 (the "Agreement"), Nitinat acquired an undivided 100% in certain mining claims located in Chibougamau in the Province of Quebec from an arm's length party (the "Optionor"). Pursuant to the terms of the Agreement, Nitinat paid and issued to the Optionor 2,900,000 common shares of Nitinat (issued with a value of $452,400).

As a result of the loss of control of Nitinat (Note 24), the Company no longer consolidates the Chibougamau claims.

(g) Jasper Claims, British Columbia, Canada

On November 2, 2009, pursuant to a purchase agreement dated December 1, 2007 but effective as at July 30, 2007, the Company received an aggregate of 13,367,904 common shares (the "Shares") in the capital of Nitinat upon the automatic exercise of the 13,367,904 special warrants previously issued to the Company for the sale of the Jasper claims. As a result of the loss of control of Nitinat (Note 24), the Company no longer consolidates the Jasper claims.

16. SHARE CAPITAL

(a) Authorized

Unlimited common shares, without par value.

(b) Issued and outstanding

During the year ended September 30, 2013:

(1) On February 22, 2013, the Company closed a brokered private placement of 5,350,000 units at a price of $0.10 per unit. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire a common share at an exercise price of $0.12 per share expiring February 22, 2015.

In connection with the placement, the broker received a cash commission of $69,450 and was issued broker warrants to purchase up to 444,500 common shares at a price of $0.12 per share expiring February 22, 2015.

The fair value of the 2,675,000 warrants issued in this private placement was estimated to be $26,750 using the residual value method.

The fair value of the 444,500 broker warrants was estimated at $21,336 using the Black-Scholes option pricing formula with the following assumptions: expected dividend yield - 0%, expected volatility - 115.93%, risk-free interest rate - 1.07% and an expected life of 2 years.

(2) On February 22, 2013, the Company issued 1,000,000 common shares at a price of $0.10 per share as settlement of an accounts payable.

(3) On September 18, 2013, the Company issued 2,000,000 common shares at a price of $0.05 for consulting services. Out of the total value of shares issued, the Company recorded $20,000 in professional fees (included in general and administrative expenses) and $80,000 in prepaid expenses for consulting services to be rendered in the next fiscal year.

During the year ended September 30, 2012:

(1) The Company received regulatory approval from the TSX to launch a normal course issuer bid (the "Bid"), pursuant to the terms set out in the notice of intention to make a normal course issuer bid (the "Notice") filed with the TSX in fiscal 2011. Accordingly, 1,351,000 common shares for total consideration of $189,742 were repurchased and cancelled. $947,640 was charged to share capital and $757,898 was credited to contributed surplus.

(2) The Company issued 100,000 common shares (valued at $10,500) as part consideration to acquire certain mineral claims forming part of the Langmuir Property.

(3) The Company issued 40,000 common shares (valued at $7,600) as consideration for consulting services.

17. STOCK OPTIONS

The Company has an incentive stock option plan in place with the TSX under which it is authorized to grant options to executive officers, directors, employees and consultants. The Company has implemented a fixed plan, whereby it may not exceed a total of 12,892,500 common shares under the plan. Options granted under the plan will have a term not to exceed 10 years and are granted at an option price which shall not be less than the closing market price one trading day prior to the grant date. The options vest as determined by the board of directors.

	Number of Stock Options	Weighted Average Exercise Price
Balance, September 30, 2011 and September 30, 2012	**9,855,000**	**$ 0.41**
Forfeited	(500,000)	(0.15)
Balance, September 30, 2013	**9,355,000**	**$ 0.42**
Options vested, September 30, 2013	**9,355,000**	**$ 0.42**

Stock options outstanding at September 30, 2013 are as follows:

Number of Stock Options	Exercise Price ($)	Remaining Contractual Life (years)	Expiry Date
1,300,000	0.78	0.04	October 14, 2013
1,300,000	0.50	0.44	March 11, 2014
1,150,000	0.50	0.68	June 4, 2014
480,000	0.62	1.02	October 8, 2014
25,000	0.33	1.40	February 24, 2015
2,300,000	0.34	1.48	March 24, 2015
1,300,000	0.21	1.87	August 12, 2015
1,500,000	0.24	2.06	October 21, 2015
9,355,000			

During the prior year, Nitinat granted stock options to a consultant, accordingly, the Company expensed $20,408 in the year ended September 30, 2012 of share-based compensation in the consolidated statements of operations as follows:

