Sulliden Mining Capital Inc.

(An Exploration Stage Mining Company)

CONDENSED INTERIM FINANCIAL STATEMENTS

For the three and six months ended

January 31, 2016 and 2015

(Unaudited, expressed in Canadian dollars)

SULLIDEN MINING CAPITAL INC.

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

As at	Notes		January 31, 2016		July 31, 2015
ASSETS					
Current assets					
Cash and cash equivalents		$	2,045,000	$	505,452
Fixed-income investments	6		4,343,546		12,800,211
Investments, at fair market value through profit and loss	7		8,294,616		5,974,079
Loans receivable	8		1,470,630		-
Amounts receivable and other			111,644		46,570
Prepaid expenses			123,047		38,096
Total current assets			16,388,483		19,364,408
Non-current assets					
Investment in associate	9		3,931,087		2,245,687
Exploration and evaluation assets	10		139,797		134,126
TOTAL ASSETS		$	20,459,367	$	21,744,221
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable and accrued liabilities		$	239,968	$	184,954
Total current liabilities			239,968		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		176,637		(159,172)
Accumulated other comprehensive loss			(308,662)		(96,756)
Accumulated deficit			(6,656,820)		(5,193,049)
Total shareholders' equity			20,219,399		21,559,267
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	20,459,367	$	21,744,221

Commitments and contingencies (Note 18)
Subsequent events (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 January 31,		Six months ended January 31,	
		2016	2015	2016	2015
Expenses	Note				
Share-based payments	12	$ 264,274	$ 324,099	$ 388,116	$ 1,297,484
Professional, consulting and management fees	13	579,926	425,886	1,775,340	811,108
General and administrative expenses	14	129,681	129,501	317,069	296,626
		973,881	879,486	2,480,525	2,405,218
Other (income)/expenses					
Interest income		(95,615)	(98,621)	(155,688)	(139,964)
Loan arrangement fees earned	8	(95,553)	-	(120,676)	(35,000)
Foreign exchange gain		(119,473)	-	(97,885)	-
Loss from investment in associate	9	562,958	-	684,070	-
Realized gain on sale of investments	7	(28,743)	-	(38,278)	-
Unrealized loss/(gain) on investments	7	178,177	(122,345)	(1,286,768)	(12,481)
Net loss for the period		(1,375,632)	(658,520)	(1,465,300)	(2,217,773)
Other comprehensive gain/(loss):					
Items that will be reclassified subsequently to profit or loss:					
Foreign currency translation - associate	9	19,581	-	(211,906)	-
Net loss and comprehensive loss for the period		$ (1,356,051)	$ (658,520)	$ (1,677,206)	$ (2,217,773)
Net loss per share					
Basic and diluted		$ (0.04)	$ (0.02)	$ (0.04)	$ (0.07)
Weighted average common shares outstanding					
Basic and diluted		36,862,851	35,593,512	36,862,851	32,925,309

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	Six months ended January 31, 2016	Six months ended January 31, 2015
CASH FLOWS FROM:			
Operating activities			
Net loss for the period		$ (1,465,300)	$ (2,217,773)
Items not involving cash			
Share-based payments	12	388,116	1,297,484
Loss from investment in associate	9	684,070	-
Realized gain on sale of investments	7	(38,278)	-
Unrealized gain on investment	7	(1,286,768)	(12,481)
Interest and arrangement fees earned		(235,769)	
Foreign exchange loss		(101,651)	-
		(2,055,580)	(932,770)
Net change in non-cash working capital items:			
Amounts receivable and prepaid expenses		(150,025)	(137,976)
Accounts payable and accrued liabilities		4,236	110,602
		(145,789)	(27,374)
Cash flows used in operating activities		(2,201,369)	(960,144)
Financing activities			
Contribution from Sulliden Gold Corporation Ltd.		-	24,773,514
Proceeds from exercise of warrants and options		-	81,560
Payment for restricted share units		-	(1,756,629)
Share issue proceeds		-	1,999,983
Share issue costs		-	(1,000)
Cash flows from financing activities		-	25,097,428
Investing activities			
Sale (purchase) of fixed-income investments	6	8,456,665	(16,287,648)
Purchase of investments	7, 9	(4,116,900)	(6,694,987)
Proceeds from sale of investments	7	555,192	-
Loans issued	8	(1,934,138)	(650,000)
Loan repayment	8	550,000	610,000
Interest and arrangement fees received	8	235,769	-
Exploration and evaluation asset		(5,671)	(588)
Cash flows from (used in) investing activities		3,740,917	(23,023,223)
Net change in cash and cash equivalents		1,539,548	1,114,061
Cash and cash equivalents, beginning of the period		505,452	1
Cash and cash equivalents, end of the period		$ 2,045,000	$ 1,114,062
CASH AND CASH EQUIVALENTS CONSIST OF:			
Cash		$ 1,995,000	$ 916,863
Cash equivalents		50,000	217,199
		$ 2,045,000	$ 1,134,062

Certain comparative figures have been reclassified to conform to the presentation in the current year.

