Sulliden Mining Capital Inc.

(An Exploration Stage Mining Company)

CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months ended

October 31, 2015 and 2014

(Unaudited, expressed in Canadian dollars)

SULLIDEN MINING CAPITAL INC.

Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars)

As at	Notes		October 31, 2015		July 31, 2015
ASSETS					
Current assets					
Cash and cash equivalents		$	619,158	$	505,452
Fixed-income investments	6		9,076,249		12,800,211
Investments, at fair market value through profit and loss	7		7,410,569		5,974,079
Loans receivable	8		1,090,657		-
Amounts receivable and other			67,323		46,570
Prepaid expenses			35,779		38,096
Total current assets			18,299,735		19,364,408
Non-current assets					
Investment in associate	9		3,593,566		2,245,687
Exploration and evaluation assets	10		134,756		134,126
TOTAL ASSETS		$	22,028,057	$	21,744,221
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable and accrued liabilities		$	693,493	$	184,954
Total current liabilities			693,493		184,954
SHAREHOLDERS' EQUITY					
Share capital	5		26,540,163		26,540,163
Share purchase warrant reserve	11		468,081		468,081
Share-based payment reserve	12		(62,720)		(159,172)
Accumulated other comprehensive loss			(328,243)		(96,756)
Accumulated deficit			(5,282,717)		(5,193,049)
Total shareholders' equity			21,334,564		21,559,267
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	22,028,057	$	21,744,221

Commitments and contingencies (Note 18)
Subsequent event (Note 20)

Approved by the Board of Directors:

Signed “Pierre Pettigrew”, Director

Signed “Justin Reid”, Director

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

SULLIDEN MINING CAPITAL INC.

Condensed Interim Statements of Operations and Comprehensive Loss
(Unaudited, Expressed in Canadian dollars)

		Three months ended October 31,	
		2015	2014
Expenses	Note		
Share-based payments	12	$ 123,842	$ 973,385
Professional, consulting and management fees	13	1,195,414	385,222
General and administrative expenses	14	187,388	167,125
		1,506,644	1,525,732
Other (income)/expenses			
Interest income		(60,073)	(41,343)
Loan arrangement fees earned	8	(25,123)	(35,000)
Foreign exchange loss		21,588	-
Loss from investment in associate	9	121,112	-
Realized gain on sale of investments	7	(9,535)	-
Unrealized (gain)/loss on investments	7	(1,464,945)	109,864
Net loss for the period		(89,668)	(1,559,253)
Other comprehensive loss:			
Items that will be reclassified subsequently to profit or loss:			
Foreign currency translation - associate	9	231,487	-
Net loss and comprehensive loss for the period		$ (321,155)	$ (1,559,253)
Net loss per share			
Basic and diluted		$ (0.00)	$ (0.05)
Weighted average common shares outstanding			
Basic and diluted		36,862,851	30,257,103

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

SULLIDEN MINING CAPITAL INC.

Condensed Interim Statements of Cash Flows
(Unaudited, Expressed in Canadian dollars)

	Note	Three months ended October 31, 2015	2014
CASH FLOWS FROM:			
Operating activities			
Net loss for the period		$ (89,668)	$ (1,559,253)
Items not involving cash			
Share-based payments	12	123,842	973,385
Loss from investment in associate	9	121,112	-
Realized (gain) on sale of investments	7	(9,535)	-
Unrealized (gain)/loss on investment	7	(1,464,945)	109,864
Interest and arrangement fees earned		(61,874)	
Foreign exchange loss		11,899	-
		(1,369,169)	(476,004)
Net change in non-cash working capital items:			
Amounts receivable and prepaid expenses		(18,436)	(94,283)
Accounts payable and accrued liabilities		481,148	62,980
		462,712	(31,303)
Cash flows used in operating activities		(906,457)	(507,307)
Financing activities			
Contribution from Sulliden Gold Corporation Ltd.		-	24,773,514
Proceeds from exercise of warrants and options		-	36,058
Payment for restricted share units		-	(1,756,629)
Cash flows from financing activities		-	23,052,943
Investing activities			
Sale/(purchase) of fixed-income investments	6	3,723,962	(14,735,340)
Investments	7, 9	(2,035,552)	(1,063,651)
Proceeds from sale of investments	7	361,165	-
Loans issued	8	(1,161,375)	(630,000)
Interest and arrangement fees received	8	132,593	-
Exploration and evaluation asset		(630)	-
Cash flows from/(used in) investing activities		1,020,163	(16,428,991)
Net change in cash and cash equivalents		113,706	6,116,645
Cash and cash equivalents, beginning of the period		505,452	1
Cash and cash equivalents, end of the period		$ 619,158	$ 6,116,646
CASH AND CASH EQUIVALENTS CONSIST OF:			
Cash		$ 569,158	$ 1,360,657
Cash equivalents		50,000	4,755,989
		$ 619,158	$ 6,116,646

