



MARITIME RESOURCES CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the Nine Months Ended
September 30, 2015
(Expressed in Canadian Dollars)
(Unaudited)



MARITIME RESOURCES CORP.

Notice

Notice of No Auditor Review of the Condensed Interim Financial Statements

The accompanying unaudited condensed interim financial statements of Maritime Resources Corp. ("the Company"), for the nine months ended September 30, 2015 have been prepared by management and have not been the subject of a review by the Company's independent auditor.

MARITIME RESOURCES CORP.**Condensed Interim Statements of Financial Position**

(Expressed in Canadian Dollars)

(Unaudited - Prepared by Management)

| | Note | September 30, 2015 | December 31, 2014 |
|---------------------------------------------|------|--------------------|-------------------|
| Assets | | | |
| Current assets | | | |
| Cash | | \$ 8,378 | \$ 155,709 |
| Receivables | 7 | 5,559 | 6,284 |
| Prepaid expenses | | 5,664 | 4,853 |
| Advance | | - | 8,500 |
| | | 19,601 | 175,346 |
| Exploration and evaluation assets | 8 | 4,893,179 | 4,798,178 |
| | | \$ 4,912,780 | \$ 4,973,524 |
| Liabilities and Shareholders' Equity | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 9 | \$ 279,083 | \$ 34,118 |
| Loans | 10 | 265,355 | 237,930 |
| | | 544,438 | 272,048 |
| Shareholders' Equity | | | |
| Share capital | 12 | 6,088,885 | 6,082,485 |
| Shares allotted but not issued | 12 | 25,000 | - |
| Warrants | 13 | - | 6,400 |
| Share-based payments reserve | 12 | 601,661 | 574,498 |
| Deficit | | (2,347,204) | (1,961,907) |
| | | 4,368,342 | 4,701,476 |
| | | \$ 4,912,780 | \$ 4,973,524 |

See accompanying notes to the financial statements.

Nature of operations and ability to continue as a going concern (note 1)

Subsequent events (note 15)

Approved on behalf of the Board:

"Douglas Fulcher"..... Director
Douglas Fulcher*"Allan Williams"*..... Director
Allan Williams

MARITIME RESOURCES CORP.**Condensed Interim Statements of Operations and Comprehensive Loss**

(Expressed in Canadian Dollars)

(Unaudited -- Prepared by Management)

| | | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---------------------------------------------------------------------------------|-------|--------------------------------------------|--------------------|-------------------------------------------|---------------------|
| | Note | 2015 | 2014 | 2015 | 2014 |
| Expenses | | | | | |
| Administration | | \$ 18,446 | \$ 15,168 | \$ 61,095 | \$ 73,240 |
| Consulting | | 38,400 | 23,400 | 100,200 | 113,767 |
| Directors' fees | | 45,000 | - | 45,000 | - |
| Financing expense and interest on loans payable | 10 | 16,174 | - | 47,993 | 4,669 |
| Investor relations and promotion | | 16,570 | 10,724 | 61,366 | 75,948 |
| Professional fees | | 11,820 | 13,243 | 42,454 | 49,952 |
| Share-based payments | 12(c) | - | 1,416 | 27,163 | 154,321 |
| <hr/> | | | | | |
| Loss and Comprehensive Loss for the Period | | \$ (146,410) | \$ (63,951) | \$ (385,271) | \$ (471,897) |
| <hr/> | | | | | |
| Loss Per Share - Basic and Diluted | | \$ (0.004) | \$ (0.002) | \$ (0.011) | \$ (0.014) |
| <hr/> | | | | | |
| Weighted Average Number of Common Shares Outstanding - Basic and Diluted | | 35,867,795 | 35,501,130 | 35,867,795 | 34,399,972 |

See accompanying notes to the financial statements.

