ELISSA RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015

ELISSA RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)
AS AT

		September 30, 2015		December 31, 2014
ASSETS				
Current				
Cash	$	1,458,354	$	163,825
Accounts receivable		8,905		5,912
Prepaid expenses and deposits		6,435		21,300
		1,473,694		191,037
Deposits (Note 8)		33,544		33,544
Investment (Note 4)		375,000		110,000
Reclamation deposits (Note 5)		25,681		22,973
Resource properties (Note 5)		2,106,472		1,861,319
	$	4,014,391	$	2,218,873
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities (Note 7)	$	132,453	$	69,079
Shareholders' equity				
Share capital (Note 6)		6,851,659		4,716,779
Obligation to issue shares		-		10,000
Reserve (Note 6)		595,263		301,780
Accumulated other comprehensive income		460,040		234,430
Deficit		(4,025,024)		(3,113,195)
		3,881,938		2,149,794
	$	4,014,391	$	2,218,873

Approved and authorized by the Board on November 25, 2015

"G.A. Armstrong" Director *"Paul McKenzie"* Director

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

ELISSA RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)

	For the three months ended September 30, 2015	For the three months ended September 30, 2014	For the nine months ended September 30, 2015	For the nine months ended September 30, 2014
EXPENSES				
Consulting fees	$ 11,842	$ 887	$ 45,951	$ 14,437
Depreciation	-	1,713	-	5,082
Directors' fees (Note 7)	12,000	-	12,000	-
Insurance	2,246	(17)	9,953	23,922
Investor relations	71,290	1,717	134,061	6,848
Management fees (Note 7)	-	21,000	-	63,000
Office and administration	35,207	23,231	81,859	52,674
Professional fees (Note 7)	20,416	16,001	95,112	52,918
Salaries (Note 7)	48,701	25,680	94,927	80,118
Share-based payments (Notes 6 and 7)	305,169	-	305,169	-
Shareholder communications and filings	4,979	6,739	51,072	35,173
Transaction costs (Note 4)	102,060	-	102,060	-
Travel	10,969	1,161	25,661	5,136
	(624,879)	(98,112)	(957,825)	(339,308)
OTHER INCOME				
Interest income	-	241	-	2,719
Write-off of resource property (Note 5)	-	-	-	(101,368)
Net loss for the period	(624,879)	(97,871)	(957,825)	(437,957)
OTHER COMPREHENSIVE INCOME				
Item that may be reclassified subsequently to profit or loss				
Foreign exchange gain on translating foreign operations	105,727	86,218	225,610	92,439
Comprehensive loss for the period	$ (519,152)	$ (11,653)	$ (732,215)	$ (345,518)
Basic and diluted loss per common share	$ (0.02)	$ (0.01)	$ (0.05)	$ (0.04)
Weighted average number of common shares outstanding	27,537,237	10,701,839	20,674,556	10,676,198

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

ELISSA RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian Dollars)
FOR THE NINE MONTHS ENDED SEPTEMBER 30

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (957,825)	$ (437,957)
Non-cash items:		
Depreciation	-	5,082
Share-based payments	305,169	-
Write-off of mineral property	-	101,368
Changes in non-cash working capital items:		
Accounts receivable	(2,993)	10,372
Prepaid expenses and deposits	15,030	20,327
Accounts payable and accrued liabilities	63,374	(50,327)
	(577,245)	(351,135)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment	(255,000)	-
Purchase of equipment	-	(2,500)
Reclamation deposit	-	32,370
Expenditures on resource properties	(24,125)	(70,020)
	(279,125)	(40,150)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement	2,250,936	-
Share issue costs	(101,746)	-
	2,149,190	-
Effect of exchange rate changes on cash	1,709	(698)
Change in cash during the period	1,294,529	(391,983)
Cash, beginning of period	163,825	775,442
Cash, end of period	$ 1,458,354	$ 383,459
Supplementary cash flow information:		
Non-cash transactions:		
Shares issued for resource properties	$ -	$ 7,500
Broker warrants	34,310	-
Shares issued for finder's fees	20,000	-

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

ELISSA RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(Expressed in Canadian Dollars)