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

SULLIDEN MINING CAPITAL INC.
Condensed Interim Statements of Changes in Shareholders' Equity
(Unaudited, Expressed in Canadian dollars)

	Note	Number of Shares		Share Capital		Share purchase warrant reserve		Share-based payment reserve		Contribution from Sulliden Gold Corporation		Accumulated other comprehensive loss		Deficit		Total Shareholders' equity
Balance as at July 31, 2015		36,862,851	$	26,540,163	$	468,081	$	(159,172)	$	-	$	(96,756)	$	(5,193,049)	$	21,559,267
Share-based compensation	12							96,452		-		-		-		96,452
Other comprehensive loss - associate	9									-		(231,487)		-		(231,487)
Net loss for the period										-		-		(89,668)		(89,668)
Balance as at October 31, 2015		**36,862,851**	**$**	**26,540,163**	**$**	**468,081**	**$**	**(62,720)**	**$**	**-**	**$**	**(328,243)**	**$**	**(5,282,717)**	**$**	**21,334,564**
Balance as at July 31, 2014		1	$	1	$	-	$	-	$	149,403	$	-	$	(15,865)	$	133,539
Contribution from Sulliden Gold Corporation		31,590,892		24,927,700		4,409		-		(149,403)		-		(9,192)		24,773,514
Share issue expenses		-		-		-		-		-		-		-		-
Value of warrants issued		-		-		-		-		-		-		-		-
Shares issued on exercise of options		121,000		36,059		-		-		-		-		-		36,059
Value allocation on options exercised		-		-		-		-		-		-		-		-
Share-based compensation	12	-		-		-		(1,053,244)		-		-		-		(1,053,244)
Net loss for the period		-		-		-		-		-		-		(1,559,253)		(1,559,253)
Balance as at October 31, 2014		**31,711,893**	**$**	**24,963,760**	**$**	**4,409**	**$**	**(1,053,244)**	**$**	**-**	**$**	**-**	**$**	**(1,584,310)**	**$**	**22,330,615**

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

1. NATURE OF OPERATIONS

Sulliden Mining Capital Inc. (“SMC” or the “Company”) was incorporated under the Business Corporations Act (Ontario) on June 10, 2014 and was a wholly-owned subsidiary of Sulliden Gold Corporation Ltd. (“Sulliden”). The head office of the Company is located at 65 Queen Street West, Suite 800, Toronto, Ontario, M5H 2M5 and the registered office of the Company is located at the same address.

On August 5, 2014, Sulliden completed an Arrangement as described in Note 5 that resulted in SMC obtaining title to an exploration property located in Quebec and receiving $24.76 million in cash. The Company’s shares are listed on the Toronto Stock Exchange (“TSX”) under the symbol “SMC”.

2. BASIS OF PRESENTATION

The condensed interim financial statements of the Company have been prepared by management in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*, effective for the Company’s reporting for the period ended October 31, 2015. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended July 31, 2015, which have been prepared in accordance with IFRS as issued by the IASB.

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on December 10, 2015.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies as set out in Note 3 of the Company’s annual financial statements for the year ended July 31, 2015 have been consistently applied to all the periods presented unless otherwise noted.