MARITIME RESOURCES CORP.**Condensed Interim Statements of Cash Flows**

(Expressed in Canadian Dollars)

(Unaudited-- Prepared by Management)

| | For the Three Months Ended | | For the Nine Months Ended | |
|----------------------------------------------------------------------------------------|----------------------------|------------------|---------------------------|------------------|
| | September 30 | | September 30 | |
| | 2015 | 2014 | 2015 | 2014 |
| Operating Activities | | | | |
| Loss for the period | \$ (146,410) | \$ (63,951) | \$ (385,271) | \$ (471,897) |
| Items not involving cash: | | | | |
| Share-based payments | - | 1,416 | 27,163 | 154,321 |
| Financing expense and interest accrued on loan payable | 16,174 | - | 47,993 | 4,669 |
| | (130,236) | (62,535) | (310,116) | (312,907) |
| Changes in non-cash working capital: | | | | |
| Receivables | 758 | 380 | 725 | 2,146 |
| Prepaid expenses | (2,398) | 2,216 | (811) | (1,154) |
| Advance | - | - | 8,500 | - |
| Accounts payable and accrued liabilities | 145,489 | 14,523 | 224,372 | (88,206) |
| | 143,849 | 17,119 | 232,786 | (87,214) |
| Cash Used in Operating Activities | 13,613 | (45,416) | (77,330) | (400,121) |
| Investing Activities | | | | |
| Exploration and evaluation expenditures (net) | (14,353) | (57,924) | (95,001) | (162,154) |
| Cash Used in Investing Activities | (14,353) | (57,924) | (95,001) | (162,154) |
| Financing Activities | | | | |
| Repayment of loan | - | - | - | (120,000) |
| Interest paid | - | - | - | (4,669) |
| Shares and warrants issued for cash | - | - | - | 537,250 |
| Shares allotted but unissued | - | - | 25,000 | - |
| Cash Provided by Financing Activities | - | - | 25,000 | 412,581 |
| Change in cash for the period | (740) | (103,340) | (147,331) | (149,694) |
| Cash, Beginning of Period | 9,118 | 112,124 | 155,709 | 158,478 |
| Cash, End of Period | \$ 8,378 | \$ 8,784 | \$ 8,378 | \$ 8,784 |
| Cash paid for interest | \$ - | \$ - | \$ - | \$ 6,707 |
| Exploration and evaluation assets included in accounts payable and accrued liabilities | \$ 63,863 | \$ 15,217 | \$ 63,863 | \$ 15,217 |

See accompanying notes to the financial statements.

Non-Cash Financing activities:

| | | | | |
|--------------------------------------------|------------|------|------------|------------|
| Adjustment for exercise/expiry of warrants | \$ (6,400) | \$ - | \$ (6,400) | \$ 102,664 |
| Adjustment for exercise/expiry of options | \$ - | \$ - | \$ - | \$ 67,168 |

See accompanying notes to the financial statements.

MARITIME RESOURCES CORP.

Condensed Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited-- Prepared by Management)

| | Note | Share Capital | | Warrants | Share-based Payments Reserve | Deficit | Total Shareholders' Equity |
|---------------------------------------------------|-------|-------------------|---------------------|-----------------|------------------------------------|-----------------------|----------------------------------|
| | | Shares (#) | Amount | | | | |
| Balance, December 31, 2013 | | 33,403,130 | \$ 5,524,652 | \$ - | \$ 402,652 | \$ (1,409,122) | \$ 4,518,182 |
| Loss for the period | | - | - | - | - | (471,923) | (471,923) |
| Shares and warrants issued upon private placement | 12(b) | 2,098,000 | 529,250 | 8,000 | - | - | 537,250 |
| Non-cash transaction | | | | | | | - |
| Other liability on flow-through share premium | | - | (12,750) | - | - | - | (12,750) |
| Share-based payments | | - | - | - | 154,321 | - | 154,321 |
| Transfer of share-based payments expired | | - | - | - | (1,774) | 1,774 | - |
| Balance, September 30, 2014 | | 35,501,130 | \$ 6,041,152 | \$ 8,000 | \$ 555,199 | \$ (1,879,271) | \$ 4,725,080 |
| Loss for the period | | - | - | - | - | (82,636) | (82,636) |
| Shares and warrants issued upon private placement | 12(b) | - | 1,600 | (1,600) | - | - | - |
| Non-cash transactions | | | | | | | - |
| Other liability on flow-through share premium | | - | (1,600) | - | - | - | (1,600) |
| Shares issued to lenders | | 366,665 | 41,333 | - | - | - | 41,333 |
| Share-based payments | | - | - | - | 19,299 | - | 19,299 |
| Transfer of share-based payments expired | | - | - | - | - | - | - |
| Balance, December 31, 2014 | | 35,867,795 | \$ 6,082,485 | \$ 6,400 | \$ 574,498 | \$ (1,961,907) | \$ 4,701,476 |
| Loss for the period | | - | - | - | - | (385,297) | (385,297) |
| Received for shares allotted but not issued | | - | 25,000 | - | - | - | 25,000 |
| Non-cash transactions | | | | | | | - |
| Warrants expired | | - | 6,400 | (6,400) | - | - | - |
| Share-based payments | | - | - | - | 27,163 | - | 27,163 |
| Balance, September 30, 2015 | | 35,867,795 | \$ 6,113,885 | \$ - | \$ 601,661 | \$ (2,347,204) | \$ 4,368,342 |

See accompanying notes to the financial statements.