	Share Capital						
	Number	Amount	Obligation to Issue Shares	Reserve	Accumulated Other Comprehensive Income	Deficit	Total
Balance, December 31, 2013	10,601,839	$ 4,709,279	$ -	$ 312,609	$ 70,513	$ (2,490,277)	$ 2,602,124
Shares issued for resource properties	100,000	7,500	-	-	-	-	7,500
Expiry of stock options	-	-	-	(10,829)	-	10,829	-
Net loss and comprehensive loss for the period	-	-	-	-	92,439	(437,957)	(345,518)
Balance, September 30, 2014	10,701,839	4,716,779	-	301,780	162,952	(2,917,405)	2,264,106
Shares to be issued for finder's fees (Note 4)	-	-	10,000	-	-	-	10,000
Net loss and comprehensive loss for the period	-	-	-	-	71,478	(195,790)	(124,312)
Balance, December 31, 2014	10,701,839	4,716,779	10,000	301,780	234,430	(3,113,195)	2,149,794
Shares issued for finder's fees (Note 4)	123,809	20,000	(10,000)	-	-	-	10,000
Private placement, net of share issue costs	27,995,801	2,114,880	-	34,310	-	-	2,149,190
Share-based payments	-	-	-	305,169	-	-	305,169
Expiry of stock options	-	-	-	(45,996)	-	45,996	-
Net loss and comprehensive loss for the period	-	-	-	-	225,610	(957,825)	(732,215)
Balance, September 30, 2015	38,821,449	$ 6,851,659	$ -	$ 595,263	$ 460,040	$ (4,025,024)	$ 3,881,938

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Elissa Resources Ltd. and its subsidiaries (collectively, the "Company" or "Elissa") is an exploration stage company. Its principal business activity is the acquisition, exploration and development of resource properties, principally in the United States. Elissa was incorporated under the *Company Act* (British Columbia) on October 11, 2007. The Company maintains its registered office at 2080 – 777 Hornby Street, Vancouver, British Columbia, Canada V6Z 1S4. The Company's principal place of business is 1450 – 700 West Georgia Street, Vancouver, British Columbia, Canada V7Y 1K8.

During the period ended September 30, 2015, shareholders approved a share consolidation on the basis of one new common share for three common shares. The consolidation has been applied retroactively to all share capital information presented. The Company is in the process of applying for a change of business to transition from a Resource Issuer to a Technology Issuer within the meaning of such terms in the policies of the TSX Venture Exchange ("TSXV"). The change of business is subject to shareholder and regulatory approval.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of its resource properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

The Company will face similar risks as a technology company. The development of unproven technology products requires significant investment and testing before a commercial product may be brought to market.

These condensed consolidated interim financial statements 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 condensed consolidated interim financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. The Company reported a net loss of $957,825 (2014 - $437,957) for the period ended September 30, 2015 and had an accumulated deficit of $4,025,024 (December 31, 2014 - $3,113,195) as at September 30, 2015. These circumstances may cast significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The recovery of amounts capitalized for resource properties at September 30, 2015 in the condensed consolidated interim statements of financial position is dependent upon the ability of the Company to arrange appropriate financing to complete the development and continued exploration of the properties and upon future profitable production or proceeds from their disposition.

The Company's ability to continue as a going concern is dependent upon its ability to raise funds primarily through the issuance of shares or obtain profitable operations. The outcome of these matters cannot be predicted at this time. If the Company is unable to obtain additional financing, management may be required to curtail certain discretionary expenses.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 *Interim Financial Reporting* using accounting policies in compliance with IFRS, as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee.

2. BASIS OF PREPARATION (cont'd…)

Basis of Consolidation and Presentation

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified. These condensed consolidated interim financial statements incorporate the financial statements of the Company and its wholly-controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The condensed consolidated interim financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

The condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, Red Hill Energy (US) Inc. ("Red Hill") and 0875514 BC Ltd. All material intercompany transactions have been eliminated upon consolidation. A subsidiary is an entity over which the Company has control, where control indicates exposure or rights to variable returns and the ability to affect those returns through power over the investee.

Use of judgments and estimates

The preparation of these condensed consolidated interim 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 condensed consolidated interim financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key areas of judgment applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- The recoverability of the carrying value of the Company's investment

  The fair value of the Company's investment (Note 4) requires management to determine whether there are any indications of impairment. Management evaluates the legal standing of the underlying assets of the investment and reviews the progress and development of the underlying assets in the period when making the assessment of whether there are indications of impairment for the investment.