New and future accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2015 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 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, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company has not yet considered the potential impact of the adoption of IFRS 9

IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") addresses how and when entities recognize revenue, as well as requires more detailed and relevant disclosures. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services. The Section provides a single, principles based five-step model to be applied to all contracts with customers, with certain exceptions. The standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company intends to adopt the new Standard on its effective date and has yet to consider the impact on its financial reporting.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

IAS 24 – Related Party Disclosures ("IAS 24") was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The amendments to IAS 24 are effective for annual periods beginning on or after July 1, 2014. At August 1, 2015, the Company has adopted this pronouncement and has included the required disclosure.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the condensed interim financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Valuation of Exploration and evaluation assets - The Company carries its mineral properties at cost less any impairment losses. The Company capitalizes exploration and evaluation costs, which are related to specific projects, until the commercial feasibility of the project is determinable or the project is determined to be impaired. Costs are charged to operations when a property is abandoned or when impairment in value has been determined. The Company reviews the carrying values of mining properties and related expenditures whenever indicators of impairment exist or changes in circumstances indicate that their carrying values may not be recoverable. In undertaking this review, management is required to make significant estimates which are subject to various risks and uncertainties. Estimates may include, but are not limited to estimates of future metal prices, capital and operating costs, the quantities of mineral reserves to be mined and expected recoveries of minerals contained in ore, the ability to convert resources into economically mineable reserves, discount rates and; in the case of fair value less costs to sell, the discounted future after-tax cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mineral properties and exploration and evaluation assets.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

- Income taxes and recoverability of potential deferred tax assets - In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions 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. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers relevant tax planning opportunities that are within the Company's control, are feasible and within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

- Share-Based Payments - Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Investment in Aguia Resources Ltd. ("Aguia") – On April 7, 2015, the Company's President and CEO, Mr. Justin Reid, was appointed to the Board of Directors of Aguia. As a result, management re-assessed the level of influence that the Company has with respect to Aguia and determined that the Company has significant influence despite owning 17.52% of the outstanding common shares of Aguia at October 31, 2015. On this basis, the investment, which had been accounted for as FVTPL on the statement of financial position prior to April 7, 2015, is now considered an associate and is accounted for using the equity method. In addition, management determined the value of its 1% net smelter return royalty ("NSR") on the Rio Grande project held by Aguia is $nil based on the uncertainty due to the early stage of the project. The Company reviews the carrying value of the investment whenever events or changes in circumstances indicate that impairment may be present. Estimates are made and assumptions are used in this review, and these are subject to various risks and uncertainties which may ultimately have an effect on the expected recoverability of the carrying value of this investment.

5. ARRANGEMENT WITH RIO ALTO MINING LIMITED

On August 5, 2014, Rio Alto Mining Limited ("Rio Alto") and Sulliden Gold Corporation Ltd.("Sulliden") completed a previously announced plan of arrangement (the "Arrangement"). Pursuant to the Arrangement, Rio Alto acquired each outstanding common share of Sulliden for 0.525 of a Rio Alto common share. In addition, shareholders of Sulliden received 0.10 of a common share of the Company for each common share of Sulliden held.

Upon completion of the Arrangement, the Company assumed Sulliden's interests in the East Sullivan property in the amount of $133,538 and was capitalized with $24,760,514 in cash and $13,000 in accounts receivable, net of transaction costs of $226,486. The transaction costs of $226,486 were incurred by the Company as part of the Rio Alto Arrangement and reorganization of the Company. As well, the Company issued 1,887,640 warrants and 31,590,892 common shares to the shareholders of Sulliden and 2,094,430 options to the employees, directors and consultants of Sulliden.

(Expressed in Canadian dollars unless otherwise noted)

5. ARRANGEMENT WITH RIO ALTO MINING LIMITED (continued)

On August 5, 2014, the Company received the following contributions:

Contributions from Sulliden Gold Corporation Ltd.		
Cash	$	24,760,514
Amount receivable		13,000
Exploration and evaluation assets		133,538
Retained earnings		25,057
	$	24,932,109
Allocation of the contributions		
Common shares	$	24,927,700
Warrants		4,409
	$	24,932,109

6. FIXED INCOME INVESTMENTS

Fixed income investments of $9,076,249 (July 31, 2015 – $12,800,211) represent guaranteed investment certificates with Schedule One Canadian chartered banks earning income at a rate of 1.35%.