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	-	-	-	337,338	-	-	-	337,338
Expiry of stock options, value reallocation		-	-	-	(1,529)	-	-	1,529	-
Other comprehensive loss - associate	9	-	-	-		-	(211,906)	-	(211,906)
Net loss for the period		-	-	-		-	-	(1,413,350)	(1,413,350)
Balance as at January 31, 2016		**36,862,851**	**$ 26,540,163**	**$ 468,081**	**$ 176,637**	**$ -**	**$ (308,662)**	**$ (6,604,870)**	**$ 20,271,349**
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
Shares issued for cash		4,999,959	1,999,983						1,999,983
Share issue costs		-	(1,000)	-	-	-	-	-	(1,000)
Value of warrants issued		-	(468,081)	468,081	-	-	-	-	-
Shares issued on exercise of options		272,000	81,560	-	-	-	-	-	81,560
Share-based compensation	12	-	-	-	(502,508)	-	-	-	(502,508)
Net loss for the period		-	-	-	-	-	-	(2,217,773)	(2,217,773)
Balance as at January 31, 2015		**36,862,852**	**$ 26,540,163**	**$ 472,490**	**$ (502,508)**	**$ -**	**$ -**	**$ (2,242,830)**	**$ 24,267,315**

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 January 31, 2016. 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 March 8, 2016.

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)

IFRS 16, *Leases* ('IFRS 16") replaces IAS 17, *Leases* ("IAS 17"). The new model requires the recognition of almost all lease contracts on a lessee's statement of financial position as a lease liability reflecting future lease payments and a 'right-of-use asset' with exceptions for certain short-term leases and leases of low-value assets. In addition, the lease payments are required to be presented on the statement of cash flow within operating and financing activities for the interest and principal portions, respectively. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15, Revenue from Contracts with Customers, is also applied. The Company is still evaluating the impact of the adoption of IFRS 16.

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.

Amendments to IAS 16, *Property, Plant and Equipment* ("IAS 16") and IAS 38, *Intangible Assets* ("IAS 38") – Clarification of Acceptable Methods of Depreciation and Amortization. The amendments to IAS 16 and IAS 38 are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Company is still evaluating the impact of the amendments.

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 18.95% of the outstanding common shares of Aguia at January 31, 2016. On this basis, the investment, which had been accounted for as Fair Value Through Profit and Loss ("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 $4,343,546 (July 31, 2015 – $12,800,211) represent guaranteed investment certificates with Schedule One Canadian chartered banks earning income at a rate of 1.35%. During the three and six months ended January 31, 2016, the Company earned $17,244 and $40,525 in interest income from these investments.

7. INVESTMENTS

As at January 31, 2016, 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 January 31, 2016, these securities have an estimated fair value of $8,294,616 (July 31, 2015: $5,974,079) (see Note 16).

Public Issuer	Note	Security description		Cost		Estimated Fair value
Current assets						
Belo Sun Mining Corporation*		13,710,222 common shares	$	3,042,581	$	3,564,658
Aberdeen International Inc.*	i	4,790,000 common shares		736,564		574,800
		4,790,000 warrants		221,436		173,641
Kombat Copper Inc.*	ii	4,000,000 common shares		140,000		200,000
		4,000,000 warrants		60,000		110,461
Others				4,228,526		3,671,056
			$	8,429,107	$	8,294,616

* 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 January 31, 2016 at an estimated value of $173,641 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 72%; risk-free interest rate of 0.55% and an expected average life of 3.8 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 January 31, 2016 at an estimated value of $110,461 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 191%; risk-free interest rate of 0.45% and an expected average life of 1.0 years.

The Company sold certain other investments for gross proceeds of $562,664, incurring commissions of $7,472 and recognizing a gain on sale of investments of $28,743 and $38,278 for the three and six months ended January 31, 2016 respectively (three and six months ended January 31, 2015: $nil and $nil). As a result of the fair value adjustment to the investments held by the Company at January 31, 2016, an unrealized loss of $178,177 was recognized for the three months ended January 31, 2016, and an unrealized gain of $1,286,768 was recognized for the six months ended January 31, 2016 (three and six months ended January 31, 2015: respective gains of $122,345 and $12,481).