Years Ended September 30,	**2013**	**2012**
Directors' and management share-based payments	**$ -**	$ 20,408

18. WARRANTS

	Number of Warrants	Weighted Average Exercise Price
Balance, September 30, 2011 and September 30, 2012	**-**	**$ -**
Granted (Note 16 (b)(1))	3,119,500	0.12
Balance, September 30, 2013	**3,119,500**	**$ 0.12**

Warrants outstanding at September 30, 2013 are as follows:

Number of Warrants	Exercise Price ($)	Fair Value	Expiry Date
3,119,500	0.12	48,086	February 22, 2015

19. GENERAL AND ADMINISTRATIVE

Years Ended September 30,	2013	2012
Depreciation	**$ 4,154**	$ 5,248
Directors' and management share-based payments (Note 17)	**-**	20,408
Investor relations	**367,044**	360,104
Management fees (Note 20)	**360,000**	361,794
Office and miscellaneous	**231,603**	365,235
Professional fees (Note 20)	**508,001**	545,098
Rent and telephone	**195,409**	219,162
Shareholders information	**10,115**	13,873
Transfer agent and filing fees	**38,628**	34,537
Travel and related	**36,532**	48,941
	$ 1,751,486	$ 1,974,400

20. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, to similar transactions to non-key management personnel related entities on an arm's length basis.

20. RELATED PARTY TRANSACTIONS (Continued)

(a) The Company entered into the following transactions with related parties:

	Notes	Years Ended September 30, 2013	2012
Adrea Capital Corp.	(i)	**$ 513,861**	$ 620,446
Anderson Business Solutions	(ii)	**$ 66,000**	$ 66,000
Herb Brugh	(iii)	**$ 84,250**	$ 84,000
James Davis	(iv)	**$ 10,000**	$ 10,000

(i) Adrea Capital Corp. ("Adrea") is a company controlled by D. Randall Miller, the Chief Executive Officer ("CEO") and a director of the Company. The fees consisted of management fees of $365,000 (2012 - $420,000), car allowance of $18,000 (2012 - $18,000) and rent expense of $130,861 (2012 - $182,446). As at September 30, 2013, Adrea has prepaid rent of $nil (September 30, 2012 - $33,521) and a rent deposit of $15,000 (September 30, 2012 - $15,000) included in deposits and other advances. As at September 30, 2013, $24,038 is receivable from Adrea.

(ii) Anderson Business Solutions is a company controlled by Peter Anderson, the former Chief Financial Officer ("CFO") of the Company. The fees paid to this company are for the provision of services as the CFO. As at September 30, 2013, Anderson Business Solutions was owed $6,215 (September 30, 2012 - $6,215)

(iii) Herb Brugh is an officer and director of the Company. The fees paid to Herb Brugh are for the provision of services as lead director totaling $68,000 and car allowance of $16,250. As at September 30, 2013, Herb Brugh was owed $12,088 (September 30, 2012 - $11,665) and this amount was included in amounts payable and accrued liabilities.

(iv) James Davis is a director and former officer of the Company. The Company paid or accrued consulting fees of $10,000 (2012 - $10,000) and prepaid consulting fees of $77,500 ($10,000 included in prepaid expenses and $67,500 deposits and other advances) (September 30, 2012 - $10,000 included in prepaid expenses and $77,500 in deposits and other advances).

(v) During the year ended September 30, 2013, the Company advanced $80,000 (2012 - $nil) to Nitinat, a corporation in which the Company holds a 28% interest. The advance is non-interest bearing and is due on demand.

(b) Company shareholders

At September 30, 2013, the common shares of the Company are widely held, which includes various small holdings which are owned by officers and directors of the Company. These holdings can change at any time at the discretion of the owner.

21. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition, exploration and development of mineral properties located in Canada, the United States and Chile as outlined in the consolidated schedule of mineral properties.