7. INVESTMENTS

As at October 31, 2015, the Company carried investments in certain public resource and other sector companies. These securities are classified as fair value through profit or loss (“FVTPL”). As of October 31, 2015, these securities have an estimated fair value of $7,410,569 (July 31, 2015: $5,974,079) (see Note 16).

Public Issuer	Note	Security description		Cost		Estimated Fair value
Current assets						
Belo Sun Mining Corporation*		13,960,222 common shares	$	3,098,061	$	3,769,260
Aberdeen International Inc.*	i	4,790,000 common shares		736,564		670,600
		4,790,000 warrants		221,436		223,141
Kombat Copper Inc.*	ii	4,000,000 common shares		140,000		180,000
		4,000,000 warrants		60,000		86,656
Others				3,096,027		2,480,912
			$	7,352,088	$	7,410,569

* Investments in related party entities –see Note 17.

i. The Company acquired 4,790,000 units of Aberdeen International Inc. Each unit is comprised of one common share and one share purchase warrant, with each warrant entitling the Company to acquire one common share at a price of $0.30 until November 24, 2019. The grant date fair value of the warrants was estimated to be $221,435 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 47%; risk-free interest rate of 1.52% and an expected average life of 5 years. The warrants were revalued at October 31, 2015 at an estimated value of $223,141 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 69%; risk-free interest rate of 0.74% and an expected average life of 4.0 years.

7. INVESTMENTS (continued)

ii. The Company acquired 4,000,000 units of Kombat Copper Inc. Each unit is comprised of one common share and one share purchase warrant, with each warrant entitling the Company to acquire one common share at a price of $0.10 until February 17, 2017. The grant date fair value of the warrants was estimated to be $60,000 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 112%; risk-free interest rate of 0.46% and an expected average life of 2 years. The warrants were revalued at October 31, 2015 at an estimated value of $86,656 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 159%; risk-free interest rate of 0.57% and an expected average life of 1.3 years.

The Company sold certain other investments for proceeds of $365,552, incurring commissions of $4,387 and recognizing a gain on sale of investments of $9,535 for the three months ended October 31, 2015 (three months ended October 31, 2014: $nil). As a result of the fair value adjustment to the investments held by the Company at October 31, 2015, an unrealized gain of $1,464,945 was recognized for the three months ended October 31, 2015 (three months ended October 31, 2014: a loss of $109,684).

8. LOANS RECEIVABLE

(a) During the three months ended October 31, 2015, the Company entered into loan agreements whereby the Company loaned a total of US$850,000 ($1,111,375) to APIO Africa Ltd. (“APIO”). The loans have a maturity date of December 11, 2015 and are secured by a first priority floating charge over all the assets of APIO. Interest of US$62,500 ($82,916) and arrangement fees of US$37,500 ($49,676) were charged by the Company on these loans and paid to the Company in advance. Interest income recognized during the three months ended October 31, 2015 was $36,751 and loan arrangement fees recognized for the three months ended October 31, 2015 was $25,123. The fair value of these loans at October 31, 2015 was $1,040,657.

(b) On October 28, 2015, the Company entered into a loan agreement with Emerita Resources Corp. (“Emerita”) providing a loan of $50,000. This loan has a maturity date of November 20, 2015 and is unsecured. This loan carries an interest rate of 20% per annum and a loan arrangement fee of $1,000 will be due at maturity.

c) During the comparative period ended October 31, 2014, the Company entered into a loan agreement with Imperus Technologies Corp. in the amount of $700,000. An arrangement fee of $35,000 was earned by the Company during the three months ended October 31, 2014. This loan was repaid during the year ended July 31, 2015.

9. INVESTMENT IN ASSOCIATE

As at October 31, 2015, the Company owns 64,262,992 shares of Aguia, representing a 17.52% interest in Aguia. Aguia is incorporated in Australia and listed on the ASX. Aguia’s primary focus is on the exploration and development of large scale phosphate and potash projects in Brazil. The Company also acquired a 1% NSR on the Rio Grande project held by Aguia. Aguia has the option to buy-back the NSR royalty for AUD$1,000,000 at any time up to November 2017.

On April 7, 2015, the Company’s President and CEO, Mr. Justin Reid, was appointed as Executive Chairman of the Board of Aguia. At this point, management re-assessed the level of influence that the Company has with respect to Aguia and determined that the Company has significant influence. On this basis, the investment is now considered an associate and is accounted for using the equity method.