- The carrying value of resource properties and the recoverability of the carrying value

  Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's resource properties.

  Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, economic assessments/studies, accessible facilities and existing permits.

- The determination of the Company's functional currency

  The functional currency of the Company and its subsidiaries is the currency of the primary economic environment, and the Company reconsiders the functional currency if there is a change in events and conditions, which determined the primary economic environment.

The key estimates applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities is the provision for income taxes and recognition of deferred income tax assets and liabilities, the valuation of stock options and broker warrants using the Black-Scholes pricing model (Note 6) and fair value of the Company's investment (Note 4), which requires management to make certain estimates regarding the value of those shares in relation to unquoted share prices (Note 10).

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company's annual consolidated financial statements for the year ended December 31, 2014.

New standards not yet adopted

IFRS 9 *Financial Instruments* (Revised)

IFRS 9 was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing derecognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement*. The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss; in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The impact of IFRS 9 on the Company's condensed consolidated interim financial statements has not yet been determined.

4. INVESTMENT

During the year ended December 31, 2014, the Company entered into an agreement (the "Agreement") with Spectrum Optix Inc. ("Spectrum"), a private technology development company. Pursuant to the Agreement, the Company has been granted an option to acquire up to a 100% interest in Spectrum, as follows:

First Option: the Company has acquired a 6.6% interest in Spectrum having advanced $200,000;

Second Option: Upon exercise of the First Option, the Company has the right to acquire a further 28.4% interest in Spectrum, for an aggregate interest of 35%, in exchange of the advancement of $2,800,000 towards the development of Spectrum's lens technologies over a three-year period commencing on the date of the Agreement; and

Third Option: Upon exercise of the Second Option, the Company has the right to acquire the remaining interest in Spectrum, for an aggregate interest of 100% in exchange for the issuance by the Company of such number of common shares as equals 35% of the issued and outstanding shares of the Company and such number of conditional warrants to acquire common shares of the Company as equals 35% of the warrants and options then outstanding in the Company.

Following the exercise of the First Option, the Company has continued to pursue the acquisition of Spectrum. The pursuit of the exercise of the Second Option is considered a Change of Business ("COB") in accordance with the policies of the TSXV. The Company's shares have been halted while the COB is under review by the TSXV. During the period ended September 30, 2015, the Company incurred $102,060 in transaction costs related to the COB.

In connection with the Agreement, the Company signed a finder's fee agreement payable as to:

a) $10,000 at the time the Company purchases a 3.3% interest payable in shares (recorded as obligation to issue shares as at December 31, 2014 and issued during the nine months ended September 30, 2015);

b) $10,000 upon the acquisition of a cumulative 6.6% interest payable in shares (issued); and

c) 5% of the number of common shares of the Company issued pursuant to the Third Option; 50% of this portion will be payable in shares and 50% payable in cash, such payment not to exceed $200,000 in cash and $300,000 value in common shares.

As at September 30, 2015, the Company had advanced $355,000 to Spectrum under the terms of the Agreement.

(Expressed in Canadian Dollars)

5. RESOURCE PROPERTIES

September 30, 2015	Thor REE
Balance, December 31, 2014	$ 1,861,319
Exploration expenditures	
Staking and maintenance fees	24,125
Foreign exchange on translation	221,028
Property total, September 30, 2015	$ 2,106,472

December 31, 2014	Thor REE	South Standby	Total
Balance, December 31, 2013	$ 1,666,408	$ 59,446	$ 1,725,854
Acquisition costs	-	40,576	40,576
Exploration expenditures			
Geological consulting	3,257	-	3,257
Staking and maintenance fees	20,978	-	20,978
Reclamation costs	13,412	-	13,412
Total addition of exploration expenditures	37,647	-	37,647
Foreign exchange on translation	157,264	2,264	159,528
Write-off of property	-	(102,286)	(102,286)
Property total, December 31, 2014	$ 1,861,319	$ -	$ 1,861,319

Title to resource properties

Although the Company has taken steps to verify the title to resource properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Realization of assets

The investment in and expenditures on resource properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims are allowed to lapse.

5. RESOURCE PROPERTIES (cont'd…)

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company. Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the property may be diminished or negated.