MARITIME RESOURCES CORP.

Notes to Condensed Interim Financial Statements
For the Nine Months Ended September 30, 2015 and 2014
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

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

Maritime Resources Corp. (the “Company” or “Maritime”) was incorporated under the *Business Corporations Act* (British Columbia) on May 14, 2007. The principal activities of the Company are the exploration of resource properties in Green Bay, Newfoundland and Labrador, Canada. The Company is considered to be in the exploration stage.

The address of the Company’s corporate office and principal place of business is Suite 615 – 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6.

These condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate the acquisition of, participation in or interest in new properties, assets or business opportunities, and raise additional funds by way of equity financings. Any acquisition may be subject to shareholder and regulatory approval and obtaining the necessary financing. Should the Company be unable to complete such a transaction, its ability to raise sufficient financing to maintain operations may be impaired. The available funds are insufficient to continue operations for the ensuing year. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be successful in doing so in the future. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). The financial statements have been prepared on a historical basis, using the accrual basis of accounting except for cash flow information. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company’s audited financial statements as at and for the year ended December 31, 2014. Accordingly accounting policies applied are the same as those applied in the Company’s annual audited financial statements which are filed on SEDAR at www.sedar.com.

These financial statements were authorized for issue by the Board of Directors on November 17, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared using the historical cost basis, except for financial instruments which are stated at fair value. Accounting policies applied are the same as those applied in the Company’s annual audited financial statements.

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For the Nine Months Ended September 30, 2015 and 2014
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(a) Use of estimates and judgment

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical judgments exercised in the application of accounting policies and estimates having the most significant effects on the amounts recognized in these financial statements include:

Economic recoverability and profitability of future economic benefits of exploration and evaluation assets – Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits, including geological and other technical information, a history of conversion of mineral deposits with similar characteristics to its properties, evaluation of permitting and environmental issues and other such factors.

Valuation of share-based payments, agent compensation and finders' warrants – The Company uses the Black-Scholes Pricing Model for valuation of *share*-based payments, agent compensation and finders' warrants, which requires the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's results and equity reserves.

Income taxes – In assessing the probability of realizing deferred tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax position taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operation and cash flows.

(b) Functional and presentation currency

The Company's functional and presentation currency is the Canadian dollar.

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(c) Segmented information

The Company has one operating segment, mineral exploration and development, and operates in one geographical segment, being Canada.

(d) Exploration and evaluation assets (“E&E”)

Once the legal right to explore a property has been obtained, costs directly related to E&E expenditures are recognized and capitalized, in addition to the acquisition costs, net of recoveries, on a property-by-property basis. These direct expenditures include such costs as materials used, surveying costs, drilling costs and payments made to contractors during the exploration phase. Costs not directly attributable to E&E activities, including general administrative overhead costs, are expensed in the period in which they occur.

From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments and government assistance are recorded as property costs or recoveries when the payments are made or received.

If economically recoverable ore reserves are developed, capitalized costs of the related property will be reclassified as mining assets and will be amortized using the unit-of-production method. When a property is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of the project are deemed to be impaired. As a result those E&E costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses E&E assets for impairment at each statement of financial position date or whenever facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and value in use. A cash-generating unit is the smallest identifiable group of E&E assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Although the Company has taken steps to verify title to the properties in which it has an interest in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee that title to the properties will not be challenged or impugned. Property title may be affected by undetected defects, be subject to unregistered prior agreements, transfers or land claims, or be non-compliant with regulatory requirements.

(e) Adoption of new IFRS pronouncements

The adoption of the following new IFRS pronouncements did not have an effect on the Company’s financial statements:

- IFRS 7, “Financial Instruments: Disclosures” (amendments) is effective for annual periods beginning on or after January 1, 2015.