22. COMMITMENTS

a) The Company entered into a management services agreement providing for payment of $30,000 per month for the services of the CEO. That agreement had an initial term of two years but automatically extends thereafter for successive terms of one year, unless terminated by either party 90 days prior to any yearly extension. In the event of the retirement, death or disability of the Chief Executive Officer, the agreement provides for a payment equal to two times annual salary and bonus. In the event of termination for any reason or not for just cause, the agreement provides for the greater of a payment of six times annual salary or a prorated amount based on date of termination and retirement date.

b) The Company entered into a management services agreement providing for payment of $5,500 per month for the services of the former Chief Financial Officer. This agreement has an initial term of two years but automatically extends thereafter for successive term of one year, unless terminated by either party 90 days prior to the expiration of the initial term.

c) The Company signed a sublease agreement with a company controlled by the CEO of the Company for a five year term commencing on February 1, 2011 and expiring on January 31, 2016. The lease payments are $10,000 per month for the term of the lease.

23. CONTINGENCIES

In August 2013, litigation was commenced against the Company, Nitinat and certain present and past directors and officers of the Company. The litigation was commenced by certain shareholders of the Company claiming certain actions undertaken by the Company have been oppressive and have caused undue prejudice and disregarded the interests of the plaintiffs. The plaintiffs have not set out the quantum of damages that they are seeking. The Company is of the opinion that the litigation is frivolous and completely without merit.

24. NON-CONTROLLING INTEREST

At September 30, 2011	**$**	**1,866,455**
Share of net loss		(121,351)
Impact of change in ownership interest		(12,400)
At September 30, 2012		**1,732,704**
Share of net loss		(26,241)
Loss of control		(1,706,463)
At September 30, 2013	**$**	**-**

The Company acquired approximately 53% of Nitinat in November 2009. During the year ended September 30, 2010, the Company distributed 2,673,581 of its original investment in Nitinat to its shareholders, the Company's interest in Nitinat declined to approximately 43%. The Company continued to consolidate Nitinat after the distribution as it maintained control of Nitinat due to the influence it exerted on the board of directors.

24. NON-CONTROLLING INTEREST (Continued)

During the years ended September 30, 2011 and 2012, the Company continued to consolidate Nitinat after the transaction as it maintained control of Nitinat due to the influence it exerted on the board of directors.

On November 9, 2012, Nitinat issued 10,000,000 common shares (valued at $1,500,000). The share issuance by Nitinat resulted in a decrease to the Company's interest in Nitinat to approximately 29% and the loss of control of Nitinat. As a result, Nitinat was deconsolidated at November 9, 2012, a gain on deconsolidation of $1,061,275 was recorded and an equity investment in Nitinat of $1,716,648 was recognized (Note 12).

The fair value of the Nitinat net assets deconsolidated and the gain on deconsolidation was as follows:

	November 9, 2012
Cash	$ 70,714
Short-term investments	143,972
Receivables	109,652
Prepaid expenses	18,000
Deposits and other advances	346,873
Mineral properties	2,187,155
Accounts payable and accrued liabilities	(45,651)
Fair value of Nitinat's net assets	2,830,715
Less:	
Contributed surplus	468,879
Non-controlling interest	1,706,463
Fair value of investment in Nitinat	1,716,648
Gain on deconsolidation	$ 1,061,275

25. INCOME TAXES

A reconciliation of income taxes (recovery) at statutory rates with the reported taxes (recovery) is as follows:

Years ended September 30,	2013	2012
Loss before income taxes and non-controlling interest	$ (2,483,640)	$ (4,989,138)
Expected income tax recovery at statutory rates	(658,000)	(1,266,000)
Non-tax deductible items	(419,000)	84,000
Share-issue costs	(18,000)	-
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(186,000)	-
Impact of future income tax rates applied versus current statutory rate	21,000	17,000
Change in unrecognized deductible temporary differences and other	1,483,000	1,078,000
Total income tax expense (recovery)	$ 223,000	$ (87,000)

25. INCOME TAXES (Continued)

The significant components of the Company's deferred income tax assets and liabilities are as follows:

As at September 30,	2013	2012
Deferred income tax assets (liabilities):		
Mineral properties	$ (2,943,000)	$ (3,245,000)
Marketable securities	-	(78,000)
Non-capital loss	31,000	553,000
Net deferred income tax liabilities	$ (2,912,000)	$ (2,770,000)

The significant components of the Company's deferred income tax assets that have not been setup are as follows:

As at September 30,	2013	2012
Non-Capital losses	$ 3,156,000	$ 2,680,000
Capital assets	43,000	40,000
Mineral properties	114,000	35,000
Loan receivable	1,339,000	662,000
Share issue costs	15,000	-
Marketable securities	247,000	-
Total	$ 4,914,000	$ 3,417,000