9. INVESTMENT IN ASSOCIATE (continued)

July 31, 2015	$	2,245,687
Acquisition of 10,367,031 shares at cost		1,700,478
Proportionate share of net loss		(121,112)
Proportionate share of other comprehensive loss		(231,487)
October 31, 2015	$	3,593,566
Fair market value of 64,262,992 shares at October 31, 2015	$	10,794,640

The Company is not exposed to any additional losses beyond its initial investment amount. No dividends or cash distributions were received by the Company from the associate during the period.

The Company recorded an equity loss of $121,112 for the three months ended October 31, 2015 which represents the proportionate share of Aguia's net loss through the three months ended September 30, 2015. Aguia has a June fiscal year end and it is impractical to prepare financial statements to October 31, 2015 as Aguia is a listed entity. It is expected that the difference in reporting dates is immaterial.

The following is a summary of the consolidated financial information of Aguia on a 100% basis as at June 30, 2015, which is the most recent publicly available information for Aguia. These amounts are presented in Canadian dollars.

	Years ended	
	June 30, 2015	June 30, 2014
Cash	$ 682,079	$ 528,936
Total current assets	804,129	934,845
Total non-current assets	20,285,435	26,859,078
Total current liabilities	1,863,349	600,874
Total non-current liabilities	-	-
Net loss	(10,503,070)	(14,152,498)
Proportionate share of net loss adjusted for impairment	(159,868)	-
Other comprehensive loss	(1,782,550)	(145,962)
Proportionate share of other comprehensive loss	(96,756)	
Total comprehensive loss	(12,285,621)	(14,298,460)
Proportionate share of total comprehensive loss	(256,624)	

10. EXPLORATION AND EVALUATION ASSETS

The Company assumed Sulliden's interests in the East Sullivan property. The East Sullivan property consists of 21 staked claim units referred to as the East Sullivan Property near Val D'Or Quebec. All claims are contiguous and 100% owned by the Company. The Company is maintaining these claims in good standing.

(Expressed in Canadian dollars unless otherwise noted)

11. SHARE PURCHASE WARRANT RESERVE

	Number of Warrants #	Weighted Average Exercise Price	Value $
Balance as at July 31, 2015 and October 31, 2015	2,499,979	$0.50	468,081

These outstanding warrants expire on November 24, 2019.

12. SHARE-BASED PAYMENT RESERVE

	Share Purchase Options	Restricted Share Units	Total Reserve
Balance as at July 31, 2015	$ 394,879	$ (554,051)	$ (159,172)
Share-based payments allocated to:			
Expenses	-	96,452	96,452
Balance as at October 31, 2015	$ 394,879	$ (457,599)	$ (62,720)

The share-based payments recorded on the condensed interim statements of operations and comprehensive loss for the three months ended October 31, 2015 and 2014 are presented in detail below.

Share-based payments	**Three months ended October 31, 2015**	**2014**
Share purchase options	$ -	$ 384,444
Restricted share units	96,452	318,941
Deferred share units	27,390	270,000
	$ 123,842	$ 973,385

Share purchase options

The Company adopted a stock option plan ("Plan"), pursuant to which the Company may grant up to that number of stock options that equals 10% of the number of issued and outstanding common shares of the Company at the time of the stock option grant, from time to time. The Plan provides that the Company cannot grant stock options to any one person representing more than 5% of the outstanding common shares of the Company. The terms and conditions of each option granted under the Plan will be determined by the Board, upon the recommendations of the Compensation Committee. Options will be priced in the context of the market and in compliance with applicable securities laws and Exchange guidelines. Consequently, the exercise price for any stock option shall not be lower than the closing market price of the common shares on the Exchange on the last business day immediately preceding the date of grant. Vesting terms will be determined at the discretion of the Board. The Board shall also determine the term of stock options granted under the Plan, provided that no stock option shall be outstanding for a period greater than five years. Directors, officers, employees and certain consultants shall be eligible to receive stock options under the Plan. Upon the termination of an option holder's engagement with the Company, the cancellation or early vesting of any stock option shall be at the discretion of the Board.