8. LOANS RECEIVABLE

(a) During the six months ended January 31, 2016, the Company entered into loan agreements whereby the Company loaned a total of US$1,050,000 ($1,384,138) to APIO Africa Ltd. ("APIO"). Subsequent to the end of the quarter, the Company loaned a further US$700,000 ($1,017,000) to APIO, and extended the maturity of the previous loans. The loans now have a maturity date of May 3, 2016 and are secured by a first priority fixed 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 recognized with respect to this loan for the three and six months ended January 31, 2016 was $46,165 and $82,916 respectively. Arrangement fees with respect to this loan recognized for the three and six months ended January 31, 2016 was $24,553 and $49,676 respectively.

(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 was repaid during the quarter ended January 31, 2016. This loan charged an interest rate of 20% per annum and a loan arrangement fee of $1,000. Interest recognized on this loan during the three and six months ended January 31, 2016 was $2,177 and $2,177 respectively.

c) On November 30, 2015, the Company entered into a loan agreement with ARHT Media Inc ("ARHT") providing an unsecured debenture of $500,000. This loan was repaid during the quarter ended January 31, 2016. The Company charged interest and fees which were paid in advance. During the three and six months ended January 31, 2016, the Company recognized interest of $30,000 and $30,000 respectively, and fees of $70,000 and $70,000.

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

9. INVESTMENT IN ASSOCIATE

As at January 31, 2016, the Company owns 69,505,606 shares of Aguia, representing a 18.95% 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. On this date, 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.

July 31, 2015	$	2,245,687
Acquisition of 15,609,645 shares at cost		2,581,376
Proportionate share of net loss		(684,070)
Proportionate share of other comprehensive loss		(211,906)
January 31, 2016	$	3,931,087
Fair market value of 69,505,606 shares at January 31, 2016	$	7,611,211

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 $562,958 and $684,070 for the three and six months ended January 31, 2016 which represents the proportionate share of Aguia's net loss through the six months ended December 31, 2015. Aguia has a June fiscal year end and it is impractical to prepare financial statements to January 31, 2016 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.

	Periods ended	
	December 31, 2015	June 30, 2015
Cash	$ 5,730,468	$ 682,079
Total current assets	5,872,191	804,129
Total non-current assets	18,279,555	20,285,435
Total current liabilities	891,642	1,863,349
Total non-current liabilities	-	-
Net loss	(4,725,634)	(10,503,070)
Proportionate share of net loss adjusted for impairment	(684,070)	(159,868)
Other comprehensive loss	(1,251,739)	(1,782,550)
Proportionate share of other comprehensive loss	(211,906)	(96,756)
Total comprehensive loss	(5,977,373)	(12,285,621)
Proportionate share of total comprehensive loss	(895,976)	(256,624)

(Expressed in Canadian dollars unless otherwise noted)

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.

11. SHARE PURCHASE WARRANT RESERVE

	Number of Warrants #	Weighted Average Exercise Price	Value $
Balance as at July 31, 2015 and January 31, 2016	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	35,520	301,818	337,338
Expiry of stock options	(1,529)	-	(1,529)
Balance as at January 31, 2016	$ 428,870	$ (252,233)	$ 176,637

The share-based payments recorded on the condensed interim statements of operations and comprehensive loss for the three and six months ended January 31, 2016 and 2015 are presented in detail below.

Share-based payments	**Three months ended January 31, 2016**	**2015**	**Six months ended January 31, 2016**	**2015**
Share purchase options	$ 35,520	$ -	$ 35,520	$ 384,444
Restricted share units	205,366	329,099	301,818	648,040
Deferred share units	23,388	(5,000)	50,778	265,000
	$ 264,274	$ 324,099	$ 388,116	$ 1,297,484

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
Granted	200,000	$0.24	35,520
Expired	(594,125)	$0.46	(1,529)
Balance as at January 31, 2016	2,483,305	$0.47	$ 428,870

The following table summarizes information on share purchase options outstanding as at January 31, 2016:

Exercise Price	**Expiry Date**	**Number Outstanding**	**Number Exercisable**	**Weighted Average Remaining Contractual Life**
$0.71	July 20, 2016	348,000	348,000	0.47
$0.58	January 11, 2017	376,900	376,900	0.95
$0.54	September 14, 2017	2,000	2,000	1.62
$0.34	December 14, 2017	164,805	164,805	1.87
$0.36	February 5, 2018	100,000	100,000	2.02
$0.36	February 8, 2018	5,000	5,000	2.02
$0.39	September 12, 2018	235,600	235,600	2.62
$0.46	September 17, 2019	1,001,000	1,001,000	3.63
$0.25	March 30, 2020	50,000	50,000	4.16
$0.24	January 5, 2021	200,000	200,000	4.93
	Total	2,483,305	2,483,305	2.61

During the three and six months ended January 31, 2016, 200,000 stock options were granted to a new officer of the Company. Stock-based compensation expense recognized related to these stock option grants was $35,520 and $35,520 for the three and six months ended January 31, 2016 (six months ended January 31, 2015: $nil and $384,444 for the 1,005,000 stock options granted). The Company uses the Black-Scholes option pricing model to estimate the value of stock options granted.