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- (f) New accounting standards not yet adopted
- IAS 36, “Impairment of Assets” is effective for annual periods beginning on or after July 1, 2014.
 - IFRS 14, “Regulatory Deferral Accounts” is effective for annual periods beginning on or after January 1, 2016.
 - IFRS 15, “Revenue from Contracts with Customers” is effective for annual periods beginning on or after January 1, 2017.
 - IFRS 9, “Financial Instruments: Classification and Measurement” is effective for annual periods beginning on or after January 1, 2018.

The Company is currently evaluating the impact of these new and amended standards on its financial statements. The impact is not expected to have a material impact on the statements of financial position or results of operations.

4. FINANCIAL INSTRUMENTS

The Company has classified its cash as FVTPL (using level 1 of the fair value hierarchy); receivables (excluding tax arrangements) as loans and receivables; and accounts payable and accrued liabilities and loans as other financial liabilities.

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

5. FINANCIAL RISK MANAGEMENT

- (a) Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk with respect to its cash, restricted cash and receivables, other than Goods and Services Tax (“GST”). The maximum exposure to loss arising from accounts receivable is equal to their carrying amounts.

The Company manages credit risk with respect to its cash by maintaining demand deposits with a major Canadian financial institution; however, this exposes the Company’s cash to concentration of credit risk as all amounts are held at a single institution.

- (b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company is exposed to liquidity risk.

- (c) Market risk

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

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(i) Interest rate risk

Interest rate risk consists of two components:

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

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to foreign currency risk as its monetary assets and liabilities are denominated in Canadian dollars.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to other price risk.

There were no changes in the Company's approach to managing the above risks.

6. CASH

| | September 30, 2015 | | December 31, 2014 | |
|------|--------------------|-------|-------------------|---------|
| Cash | \$ | 8,378 | \$ | 155,709 |

7. RECEIVABLES

| | September 30, 2015 | | December 31, 2014 | |
|----------------|--------------------|-------|-------------------|-------|
| GST receivable | \$ | 5,559 | \$ | 6,284 |

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8. EXPLORATION AND EVALUATION ASSETS

Expenditures incurred on the Company's 100% owned Green Bay Property, located in central Newfoundland, during the periods ended September 30, 2015 and December 31, 2014 follow:

| | <u>September 30, 2015</u> | <u>December 31, 2014</u> |
|-----------------------------------------|---------------------------|--------------------------|
| Balance at the beginning of the period | \$ 4,878,826 | \$ 4,600,234 |
| Exploration costs: | | |
| Drilling | - | 3,075 |
| Geology and reports writing | 17,985 | 160,934 |
| Geochemistry | - | 7,063 |
| Property | (3,632) | 26,872 |
| | <u>14,353</u> | <u>197,944</u> |
| Less: | | |
| Recoveries & Grants | - | - |
| Net additions | <u>14,353</u> | <u>197,944</u> |
| Balance at the end of the period | \$ 4,893,179 | \$ 4,798,178 |

During 2010, the Company acquired a 50% initial interest in the Green Bay mineral property in Newfoundland, Canada, by way of issuance of 12,000,000 shares at a fair value of \$0.18 per share, and legal, listing fees and other costs of \$64,563, for total consideration of \$2,224,563.

On January 31, 2012, the Company exercised its option to acquire the remaining 50% interest in the Green Bay property from a significant shareholder, through the issuance of an additional 5,000,000 common shares at \$0.20 per share for total consideration of \$1,000,000, such that the Company owns a 100% interest in the property, subject to a 2% net smelter return royalty on future production from the property with the exception of production from the Orion deposit.

On May 7, 2015 the Company received \$19,938 pursuant to an application made with the Newfoundland and Labrador government in respect of the Newfoundland and Labrador Mineral Incentive Junior Exploration Assistance Program ("JEAP") grant for exploration conducted during 2014.