Tax attributes are subject to review and potential adjustment by tax authorities. Significant components of deductible and taxable temporary differences, unused tax losses and unused tax credits that have not been included on the consolidated statements of financial position are as follows:

	September 30, 2013	Expiry Dates	September 30, 2012	Expiry Dates
Temporary Differences				
Non-Capital losses	**$ 11,699,000**	2014 to 2033	$ 9,884,000	2014 to 2032
Capital assets	**164,000**	No expiry date	160,000	No expiry date
Mineral properties	**-**	2027 to 2033	222,000	2027 to 2033
Loan receivable	**5,052,000**	No expiry date	2,649,000	No expiry date
Investment tax credit	**219,000**	2020 to 2033	-	2020 to 2032
Share issue costs	**56,000**	2014 to 2017	-	-
Marketable securities	**1,862,000**	No expiry date	-	No expiry date

During the year ended September 30, 2007, the Company issued 3,000,000 common shares on a flow-through basis for gross proceeds of $18,000,000. The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to the flow-through participants. During the year ended September 30, 2008, the Company renounced exploration expenditures of $18,000,000 resulting in a charge to capital stock of $6,148,800 with a related increase in deferred income tax liability. As at September 30, 2010, the Company had approximately $6,400,000 in unexpended exploration expenditures, resulting in a potential liability of approximately $2,900,000. Management believes, given the circumstances, no other potential liability will occur to the Company.

26. SUBSEQUENT EVENTS

(a) On October 14, 2013, 1,300,000 stock options, with an exercise price of $0.78, expired unexercised.

(b) Subsequent to year end, on November 18, 2013, the Company entered into an investor relations contract with Martaline Assets S.A. ("Martaline"). The initial term of this agreement shall begin on December 1, 2013 and continue for eleven months. The agreement can be cancelled by the Company by written notification with 60 days notice. In consideration for the services the Company will pay Martaline an aggregate fee of $250,000 through the issuance of 5 million common shares of the Company at a price of $0.05 per common share.

INSPIRATION MINING CORPORATION

Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

(Unaudited)

Three Months Ended December 31, 2015

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of Inspiration Mining Corporation (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements as at and for the three months ended December 31, 2015 have not been reviewed by the Company's auditors.

INSPIRATION MINING CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

	December 31, 2015	September 30, 2015
Assets		
Current assets		
Cash and cash equivalents	**$ 55,249**	$ 3,812
Short-term investments (Note 3)	**5,731**	5,731
Marketable securities (Note 4)	**44,960**	59,209
Receivables (Note 5)	**36,752**	30,006
Prepaid expenses	**25,108**	552
Due from related parties (Note 13)	**79,432**	101,530
Promissory note receivable (Note 6)	**51,018**	50,610
Total current assets	**298,250**	251,450
Exploration and evaluation assets (Schedule)	**20,520,633**	20,520,633
Total assets	**$ 20,818,883**	$ 20,772,083
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities (Notes 7 and 13)	**$ 1,245,178**	$ 1,141,356
Total current liabilities	**1,245,178**	1,141,356
Line of credit (Note 8)	**200,725**	-
Total liabilities	**1,445,903**	1,141,356
Shareholders' equity		
Share capital (Note 9)	**46,590,461**	46,590,461
Contributed surplus	**28,555,468**	28,555,468
Accumulated other comprehensive (loss) income	**(2,798)**	11,451
Deficit	**(55,770,151)**	(55,526,653)
Total shareholders' equity	**19,372,980**	19,630,727
Total liabilities and shareholders' equity	**$ 20,818,883**	$ 20,772,083

Commitments (Note 15) Contingencies (Note 16)
Subsequent events (Note 17)

On behalf of the Board:
"D. Randall Miller" Director "Herbert Brugh" Director

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

INSPIRATION MINING CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Three Months Ended December 31,		**2015**		**2014**
Operating Expenses				
General and administrative (Note 12)	**$**	**242,773**	$	293,920
Operating Loss		**(242,773)**		(293,920)
Interest expense		**(725)**		-
Loss on sale of marketable securities (Note 4)		**-**		(3,539)
Loss from associate		**-**		(37,886)
Impairment of marketable securities (Note 4)		**-**		(3,000)
Net loss for the period	**$**	**(243,498)**	$	(338,345)
Basic and diluted loss per common share	**$**	**(0.01)**	$	(0.02)
Weighted average number of common shares outstanding - basic and diluted		**24,409,277**		16,409,277