Date of Grant	Expiry	Share Purchase Options Granted	Exercise Price	Expected Volatility	Risk Free Interest Rate	Fair value at grant date
January 5, 2016	January 5, 2021	200,000	$ 0.24	93%	0.71%	$ 35,520
Total		200,000				$ 35,520

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.

(Expressed in Canadian dollars unless otherwise noted)

12. SHARE-BASED PAYMENT RESERVE (continued)

On January 5, 2016, the Company granted and issued an aggregate of 500,000 RSUs to an officer 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 500,000 RSUs vest in three equal tranches, on each of January 5, 2017, January 5, 2018 and January 5, 2019. The fair value of these RSUs has been determined to be $0.26 per unit.

On January 13, 2016, the Company granted and issued an aggregate of 875,000 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 875,000 RSUs vest in three equal tranches, on each of February 1, 2016, February 1, 2017 and February 1, 2018. The fair value of these RSUs has been determined to be $0.23 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 six months ended January 31, 2016, an aggregate of 369,311 DSUs related to current directors had vested and entitled the holders to receive a cash payment of $92,329 equal to an average market price of $0.25 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 January 31, 2016:

	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:					
RSU's vesting from previous grant	(1,000,000)	1,000,000	-	-	-
RSU new grants	1,375,000	-	-	-	-
DSU's vesting from previous grant	0	-	(150,401)	-	150,401
Balance as at January 31, 2016	2,375,000	2,000,000	381,325	218,002	400,673

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; 166,667 common shares of the Company on each of January 5, 2017, January 5, 2018 and January 5, 2019; and 291,667 common shares of the Company on each of February 1, 2016, February 1, 2017 and February 1, 2018.

For the three and six months ended January 31, 2016, share-based compensation expense of $205,366 and $301,818 respectively was recognized for the RSUs (three and six months ended January 31, 2015: $329,099 and $648,040 respectively) and $23,388 and $50,778 respectively was recognized for the DSU incentive plan (six months ended January 31, 2015: ($5,000) and $265,000 respectively).

(Expressed in Canadian dollars unless otherwise noted)

13. PROFESSIONAL, CONSULTING AND MANAGEMENT FEES

	Three months ended January 31, 2016	Three months ended January 31, 2015	Six months ended January 31, 2016	Six months ended January 31, 2015
Salaries and benefits	$ 464,027	366,018	$ 1,401,258	$ 631,407
Directors fees	18,750	-	37,500	-
Consulting fees	71,135	29,128	281,318	101,244
Legal and audit fees	26,014	30,740	55,264	78,457
	$ 579,926	$ 425,886	$ 1,775,340	$ 811,108

14. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended January 31, 2016	Three months ended January 31, 2015	Six months ended January 31, 2016	Six months ended January 31, 2015
General and office	$ 53,568	$ 41,741	$ 94,671	$ 78,700
Shareholder communication	45,976	22,551	86,275	90,805
Travel and accommodation	30,137	65,209	136,123	127,121
	$ 129,681	$ 129,501	$ 317,069	$ 296,626

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 January 31, 2016 were as follows:

	Assets at fair value through profit or loss	Loans and receivables	Other financial liabilities	Total
As at January 31, 2016				
Cash and cash equivalents	$ 2,045,000	$	$ -	$ 2,045,000
Fixed-income investment	4,343,546	-	-	4,343,546
Investments	8,294,616	-	-	8,294,616
Loans receivable	-	1,470,630	-	1,470,630
Amounts receivable and other	-	111,644	-	111,644
Accounts payable and accrued liabilities	-	-	239,968	239,968

16. FINANCIAL INSTRUMENTS (continued)

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.

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 January 31, 2016.

	Level 1	Level 2	Level 3	TOTAL
As at January 31, 2016				
Cash and cash equivalents	$ -	$ 2,045,000	$ -	$ 2,045,000
Fixed-income investment	-	4,343,546	-	4,343,546
Investments	7,296,114	998,502	-	8,294,616

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 January 31, 2016, the Company held guaranteed investment certificates of $4,343,546 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 January 31, 2016, would result in an increase in annual interest income of approximately $64,000. All liabilities as at January 31, 2016 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, notes receivable 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. The Company's note receivable at January 31, 2016 is secured.

16. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

As at January 31, 2016, the Company had net working capital of $16,148,515, which included cash and cash equivalents of $2,045,000, fixed income investments of $4,343,546, investments of $8,294,616, loans receivable of $1,470,630 and amounts receivable and prepaid expenses of $234,691, offset by current liabilities of $239,968. The Company expects to rely on its existing net working capital to finance its ongoing planned activities.

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 six months ended January 31, 2016, the Company was charged $90,000 for these services. As well, the Company was charged an additional $92,298 by 2227929 Ontario Inc. for other shared services, including participation in a resource conference.

An amount of $29,108 is recorded as amounts receivable from Aguia. This relates to travel expenses paid by the Company on behalf of Aguia and billed to Aguia for reimbursement. These amounts were reimbursed subsequent to the end of the quarter.

(Expressed in Canadian dollars unless otherwise noted)

17. RELATED PARTY DISCLOSURES (continued)

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 January 31,		Six months ended January 31,	
	2016	2015	2016	2015
Management salaries and fees	$ 341,750	$ 224,000	$ 1,299,250	$ 414,611
Directors fees	18,750	-	112,500	-
Share-based payments	228,702	289,601	394,801	870,973
	$ 589,202	$ 513,601	$ 1,806,551	$ 1,285,584

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.

During the six months ended January 31, 2016, the Company holds 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	13,710,222 common shares	$ 3,042,581	$ 3,564,658
Aberdeen International Inc.	4,790,000 common shares and warrants	958,000	748,441
Kombat Copper Inc.	4,000,000 common shares and warrants	200,000	310,461
		$ 4,200,581	$ 4,623,560

Public Issuer	Security description	Cost	Carrying value
Aguia Resources Ltd.	69,505,606 common shares	$ 5,321,734	$ 3,983,037

The Company's investment in associate, Aguia, is a related party by virtue of two common directors, Mr. Justin Reid and Mr. Paul Pint.

18. COMMITMENTS AND CONTINGENCIES

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately $1,300,000 (as at July 31, 2015 - $899,000) and additional contingent payments of approximately $5,494,000 (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.

(Expressed in Canadian dollars unless otherwise noted)

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 six months ended January 31, 2016	2015
Loss before income taxes	$ (1,413,350)	$ (2,217,773)
Statutory rate	26.50%	26.50%
Expected income tax recovery	(374,538)	(587,710)
Adjustments to expected income tax benefit:		
Share-based payments	102,851	343,833
Non-deductible expenses	(175,475)	(2,062)
Benefit of tax losses not recognized	447,162	245,939
Deferred income tax	$ -	$ -

b) Deferred income tax balances

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

	For the six months ended January 31, 2016	2015
Deferred income tax assets and (liabilities):		
Capital and non-capital tax losses carried forward	932,162	245,965
Share issue costs	186	239
Investments	17,820	(4,304)
Others	1,139,500	1,139,500
Net deferred income tax assets and (liabilities)	2,089,667	1,381,400
Unrecognized deferred tax assets	(2,089,667)	(1,381,400)
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

In February 2016, the Company entered into an additional loan agreement with APIO (Note 8(a)), extending the existing facility and advancing an additional US$700,000 ($1,017,100). The total loan outstanding from APIO as of the date of this report is US$1,750,000. Fees and interest of US$150,000 ($217,950) on this tranche of the loan were paid in advance. The total facility will mature on May 3, 2016. This loan is secured against the assets of APIO.

The Company also entered into a loan agreement providing $56,000 to Emerita. This loan bears interest at 20% which was paid in advance. This loan is unsecured and matures on August 25, 2016.

In March 2016, the Company entered into an unsecured debenture whereby the Company loaned $200,000 to ARHT. This debenture matures on September 1, 2016 and bears interest at 8%. Interest for the six month term was paid to the Company in advance. An arrangement fee of $25,000 has also been charged and is due on March 31, 2016.

In February, the Company granted 1,045,000 stock options to directors, officers, employees and consultants of the Company at an exercise price of $0.25 expiring five years from the date of grant. The Company also granted 150,000 DSU’s to the directors of the Company which vest according to the same terms as previously issued DSU’s (Note 12).

Subsequent to the end of the quarter, the Company sold various investments for net proceeds of $133,838, realizing gains of $41,098. As well, the Company acquired various investments for a net cost of $96,035.