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9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | September 30, 2015 | December 31, 2014 |
|----------------------------------|-----------------------|-------------------|
| Accounts payable | \$ 42,730 | \$ 11,856 |
| Accrued liabilities | 32,136 | 15,000 |
| Interest payable | 23,301 ⁽¹⁾ | 2,733 |
| Due to related parties (note 14) | 180,916 | 4,529 |
| | \$ 279,083 | \$ 34,118 |

⁽¹⁾ Included in interest payable at September 30, 2015 is \$10,185 due to related parties (Note 14(b))

10. LOANS

On November 7, 2012, the Company completed loan arrangements by way of promissory notes ("2012 Notes") for total proceeds of \$400,000. The 2012 Notes matured on October 31, 2013 and bore interest of 10% per annum. In connection with the 2012 Notes, the Company, as a bonus to the lenders, issued in the aggregate 400,000 common shares at a total fair value of \$68,000, which transaction cost was amortized and expensed prior to December 31, 2013. During the year ended December 31, 2013, the Company repaid, in the aggregate, principal of \$280,000 and interest of \$42,317 to some of the lenders, and re-entered into a loan arrangement ("2013 Notes") for total principal of \$120,000, bearing interest of 10% per annum and due on demand. During 2014, the Company satisfied all obligations in respect of the 2013 Notes, through the repayment of the remaining principal of \$120,000, and payment of interest of \$6,707.

On December 15, 2014, the Company completed loan arrangements by way of promissory notes ("2014 Notes") for total proceeds of \$275,000. The 2014 Notes mature in one year and bear interest of 10% per annum. In connection with the 2014 Notes, the Company, as a bonus to the lenders, issued in the aggregate 366,665 common shares at a total fair value of \$41,333, which transaction cost is amortized and expensed over the term of the loan. At September 30, 2015, \$31,687 had been expensed, resulting in a fair value of the loans, excluding interest, of \$265,355 and an unexpended balance of \$9,646. At September 30, 2015, the Company had principal of \$275,000 and interest of \$23,301 owing to the lenders bearing interest of 10% per annum (Note 13(b)). The effective interest rate, including bonus shares, is 25%.

| | | Principal (\$) | Value of bonus shares (\$) | Amortized values of bonus shares (\$) | Principle (net of unamortized value of bonus shares) (\$) | Interest payable (\$) | Total (\$) |
|---------------------------|------------|-------------------|-------------------------------------|---------------------------------------------------|-----------------------------------------------------------------------|-----------------------------|----------------|
| December 31, 2014 | 2014 Notes | 275,000 | (41,333) | 4,263 | 237,930 | 2,733 | 240,663 |
| September 30, 2015 | 2014 Notes | 275,000 | (41,333) | 31,688 | 265,355 | 23,301 | 288,656 |

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11. CAPITAL MANAGEMENT

The Company defines capital as all components of shareholders' equity and debt obligations. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company does not pay dividends and is not subject to any externally imposed capital requirements.

The Company raises capital through the issuance of its share capital and promissory notes to fund operations, and the identification and evaluation of exploration assets. Although the Company has been successful at raising funds in the past through issuance of common shares, there can be no assurance that it will continue to be able to do so in the future.

There were no changes to the Company's approach to capital management during the period ended September 30, 2015. The Company is not subject to any externally imposed capital restrictions.

12. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value

(a) Issued

During the nine months ended September 30, 2015, the Company:

- announced, on June 24, 2015, a non-brokered private placement (the "Placement") of up to 6,666,666 non-flow-through units ("NFT Units") at \$0.15 per NFT Unit and up to 1,388,888 flow-through units ("FT Units") at \$0.18 per FT Unit. Each NFT Unit will consist of one non-flow-through common share and one half of one non-transferable share purchase warrant ("NFT Warrant"). Each FT Unit will consist of one flow-through common share and one half of one non-transferable share purchase warrant ("FT Warrant"). Each whole NFT Warrant will allow the holder to acquire one non-flow-through common share at a price of \$0.20 per common share for 24 months following the closing. Each whole FT Warrant will allow the holder to acquire one non-flow-through common share at a price of \$0.23 per common share for 24 months following the closing. Finders' fees in cash and/or in NFT Units, together with broker warrants ("Broker Warrants"), may be payable on a portion of the Placement to finders who assist in the Placement. The Broker Warrants will have the same terms as the NFT Warrants. The Placement and any compensation arrangements are subject to regulatory approval and applicable securities laws.
- In connection with the Placement, the Company received a total of \$25,000.