Thor REE Property

On March 15, 2009, Red Hill agreed to acquire the Thor REE Property located in southwestern Nevada. In consideration for a 100% interest in the property, Red Hill paid $15,000 and issued 350,000 common shares of Red Hill, fair valued at $140,000. The Company has provided a deposit as security against potential future reclamation work relating to its Thor REE Property. As at September 30, 2015, a total of US $19,758 (2014 - US $19,758) has been lodged with the Nevada Bureau of Land Management.

6. SHARE CAPITAL AND RESERVE

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

Period ended September 30, 2015

Shareholders approved a share consolidation on the basis of one new common share for three common shares. The consolidation has been applied retroactively to all share capital information presented.

1) Following approval for the consolidation, the Company completed a private placement of 15,000,000 units at a price of $0.05 per unit for gross proceeds of $750,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.10 until April 16, 2017. The Company issued 488,000 common shares fair valued at $24,400 and paid $18,902 as finders' fees.

2) In September 2015, the Company completed a private placement of 12,507,801 units at a price of $0.12 per unit for gross proceeds of $1,500,936. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.20 until September 21, 2017.

   The Company paid finders' fees of $54,177 and issued 450,640 broker warrants exercisable at a price of $0.20 for a period of two years subject to accelerated expiry provisions. The broker warrants were valued at $34,310 based on a Black-Scholes valuation with a risk-free interest rate of 0.52%, term of 2 years, volatility of 115% and a dividend rate of 0%. The Company incurred other share issue costs of $28,667.

Year ended December 31, 2014

The Company did not complete any private placements in the year ended December 31, 2014.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL AND RESERVE (cont'd…)

c) Stock options

The Company has a stock option plan (the "Plan") in place that allows for the reservation of common shares issuable under the Plan to a maximum of 10% of the number of issued and outstanding common shares of the Company at any given time. The exercise price of each option is required to be set at the closing price of the Company's common shares on the trading day prior to the date of grant.

Stock option transactions are summarized as follows:

	Number of Shares		Weighted Average Exercise Price
Balance, December 31, 2013	861,667	$	0.48
Expired	(20,000)		1.02
Balance, December 31, 2014	841,667		0.48
Granted	2,620,000		0.15
Expired	(138,334)		0.43
Balance outstanding and exercisable, September 30, 2015	3,323,333	$	0.22

Stock options outstanding as at September 30, 2015:

	Number		Exercise price	Expiry date
Stock Options	428,333	$	0.30	October 7, 2015
	150,000		0.81	April 19, 2016
	91,667		0.63	January 6, 2017
	33,333		0.63	February 1, 2017
	2,620,000		0.15	September 21, 2020
	3,323,333			

As at September 30, 2015, the outstanding stock options had a weighted average remaining life of 4.00 (December 31, 2014 - 1.09) years.

d) Share-based payments

During the period ended September 30, 2015, the Company granted 2,620,000 (2014 – Nil) stock options with a weighted average fair value of $0.12 (2014 - $Nil). The Company recognized share-based payments expense of $305,169 (2014 - $Nil) for options granted and vesting during the period.

The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of stock options granted during the period:

	2015
Risk-free interest rate	0.83%
Expected life of options	5 years
Expected annualized volatility	134.41%
Dividend	-

(Expressed in Canadian Dollars)

6. SHARE CAPITAL AND RESERVE (cont'd…)

e) Warrants

Warrant transactions are summarized as follows:

	Number of Shares		Weighted Average Exercise Price
Balance, December 31, 2013 and 2014	4,088,250	$	0.90
Issued	27,958,441		0.15
Balance, September 30, 2015	32,046,691	$	0.24

Warrants outstanding as at September 30, 2015:

	Number	Exercise price	Expiry date
Warrants	4,088,250	$ 0.90	March 4, 2016[1]
	15,000,000	0.10	April 16, 2017
	450,640	0.20	September 16, 2017
	12,507,801	0.20	September 21, 2017

(1) During the year ended December 31, 2014, the Company amended the terms of the warrants issued on March 28, 2011 as part of a private placement. The amendment extends the expiration date of the warrants from March 4, 2013 to March 4, 2016.