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

INSPIRATION MINING CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Three Months Ended December 31,	**2015**	**2014**
Net loss for the period	**$ (243,498)**	$ (338,345)
Other comprehensive loss:		
Items that will be reclassified subsequently to income:		
Unrealized (loss) gain on available-for-sale marketable securities (Note 4)	**(14,249)**	265
Reclassification of net realized loss and impairment charge on available-for-sale marketable securities	**-**	3,317
Share of other comprehensive loss of associate	**-**	(4,618)
Other comprehensive loss	**(14,249)**	(1,036)
Total comprehensive loss for the period	**$ (257,747)**	$ (339,381)

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

INSPIRATION MINING CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

	# of Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Accumulated Deficit	Shares to be Issued	Total
Balance at September 30, 2014	**16,409,277**	**$ 46,230,936**	**$ 28,555,468**	**$ (41,457)**	**$(50,774,689)**	**$ 143,986**	**$ 24,114,244**
Shares to be issued in private placement	-	-	-	-	-	77,986	77,986
Net unrealized gain on available-for-sale marketable securities	-	-	-	265	-	-	265
Reclassification of net realized loss and impairment charge on available-for-sale marketable securities	-	-	-	3,317	-	-	3,317
Share of other comprehensive loss of associate	-	-	-	(4,618)	-	-	(4,618)
Net loss for the period	-	-	-	-	(338,345)	-	(338,345)
Balance at December 31, 2014	**16,409,277**	**$ 46,230,936**	**$ 28,555,468**	**$ (42,493)**	**$(51,113,034)**	**$ 221,972**	**$ 23,852,849**
Balance at September 30, 2015	**24,409,277**	**$ 46,590,461**	**$ 28,555,468**	**$ 11,451**	**$(55,526,653)**	**$ -**	**$ 19,630,727**
Net unrealized loss on available-for-sale marketable securities	-	-	-	(14,249)	-	-	(14,249)
Net loss for the period	-	-	-	-	(243,498)	-	(243,498)
Balance at December 31, 2015	**24,409,277**	**$ 46,590,461**	**$ 28,555,468**	**$ (2,798)**	**$(55,770,151)**	**$ -**	**$ 19,372,980**

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

INSPIRATION MINING CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Three Months Ended December 31,		2015		2014
Cash Flows Used In Operating Activities				
Net loss for the period	**$**	**(243,498)**	$	(338,345)
Items not affecting cash:				
Loss on the sale of marketable securities		**-**		3,539
Impairment of marketable securities		**-**		3,000
Accrued interest		**725**		-
Loss from associate		**-**		37,886
Foreign exchange		**(408)**		1,565
Changes in non-cash working capital items:				
Receivables		**(6,746)**		(872)
Prepaid expenses		**(24,556)**		4,310
Accounts payable and accrued liabilities		**105,822**		(30,318)
		(168,661)		(319,235)
Cash Flows Provided By Financing Activities				
Proceeds from line of credit		**200,000**		-
Shares to be issued		**-**		77,986
		200,000		77,986
Cash Flows Provided By Investing Activities				
Proceeds from sale of marketable securities		**-**		8,651
Repayment of promissory note receivable		**-**		44,147
Repayment from related parties		**22,098**		93,000
Mineral properties expenditures		**(2,000)**		(32,550)
Repayment of loan receivable		**-**		125,000
		20,098		238,248
Net change in cash and cash equivalents during the period		**51,437**		(3,001)
Cash and cash equivalents, beginning of period		**3,812**		48,137
Cash and cash equivalents, end of period	**$**	**55,249**	$	45,136
Supplemental information				
Mineral properties expenditures included in accounts payable and accrued liabilities	**$**	**33,900**	$	45,588