During the year ended December 31, 2014, the Company:

- on May 22, 2014, closed the first tranche of the Private Placement, announced on May 9, 2014, and issued 913,000 non-flow-through unit ("NFT Units") at \$0.25 per unit, 235,000 flow-through units ("FT Units") at \$0.30 per unit and 850,000 common shares at \$0.25 per common share, for total proceeds of \$511,250. Each NFT Unit consists of one non-flow-through common share and one share purchase warrant

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(“Warrant”). Each FT Unit consists of one flow-through common share and one Warrant. Each warrant entitles the holder to purchase one non-flow-through common share at a price of \$0.35 per common share until May 22, 2015.

- on June 18, 2014, the Company closed the second tranche of the Private Placement, announced on May 9, 2014, and issued 80,000 NFT Units at \$0.25 per unit and 20,000 FT Units at \$0.30 per unit for total proceeds of \$26,000. Each warrant entitles the holder to purchase one common shares at \$0.35 per common share until June 18, 2015.

No finders’ fees were paid in connection with the Private Placement.

- in December, 2014, issued in the aggregate 366,665 common shares at a total fair value of \$41,333, as a bonus to the lenders in connection with the 2014 Notes

(b) Stock options

The Company has a “rolling” stock option plan for its directors, officers, employees and consultants. The terms of the plan provide for options to be granted to a maximum of 10% of the issued and outstanding common shares of the Company at the time of grant of the stock options. The exercise price of each option shall not be less than the minimum price permitted by the policies of the TSX Venture Exchange, and the options may be granted for a maximum term of ten years from the date of grant. The Company records the fair value of all options granted using the Black-Scholes model as share-based payment expense over the vesting period of the options. Vesting terms are determined by the Board of Directors.

A summary of the Company’s stock options as at September 30, 2015 and December 31, 2014 and changes during the periods then ended follows:

| | Number of Options | Weighted Average |
|---------------------------------|------------------------------|-----------------------------|
| Outstanding, December 31, 2013 | 2,425,000 | \$ 0.175 |
| Granted | 860,000 | \$ 0.250 |
| Expired | (10,000) | \$ 0.200 |
| Outstanding December 31, 2014 | 3,275,000 | \$ 0.195 |
| Granted | 150,000 | \$ 0.160 |
| Expired | (400,000) | \$ 0.150 |
| Expired | (315,000) | \$ 0.200 |
| Expired | (240,000) | \$ 0.280 |
| Outstanding, September 30, 2015 | 2,470,000 | \$ 0.179 |
| Exercisable, September 30, 2015 | 2,470,000 | \$ 0.179 |

During the period ended September 30, 2015, the Company granted stock options allowing for the purchase of up to, in the aggregate, 150,000 common shares of the capital of the Company at \$0.16 per common share until March 4, 2020. At September 30, 2015, options allowing for the purchase, in the aggregate, of 2,470,000 (2014:3,075,000) shares were vested and exercisable, with a weighted average exercise price of \$0.179 (2014:\$0.197) per share and a weighted average remaining contractual life of 1.62 (2014:2.55) years.

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The Company has estimated the forfeiture rate to be 0.00%. Expected volatility was determined based on the historical movements in the closing price of the Company's, or comparable companies' stocks for a length of time to the expected life of each option.

The fair value of each option granted is estimated at the time of the grant using the Black-Scholes option pricing model with weighted average assumptions for the grants as follows:

| | 2015 | 2014 |
|---------------------------------|-------|-------|
| Risk-free interest rate | 0.91% | 1.49% |
| Expected dividend yield | Nil | Nil |
| Expected stock price volatility | 114% | 122% |
| Expected option life in years | 5 | 5 |

As at September 30, 2015, stock options outstanding were as follows:

| Outstanding | | | | |
|-------------------|----------------|-------------|------------------------------------------------------|---------------------------|
| Number of Options | Exercise Price | Expiry Date | Weighted Average Remaining Contractual Life in Years | Weighted Average Exercise |
| 600,000 | \$0.150 | 01-Oct-15 | | |
| 150,000 | \$0.165 | 26-Nov-15 | | |
| 250,000 | \$0.200 | 14-Dec-16 | | |
| 200,000 | \$0.175 | 26-Apr-17 | | |
| 500,000 | \$0.200 | 21-Jan-18 | | |
| 420,000 | \$0.280 | 29-May-19 | | |
| 200,000 | \$0.150 | 15-Oct-19 | | |
| 150,000 | \$0.160 | 04-Mar-20 | | |
| 2,470,000 | | | 1.62 | 0.179 |