(Expressed in Canadian dollars unless otherwise noted)

12. SHARE-BASED PAYMENT RESERVE (continued)

The change in share purchase options during the period presented was as follows:

	Number of options	Weighted average exercise price	Value
Balance as at July 31, 2015	2,877,430	$0.49	$ 394,879
Expired	(247,000)	$0.29	-
Balance as at October 31, 2015	2,630,430	$0.51	$ 394,879

The following table summarizes information on share purchase options outstanding as at October 31, 2015:

Exercise Price	Expiry Date	Number Outstanding	Number Exercisable	Weighted Average Remaining Contractual Life
$0.57	November 8, 2015	10,000	10,000	0.02
$0.57	November 19, 2015	312,000	312,000	0.05
$0.88	January 18, 2016	8,000	8,000	0.22
$0.89	January 26, 2016	15,000	15,000	0.24
$0.71	July 20, 2016	348,000	348,000	0.72
$0.58	January 11, 2017	376,900	376,900	1.20
$0.54	September 14, 2017	2,000	2,000	1.87
$0.34	December 14, 2017	164,930	164,930	2.12
$0.36	February 5, 2018	100,000	100,000	2.27
$0.36	February 8, 2018	5,000	5,000	2.28
$0.39	September 12, 2018	235,600	235,600	2.87
$0.46	September 17, 2019	1,003,000	1,003,000	3.88
$0.25	March 30, 2020	50,000	50,000	4.42
	Total	2,630,430	2,630,430	2.32

No stock options were granted and no expense related to stock option grants was incurred during the three months ended October 31, 2015 (three months ended October 31, 2014: 1,005,000 options granted recorded at a fair value of $384,444). The Company uses the Black-Scholes option pricing model to estimate the value of stock options granted.

(Expressed in Canadian dollars unless otherwise noted)

12. SHARE-BASED PAYMENT RESERVE (continued)

Restricted Share Unit and Deferred Share Unit Incentive Plans

On September 17, 2014, the Company adopted a Restricted Share Unit ("RSU") Incentive Plan and a Deferred Share Unit ("DSU") Incentive Plan:

During the prior fiscal year, the Company granted and issued an aggregate of 3,000,000 RSUs to officers and employees of the Company. Each RSU entitles an officer or an employee of the Company to receive one common share of the Company to be purchased in the secondary market by an independent trustee upon the vesting of such RSU, subject to acceleration upon a change of control of the Company. The 3,000,000 RSUs vest in three equal tranches, on each of January 1, 2015, January 1, 2016 and January 1, 2017. The fair value of the RSUs has been determined to be $0.55 per unit.

During the prior fiscal year, the Company granted and issued an aggregate of 1,000,000 DSUs to the Company's independent directors. Each DSU entitles the holder to receive a cash payment equal to the market price of one common share of the Company. The DSUs vest based on the pro-rata number of days each independent director remains a director of the Company until January 1, 2017 for 750,000 DSUs and until March 30, 2018 for 250,000 DSUs, except in the event of an earlier change of control, in which case, the DSUs will vest fully upon such change of control. During the prior fiscal year, 218,002 DSUs were forfeited with the resignation of a director.

During the three months ended October 31, 2015, an aggregate of 293,366 DSUs related to current directors had vested and entitled the holders to receive a cash payment of $68,941 equal to an average market price of $0.235 for each DSU. This amount is recorded as a liability on the condensed interim statements of financial position.

Details of RSUs and DSUs granted and outstanding are summarized in the table below and reflects the number of RSUs and DSUs that may vest based on conditions existing as at October 31, 2015:

	RSU		DSU		
	Non-vested	**Vested**	**Non-vested**	**Forfeited**	**Vested**
Balance as at July 31, 2015	2,000,000	1,000,000	531,726	218,002	250,272
Activity during the period	-	-	(74,456)	-	74,456
Balance as at October 31, 2015	2,000,000	1,000,000	457,270	218,002	324,728

Upon vesting, the Company is obligated to deliver to the holders of the RSUs 1,000,000 common shares of the Company on each of January 1, 2016 and January 1, 2017.