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

INSPIRATION MINING CORPORATION
CONDENSED INTERIM CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Three Months Ended December 31,	**2015**	**2014**
Desrosiers Property, Ontario, Canada		
Balance, beginning of period	**$ 1**	$ 1
Balance, end of period	**$ 1**	$ 1
Barton Syndicate Dry Fork Property, Utah, USA		
Balance, beginning of period	**$ -**	$ 1
Balance, end of period	**$ -**	$ 1
Cleaver Property, Ontario, Canada		
Balance, beginning of period	**$ 1**	$ 1
Balance, end of period	**$ 1**	$ 1
Langmuir Property, Ontario, Canada		
Balance, beginning of period	**$ 20,480,630**	$ 20,457,194
Balance, end of period	**$ 20,480,630**	$ 20,457,194
Llamara Project, Salar de Llamara, Chile		
Balance, beginning of period	**$ 1**	$ 3,750,000
Balance, end of period	**$ 1**	$ 3,750,000
Carscallen Property, Ontario, Canada		
Balance, beginning of period	**$ 40,000**	$ -
Balance, end of period	**$ 40,000**	$ -
Total Mineral Properties	**$ 20,520,633**	$ 24,207,197

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Inspiration Mining Corporation (the "Company") was incorporated under the laws of British Columbia on November 15, 1972. Since October 1, 2005, the Company has been engaged in the acquisition, exploration and evaluation of mineral resource properties in Canada, Chile and the United States. The primary office of the Company is located at 85 Richmond Street West, Suite 702, Toronto, Ontario M5H 2C9.

As at December 31, 2015, the Company's shares are listed on the TSX Stock Exchange ("TSX"), but is in the process of applying for its shares to be listed on the Canadian Securities Exchange (Note 17(i)).

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and development programs will result in profitable mining operations. The Company has not yet established whether its mineral properties contain reserves that are economically recoverable. The recovery of amounts capitalized for mineral properties and related deferred costs in the condensed interim consolidated statements of financial position is dependant upon the existence of economically recoverable reserves, the ability of the Company to arrange appropriate financing to complete the development of the properties and upon future profitable production or proceeds from their disposition. Changes in future conditions could require material write-downs of the carrying values of mineral property.

Although the Company has taken steps to verify title to the property on which it is conducting exploration and in which it is acquiring an interest, in accordance with industry standards for the current stage of exploration of such property, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, aboriginal claims, and noncompliance with regulatory requirements.

	December 31, 2015	September 30, 2015
Working capital deficit	$ 946,928	$ 889,906
Deficit	$ 55,770,151	$ 55,526,653

These condensed interim consolidated financial statements have been prepared on a basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The certainty of funding future exploration expenditures and availability of additional financing sources cannot be assured at this time, these uncertainties may cast a significant doubt about the Company’s ability to continue as a going concern. The condensed interim consolidated financial statements do not include adjustments to the carrying values and classifications of recorded assets and liabilities and related revenues and expenses that might be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

As part of the share consolidation completed on May 20, 2015 all applicable references to the number of shares, warrants and stock options and their strike price and per share information has been restated on the basis of 5 old common shares for 1 new common share.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

(a) Basis of preparation

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB and interpretations issued by the IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of February 4, 2016, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended September 30, 2015. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending September 30, 2016 could result in restatement of these unaudited condensed interim consolidated financial statements.

(b) New accounting standard not yet adopted

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

3. SHORT-TERM INVESTMENTS

Short-term investments are highly liquid investments with maturity dates of more than 90 days.

4. MARKETABLE SECURITIES

As at December 31, 2015, marketable securities are comprised of investments in shares of other public companies with a total cost of $303,715 and fair value of $44,960 (September 30, 2015 - cost of $303,715, fair value of $59,209).

During the three months ended December 31, 2015, the Company sold certain marketable securities with a cost of $nil (three months ended December 31, 2014 - $12,190) for proceeds of $nil (three months ended December 31, 2014 - $8,651), resulting in a realized loss of $nil (three months ended December 31, 2014 - realized loss of $3,539). For the three months ended December 31, 2015, the Company recorded an unrealized loss of $14,249 (three months ended December 31, 2014 - unrealized gain of $265).

During the three months ended December 31, 2015, the Company recorded a permanent impairment of $nil (three months ended December 31, 2014 - $3,000) on some of its securities due to declining market prices.

4. MARKETABLE SECURITIES (Continued)

The Company held 4,800,000 (September 30, 2015 - 4,800,000) common shares in a publicly traded company that has a common director. During the year ended September 30, 2012, the Company fully impaired its investment in this company.