7. RELATED PARTY TRANSACTIONS

Management Compensation

Key management personnel comprise the Chief Executive Officer and directors of the Company. The remuneration of the key management personnel is as follows:

		2015		2014
Payments to key management personnel:				
Salaries and short-term benefits	$	94,927	$	72,000
Share-based payments		269,115		-
Directors' fees		12,000		-

During the nine months ended September 30, 2015, the Company was charged management fees of $Nil (2014 - $63,000), accounting fees of $Nil (2014 - $36,000) and rent of $Nil (2014 - $5,055) by a company controlled by a director and officer of the Company. As at September 30, 2015, the amount owed to that company was $216 (December 31, 2014 - $12,078). The amount due to the related party has no specific terms of repayment, is unsecured and non-interest-bearing.

During the nine months ended September 30, 2015, the Company was charged legal fees of $82,288 (2014 - $5,213) by S. Paul Simpson Law Corp., a law firm of which an officer of the Company is an employee.

During the nine months ended September 30, 2015, the Company was charged accounting fees of $29,345 (2014 - $Nil) by a company of which the CFO is a significant shareholder.

As at September 30, 2015, the amount of $80,279 (December 31, 2014 - $36,187) included in accounts payable is due to related parties. All balances are unsecured, non-interest-bearing, have no fixed repayment terms and are due on demand.

(Expressed in Canadian Dollars)

8. COMMITMENTS

The Company has a lease agreement for office space. A total of $33,544 has been classified as deposits in the condensed consolidated interim statements of financial position.

The approximate annual minimum lease commitments are as follows:

		Total
2016	$	45,526
2017		46,865
2018		50,770
	$	143,161

9. SEGMENTED INFORMATION

The Company operates in one industry segment, the mineral exploration industry. Geographic segmentation of the Company's long-term assets are as follows:

September 30, 2015		USA		Canada		Total
Deposits	$	-	$	33,544	$	33,544
Reclamation deposit		25,681		-		25,681
Resource properties		2,106,472		-		2,106,472
	$	2,132,153	$	33,544	$	2,165,697

December 31, 2014		USA		Canada		Total
Deposits	$	-	$	33,544	$	33,544
Reclamation deposit		22,973		-		22,973
Resource properties		1,861,319		-		1,861,319
	$	1,884,292	$	33,544	$	1,917,836

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Cash is carried in the condensed consolidated interim statements of financial position at fair value using a Level 1 fair value measurement. Accounts payable and accrued liabilities are carried at amortized cost. The Company considers that the carrying amount of these financial assets and liabilities measured at amortized cost to approximate their fair value due to the short-term nature of the financial instruments.

The Company's investment in Spectrum is valued using a Level 3 fair value measurement. The Company evaluates the fair value of the investment in the equity of Spectrum by reference to recent equity placements in Spectrum, based on negotiated prices between the Company and Spectrum, an unrelated party, and by evaluating the fair value changes relative to changes in Spectrum's net assets.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Financial risk factors

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with a high-credit quality financial institution.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2015, the Company had a working capital of $1,341,241 (December 31, 2014 - $121,958). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial asset exposed to interest rate risk consists of cash. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes the interest rate risk is low given the current low global interest rate environment.

b) Foreign currency risk

The Company's property development and exploration work occurs in the USA in US dollars. As such, the Company is exposed to foreign currency risk in fluctuations. Fluctuations in the exchange rate between the Canadian dollar and US dollar may have a material adverse effect on the Company's business and financial condition.

As at September 30, 2015, the Company's net foreign denominated financial assets are as follows:

	Foreign currency	Canadian dollar equivalent
US dollar	$ 2,368	$ 3,078

Based on the above, assuming all other variables remain constant, a 5% weakening or strengthening of the Canadian dollar against the US dollar would result in an increase/decrease of approximately $154 (December 31, 2014 - $1,324) in the Company's net loss.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. The Company closely monitors commodity prices to determine the appropriate strategic action to be taken by the Company.

11. CAPITAL MANAGEMENT

The Company's capital management policy is to maintain a strong but flexible capital structure that optimizes the cost of capital, creditor and market confidence while sustaining the future development of the business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company's capital structure includes shareholders' equity of $3,881,938 (December 31, 2014 - $2,149,794). In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek additional debt financing and adjust its capital spending to manage current and working capital requirements. The Company is not subject to externally imposed capital requirements.

There were no changes to the Company's approach to capital management during the nine months ended September 30, 2015.