For the three months ended October 31, 2015, share-based compensation expense of $96,452 was recognized for the RSUs (three months ended October 31, 2014: $318,941) and $27,390 was recognized for the DSU incentive plan (three months ended October 31, 2014: $270,000).

13. PROFESSIONAL, CONSULTING AND MANAGEMENT FEES

	Three months ended October 31, 2015	Three months ended October 31, 2014
Salaries and benefits	$ 937,231	$ 265,389
Directors fees	18,750	-
Consulting fees	210,183	72,116
Legal and audit fees	29,250	47,717
	$ 1,195,414	$ 385,222

(Expressed in Canadian dollars unless otherwise noted)

14. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended October 31, 2015	Three months ended October 31, 2014
General and office	$ 41,103	$ 36,959
Shareholder communication	40,299	12,044
Travel and accommodation	105,986	61,912
Regulatory and filing fees	-	56,210
	$ 187,388	$ 167,125

15. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of share capital, warrants and share purchase options. The Company manages its capital structure and makes adjustments based on the funds available to support the acquisition, exploration and development of its mineral properties. The board of directors has not established quantitative return on capital criteria for management and relies on the expertise of management and the board of directors to sustain future development of the business.

The management and board of directors of the Company review its capital management approach on an ongoing basis and believe it reflects a reasonable approach given the relative size of the Company's assets. The Company and its subsidiaries are not subject to externally imposed capital requirements.

16. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities as October 31, 2015 were as follows:

	Assets at fair value through profit or loss	Loans and receivables	Other financial liabilities	Total
As at October 31, 2015				
Cash and cash equivalents	$ 619,158	$	$ -	$ 619,158
Fixed-income investment	9,076,249	-	-	9,076,249
Investments	7,410,569	-	-	7,410,569
Loans receivable	-	1,090,657	-	1,090,657
Amounts receivable and other	-	67,323	-	67,323
Accounts payable and accrued liabilities	-	-	693,493	693,493

Fair value hierarchy

The three levels of the fair value hierarchy with respect to required disclosures about the inputs to fair value measurements are:

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

16. FINANCIAL INSTRUMENTS (continued)

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at October 31, 2015.

	Level 1	Level 2	Level 3	TOTAL
As at October 31, 2015				
Cash and cash equivalents	$ -	$ 619,158	$ -	$ 619,158
Fixed-income investment	-	9,076,249	-	9,076,249
Investments	6,822,203	588,366	-	7,410,569

The carrying value of cash and cash equivalents, amounts receivable and other, loans receivable, and accounts payable and accrued liabilities reflected in the condensed interim statement of financial position approximate fair value because of the relatively short-term maturities.

Interest rate risk

As at October 31, 2015, the Company held guaranteed investment certificates of $9,076,249 subject to early redemption rights and earning income at interest rates ranging from 0.90% to 1.35%. These investments bear interest at fixed rates subject to change for earlier maturities. Loans receivable bear interest at fixed rates. All other financial assets are non-interest bearing. A 1% increase in interest rates, based on the balance of cash, cash equivalents and fixed income investments at October 31, 2015, would result in an increase in annual interest income of approximately $97,000. All liabilities as at October 31, 2015 are non-interest bearing.

Foreign currency risk

The Company operates in Canada and its functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company has acquired some investments, including its investment in an associate, which are denominated in foreign currency. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents, fixed-income investments and amounts receivable. The Company has no significant concentration of credit risk arising from operations.

Cash and cash equivalents and fixed income investment consist of cash and GICs held in financial institutions from which management believes the risk of loss to be remote. Financial instruments included in amounts receivable consist primarily of goods and services tax and harmonized sales tax due from the Federal Government of Canada and advances.

Liquidity risk

As at October 31, 2015, the Company had net working capital of $17,606,242, which included cash and cash equivalents of $619,158, fixed income investments of $9,076,249, investments of $7,410,569, loans receivable of $1,090,657 and amounts receivable and prepaid expenses of $103,102, offset by current liabilities of $693,493. The Company expects to rely on its existing net working capital to finance its ongoing planned activities.