5. RECEIVABLES

	December 31, 2015	September 30, 2015
Harmonized goods and services taxes receivable	$ 36,752	$ 30,006

6. PROMISSORY NOTE RECEIVABLE

The Company entered into a GBP 50,000 ($90,890) promissory note with a private company on July 4, 2013. The promissory note is non-interest bearing and is due on demand. During the year ended September 30, 2015, the Company received a loan receivable repayment of GBP 25,000 ($44,147). As at December 31, 2015, GBP 25,000 ($51,018) is still receivable.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2015	September 30, 2015
Falling due within the year		
Trade payables	$ 263,207	$ 247,272
Accrued liabilities	405,750	391,943
Accounts payable to related parties (Note 13)	576,221	502,141
	$ 1,245,178	**$ 1,141,356**

8. LINE OF CREDIT

On October 14, 2015, the Company entered into a Revolving Line of Credit Agreement for up to $300,000, bearing interest at 6% per annum, repayable 18 months following the first advance (May 29, 2017). As at December 31, 2015, the Company has drawn $200,000 from this facility.

9. SHARE CAPITAL

As part of the share consolidation completed on May 20, 2015 all applicable references to the number of shares, warrants and stock options and their strike price and per share information has been restated on the basis of 5 old common shares for 1 new common share.

(a) Authorized

Unlimited common shares, without par value.

9. SHARE CAPITAL (Continued)

(b) Issued and outstanding

During the three months ended December 31, 2014:

(1) Proceeds of $77,986 were received in the three months ended December 31, 2014 related to a private placement that did not close.

10. STOCK OPTIONS

The Company has an incentive stock option plan in place with the TSX under which it is authorized to grant options to executive officers, directors, employees and consultants. The Company has implemented a fixed plan, whereby it may not exceed a total of 2,578,500 common shares under the plan. Options granted under the plan will have a term not to exceed 10 years and are granted at an option price which shall not be less than the closing market price one trading day prior to the grant date. The options vest as determined by the Board of Directors.

	Number of Stock Options	Weighted Average Exercise Price
Balance, September 30, 2014 and December 31, 2014	**1,785,000**	**$ 0.95**
Balance, September 30, 2015	**1,110,000**	**$ 0.66**
Expired	(250,000)	(1.20)
Balance, December 31, 2015	**860,000**	**$ 0.51**
Options vested, December 31, 2015	**860,000**	**$ 0.51**

Stock options outstanding at December 31, 2015 are as follows:

Number of Stock Options	Exercise Price ($)	Remaining Contractual Life (years)	Expiry Date
680,000	0.50	3.14	February 20, 2019
180,000	0.525	3.31	April 21, 2019
860,000			

11. WARRANTS

	Number of Warrants	Weighted Average Exercise Price
Balance, September 30, 2014 and December 31, 2014	**623,900**	**$ 0.60**
Balance, September 30, 2015 and December 31, 2015	**-**	**$ -**

12. GENERAL AND ADMINISTRATIVE

Three Months Ended December 31,	**2015**	**2014**
Investor relations	**$ 11,040**	$ 60,397
Management fees (Note 13)	**90,000**	90,000
Office and miscellaneous	**46,678**	40,316
Professional fees (Note 13)	**65,295**	31,015
Rent and telephone (Note 13)	**8,909**	53,747
Shareholders information	**-**	76
Transfer agent and filing fees	**6,364**	11,749
Travel and related	**14,487**	6,620
	$ 242,773	$ 293,920

13. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, to similar transactions to non-key management personnel related entities on an arm's length basis.

(a) The Company entered into the following transactions with related parties:

	Notes	Three Months Ended December 31, 2015	2014
Adrea Capital Corp. ("Adrea")	(i)	**$ 94,500**	$ 124,500
Herb Brugh	(ii)	**$ 21,332**	$ 17,364
Marrelli Support Services Inc. ("Marrelli Support")	(iii)	**$ 13,389**	$ 15,135
DSA Corporate Services Inc. ("DSA")	(iv)	**$ 880**	$ 225

13. RELATED PARTY TRANSACTIONS (Continued)

(a) The Company entered into the following transactions with related parties (continued):

(i) Adrea is a company controlled by D. Randall Miller, the Chief Executive Officer ("CEO") and a director of the Company. The fees for the three months ended December 31, 2015 consisted of management fees of $90,000 (three months ended December 31, 2014 - $90,000), expenses of $4,500 (three months ended December 31, 2014 - $4,500) and rent expense of $nil (three months ended December 31, 2014 - $30,000). As at December 31, 2015, Adrea was owed $302,524 (Note 7) (September 30, 2015 - $282,908) and this amount was included in accounts payable and accrued liabilities.