13. WARRANTS

During the year ended December 31, 2014, the Company, in connection with a private placement, issued warrants allowing for the purchase of up to 1,248,000 common shares. All the warrants entitle the holder to purchase one common share at a price of \$0.35, with 1,148,000 of the warrants expiring on May 22, 2015 and 100,000 expiring on June 18, 2015. The warrants were valued using the residual method, such that the 1,148,000 warrants issued on May 22, 2014 were valued at \$Nil and 100,000 warrants issued on June 18, 2014 were valued at \$6,400, (80,000 warrants from NFT units valued at \$6,400 and 20,000 warrants from FT units valued at \$Nil). All of the warrants expired.

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A summary of the status of the Company's warrants as at December 31, 2014 and September 30, 2015 follows:

| | Number of Warrants | Amount | Expiry Date |
|--------------------------------------------------|--------------------|----------|-------------|
| Outstanding and Exercisable at December 31, 2014 | | | |
| Private placement | | | |
| - <i>Tranche 1</i> | 1,148,000 | - | 22-May-15 |
| - <i>Tranche 2</i> | 100,000 | 6,400 | 18-Jun-15 |
| Outstanding and exercisable, December 31, 2014 | 1,248,000 | \$ 6,400 | |
| Outstanding and exercisable, September 30, 2015 | - | \$ - | |

14. RELATED PARTY TRANSACTIONS

(a) Services

- i. From January 1 to June 30, 2014, the Company had arrangements with a company related by virtue of common directorship and which, at December 31, 2014, held approximately 26% of the Company's issued and outstanding shares, in respect of rent, accounting, investor relations, office administration, and insurance. The Company incurred the following charges during the periods ended September 30, 2015 and 2014:

| | For the Three Months Ended | | For the Nine Months Ended | |
|-----------------------|----------------------------|--------------------|---------------------------|--------------------|
| | September 30, 2015 | September 30, 2014 | September 30, 2015 | September 30, 2014 |
| Rent | \$ - | \$ 10,356 | \$ - | \$ 10,356 |
| IR & conference | - | 10,299 | - | 10,299 |
| Office administration | - | 1,141 | - | 1,141 |
| | \$ - | \$ 21,796 | \$ - | \$ 21,796 |

At September 30, 2015, accounts payable and accrued liabilities included \$3,865 (2014:\$3,994) due to that party.

- ii. Effective July 1, 2014 the Company entered into arrangement with an administration and exploration services contractor ("AESC") in which a director is a shareholder, pursuant to which it receives office, administrative and exploration services. For the periods ended September 30, 2015 and 2014, the Company was charged for exploration costs and to reimburse office and administrative costs as follows:

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| | For the Three Months Ended | | For the Nine Months Ended | |
|-----------------------|----------------------------|--------------------|---------------------------|--------------------|
| | September 30, 2015 | September 30, 2014 | September 30, 2015 | September 30, 2014 |
| Rent | \$ 9,393 | \$ - | \$ 27,393 | \$ - |
| Consulting | - | - | 7,500 | - |
| Geological consulting | 2,475 | - | 30,525 | - |
| Office administration | 1,839 | - | 10,171 | - |
| | \$ 13,707 | \$ - | \$ 75,589 | \$ - |

At December 31, 2014, the Company had advanced \$8,500 to AESC for future services (September 30, 2015: \$Nil). The advance was settled prior to March 31, 2015. At September 30, 2015 the company owed \$24,751 (2014: \$Nil) to AESC.

(b) Loans

In respect of the 2013 Notes, the Company repaid, during the year ended December 31, 2014, total principal of \$120,000 and interest of \$6,707 to the lenders, which amounts include \$95,000 and \$5,310, respectively, to key management personnel and directors of the Company. At December 31, 2013, interest of \$1,614 was owed to those parties.