(Expressed in Canadian dollars unless otherwise noted)

16. FINANCIAL INSTRUMENTS (continued)

Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, the level of interest rates, the rate of inflation, investment decisions by large holders of commodities including governmental reserves and stability of exchange rates can all cause significant fluctuations in commodities prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

Securities price risk

The Company carries investments in certain public securities for which price fluctuations can affect the Company's earnings. The Company classifies these investments as held-for-trading where price volatility is reflected in earnings.

17. RELATED PARTY DISCLOSURES

The Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

Related party balances

The Company shares office space, resources and certain services with other corporations that may have common directors and/or officers. The costs associated with these services, including the provision of office equipment and supplies, and certain other services, are administered by 2227929 Ontario Inc. to whom the Company pays a monthly flat fee. For the three months ended October 31, 2015, the Company was charged $43,546 for these services.

Compensation of key management personnel of the Company

The remuneration of directors and other members of key management personnel were as follows:

	Three months ended October 31,	
	2015	2014
Management salaries and fees	$ 957,500	$ 190,611
Directors fees	93,750	$ -
Share-based payments	166,099	581,372
	$ 1,217,349	$ 771,983

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the Board of Directors of the Company having regard to the performance of individuals and market trends.

(Expressed in Canadian dollars unless otherwise noted)

17. RELATED PARTY DISCLOSURES (continued)

During the three months ended October 31, 2015, the Company made investments in certain public resource and other sector companies by purchasing shares of related parties entities, related by virtue of the relationship with common directors.

Public Issuer	Security description	Cost	Estimated Fair value
Belo Sun Mining Corporation	13,960,222 common shares	$ 3,098,061	$ 3,769,260
Aberdeen International Inc.	4,790,000 common shares and warrants	958,000	893,741
Kombat Copper Inc.	4,000,000 common shares and warrants	200,000	266,656
		$ 4,256,061	$ 4,929,657

Public Issuer	Security description	Cost	Carrying value
Aguia Resources Ltd.	64,262,993 common shares	$ 4,440,837	$ 3,593,566

The Company's investment in associate, Aguia, is a related party by virtue of a common director, Mr. Justin Reid.

18. COMMITMENTS AND CONTINGENCIES

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately $899,000 (as at July 31, 2015 - $899,000) and additional contingent payments of approximately $4,061,000 (as at July 31, 2015 - $4,008,000) upon the occurrence of a change of control. As the likelihood of a change of control is not determinable, the contingent payments have not been reflected in these condensed interim financial statements.

19. INCOME TAX

a) Provision for income taxes

Major items causing the Company's income tax rate to differ from the federal statutory rate of 26.5% (2015: 26.5%) were as follows:

	For the three months ended October 31, 2015	2014
Loss before income taxes	$ (89,668)	$ (1,559,253)
Statutory rate	26.50%	26.50%
Expected income tax recovery	(23,762)	(413,202)
Adjustments to expected income tax benefit:		
Share-based payments	32,818	257,947
Non-deductible expenses	(355,983)	(94,335)
Benefit of tax losses not recognized	346,927	249,590
Deferred income tax	$ -	$ -

(Expressed in Canadian dollars unless otherwise noted)

19. INCOME TAX (continued)

b) Deferred income tax balances

Deferred income tax assets have not been recognized in respect of the following temporary differences:

	For the three months ended October 31, 2015	2014
Deferred income tax assets and (liabilities):		
Capital and non-capital tax losses carried forward	831,913	91,939
Share issue costs	199	252
Investments	(7,749)	29,114.00
Others	1,139,500	1,139,500
Net deferred income tax assets and (liabilities)	1,963,863	1,260,805
Unrecognized deferred tax assets	(1,963,863)	(1,260,805)
Deferred income tax asset (liability)	$ -	$ -

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

20. SUBSEQUENT EVENTS

On November 30, 2015, the Company entered into an unsecured debenture whereby the Company loaned $500,000 to an unrelated public company. This debenture matures in May 2016. Fees of $70,000 and interest in the amount of $30,000 (representing a rate of 12% per annum) was paid upfront to the Company.

Subsequent to the end of the year, the Company sold its holdings in various securities for net proceeds of $194,027 recognizing a realized gain of $28,743. As well, the Company acquired investments since the end of the year for a cost of $100,450.

The Company increased its holdings in Aguia to 18.72% with the purchase of 4,400,200 shares of Aguia at a cost of $751,276.