(ii) Herb Brugh is an officer and director of the Company. The fees paid or accrued to Herb Brugh are for the provision of services as lead director for the three months ended December 31, 2015 of $21,332 (three months ended December 31, 2014 - $17,364). As at December 31, 2015, Herb Brugh was owed $214,280 (Note 7) (September 30, 2015 - $177,124) and this amount was included in accounts payable and accrued liabilities.

(iii) For the three months ended December 31, 2015, the Company expensed $4,275 for accounting services and $9,114 for Chief Financial Officer ("CFO") services (three months ended December 31, 2014: accounting services - $6,135; and CFO services - $9,000). Carmelo Marrelli is the president of Marrelli Support. The amounts charged by Marrelli Support are based on what Marrelli Support usually charges its clients. The Company expects to continue to use Marrelli Support for an indefinite period of time. As at December 31, 2015, Marrelli Support was owed $58,584 (Note 7) (September 30, 2015 - $42,108) and this amount was included in accounts payable and accrued liabilities.

(iv) For the three months ended December 31, 2015, the Company expensed $880 for corporate secretarial services (three months ended December 31, 2014 - $225). Carmelo Marrelli is an officer and shareholder of DSA. The amounts charged by DSA are based on what DSA usually charges its clients. The Company expects to continue to use DSA for an indefinite period of time. As at December 31, 2015, DSA was owed $833 (September 30, 2015 - $nil) and this amount was included in accounts payable and accrued liabilities.

(v) During the three months ended December 31, 2015, the Company received repayments of advances of $22,098 (three months ended December 31, 2014 - $93,000) from Nitinat Minerals Corporation, a corporation in which the Company holds a 10% interest. As at December 31, 2015, the Company has advanced a balance of $79,432 (September 30, 2015 - $101,530). The advance is non-interest bearing and is due on demand and has no terms of repayment.

(b) Company shareholders

As of December 31, 2015, the Company's outstanding common shares are widely held, except for small positions held by directors and officers of the Company. These holdings can change at any time at the discretion of the owner.

The Company is not aware of any arrangements that may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, it is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

14. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition, exploration and development of mineral properties located in Canada and Chile as outlined in the condensed interim consolidated schedule of mineral properties. There are $1 long-term assets in Chile as at December 31, 2015 (September 30, 2015 - $1). All other assets and all losses are in Canada.

15. COMMITMENT

The Company entered into a management services agreement, amended during the three months ended December 31, 2015, providing for payment of $30,000 per month for the services of the CEO. That agreement had an initial term of two years but automatically extends thereafter for successive terms of one year, unless terminated by either party 90 days prior to any yearly extension. In the event of the retirement, death or disability of the CEO, the agreement provides for a payment equal to two times annual salary and bonus. In the event of termination for any reason or not for just cause, the agreement provides for the greater of a payment of two times annual salary or a prorated amount based on date of termination and retirement date.

16. CONTINGENCIES

(i) In August 2013, 6 shareholders commenced an action in the Ontario Superior Court of Justice in which it is alleged that the Company, Nitinat, certain present and past directors and officers of the Company and a company related to a director and officer of Inspiration have acted in a manner that has been oppressive, unfairly prejudicial and/or has unfairly disregarded the interests of the plaintiffs. The plaintiffs are seeking declaratory relief and monetary damages, but have not requested a specific quantum of damages at this time. As this action is still preliminary, the Company does not have the information needed to assess the strength of the plaintiffs' claims.

(ii) In August of 2015, litigation was commenced against the Company, its officers and directors by the landlord of the Company's corporate offices. The Company is of the opinion that the claim against the directors and officers is unwarranted and frivolous. There is also a dispute over the amount owing under the lease which the Company intends to resolve without the necessity of a trial.

17. SUBSEQUENT EVENTS

(i) In August 2015, the Company requested that its common shares be voluntarily delisted from the TSX. The Company had been under delisting review since April 10, 2015 and it is not able to meet TSX's continued listing requirements. The common shares were delisted from the TSX on January 4, 2016 and the Company is in the process of applying for its shares to be listed on the Canadian Securities Exchange.

(ii) On January 5, 2016, the Company issued 3,000,000 common shares as required under the Carscallen Property option agreement.