In respect of the 2014 Notes, the Company received gross proceeds of \$275,000, of which \$125,000 was provided by parties related to the Company, and issued 166,666 common shares valued at \$17,330 as bonus shares to these related parties. At September 30, 2015, interest of \$10,185 and principal (net of financing fees) of \$125,000 was owed to those related parties.

| | 2013 Notes | | 2014 Notes | |
|-------------------------------------------------|-------------------|---------------------|-------------------|---------------------|
| | Principal (\$) | Bonus shares (#) | Principal (\$) | Bonus shares (#) |
| December 31, 2013 | 120,000 | - | - | - |
| Unrelated parties | (25,000) | - | 150,000 | 199,999 |
| Related parties | (95,000) | - | 125,000 | 166,666 |
| September 30, 2015 and December 31, 2014 | - | - | 275,000 | 366,665 |

(c) Compensation of key management personnel

Key management personnel consist of the directors and executive officers of the Company. The remuneration, including stock-based compensation, of key management personnel during the periods ended September 30, 2015 and 2014 were as follows:

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| | For the Three Months Ended | | For the Nine Months Ended | |
|-----------------------|----------------------------|--------------------|---------------------------|--------------------|
| | September 30, 2015 | September 30, 2014 | September 30, 2015 | September 30, 2014 |
| Consulting | \$ 38,400 | \$ 23,400 | \$ 107,700 | \$ 113,767 |
| Directors' fees | 45,000 | - | 45,000 | - |
| Geological consulting | 24,375 | 16,200 | 79,725 | 48,600 |
| Share-based payments | - | - | 27,163 | 121,646 |
| | \$ 107,775 | \$ 39,600 | \$ 259,588 | \$ 284,013 |

At September 30, 2015, \$41,750 (2014:\$Nil) was owed to an officer and former director of the Company in respect of services provided to the Company, \$48,855 (2014: \$Nil) was owed to the CEO and a director of the Company in respect of services rendered, \$7,875 (2014: \$Nil) was owed to the CFO of the Company in respect of services rendered and \$8,821 was owed to an officer of the Company in respect of services and expenses incurred on behalf of the Company. Effective April 1, 2015, the Company has agreed to provide for directors' fees, as to \$1,500 per month for each of the 5 non-executive directors. At September 30, 2015, all of these directors' fees totaling \$45,000 had been accrued and remained unpaid.

15. SUBSEQUENT EVENTS

- a) On October 1, 2015, incentive stock options allowing for the purchase of up to 600,000 common shares of the Company at \$0.15 per share expired. On November 13, 2015, the Company announced the granting of incentive stock options allowing for the purchase of up to, in the aggregate 1,785,000 common shares of the Company at \$0.15 per shares for a period of five years to directors, officers employees and consultants of the Company. The options are governed by the Company's stock option plan and the TSX-Venture Exchange policies.
- b) On October 8, 2015, the Company, pursuant to an arrangement not yet reduced to writing, received an advance of \$30,000.
- c) On October 15, 2015, the Company, in respect of the Placement, received \$25,000.
- d) On November 5, 2015, the Company announced, subject to regulatory approval, a private placement coupled with streaming royalties, to raise up to \$1,500,000 (the "Offering") by way of non-brokered private placement of units ("Equity Units") coupled with a streaming Royalty ("Royalty Units") that will return 100% of the original investment made pursuant to the Offering to investors, which streaming Royalty is to be paid out of production from the Company's Green Bay project ("Project"). As a condition of the Offering, all participants acquiring Equity Units will be required to acquire an equal number of Royalty Units, at a total combined price of \$0.15. The Offering is comprised of up to 10,000,000 Equity Units at \$0.14 per Equity Unit, with each Equity Unit consisting of one common share and on half of one non-transferable share purchase warrant ("Warrant"). Each whole Warrant attached to the Equity Units will entitle the holder to purchase one additional common share at a price of \$0.20 per common share for 24 months following closing. The Royalty Units will have a price of \$0.01 per Royalty Unit, and, subject to written consent of the Company, may be assigned or transferred in their entirety only. Total royalties payable from the Royalty Units ("Royalty Payment") will be capped at an amount equal to 100% of the total Offering, with Royalty Payments being made annually beginning on the first anniversary of the date of

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commencement of commercial production for the Project. Royalty Payments will be funded solely from 10% of annual net cash flow from the Project, with net cash flow representing net production revenues realized from the Project after deduction all Project operating and debt servicing costs. At the option of the Company, Royalty Payments will be paid either in cash or in gold. Finders' fees in cash or Equity Units together with Finder/Broker Warrants, which will have the same terms as the Warrants attached to the Equity Units, may be payable on a portion of the placement to finders or brokers who assist in the placement, in accordance with applicable securities laws.