

VISCOUNT MINING CORP.

CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2015

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Viscount Mining Corp.

We have audited the accompanying consolidated financial statements of Viscount Mining Corp., which comprise the consolidated statement of financial position as at August 31, 2015, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Viscount Mining Corp. as at August 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Viscount Mining Corp.'s ability to continue as a going concern.

Other Matters

The consolidated financial statements of Viscount Mining Corp. for the year ended August 31, 2014 were audited by another auditor who expressed an unmodified opinion on those statements on December 24, 2014.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Professional Accountants

December 18, 2015

VISCOUNT MINING CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Notes	As at August 31, 2015 $	As at August 31, 2014 $
ASSETS			
Current assets			
Cash and cash equivalents	3	636,346	65,319
Amounts receivable and prepaid expenses	4	49,785	64,753
		686,131	130,072
Exploration and evaluation properties	5	791,083	990,183
Total Assets		1,477,214	1,120,255
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	6	60,186	93,801
Promissory notes and amounts due to related parties	7	10,323	166,592
Total Liabilities		70,509	260,393
SHAREHOLDERS' EQUITY			
Share capital	8	4,736,706	3,155,800
Subscriptions received in advance		-	20,000
Reserves	8	877,776	387,532
Accumulated deficit		(4,207,777)	(2,703,470)
Total shareholders' equity		1,406,705	859,862
Total Shareholders' Equity and Liabilities		1,477,214	1,120,255

Nature and Continuance of Operations (Note 1)
Commitments and Contingency (Note 10)
Events Occurring After the Reporting Date (Note 14)

These consolidated financial statements are authorized for issuance by the Board of Directors on December 18, 2015

On behalf of the Board:

"Jim MacKenzie" Director *"William Macdonald"* Director

VISCOUNT MINING CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Notes	Year Ended August 31, 2015 $	Year ended August 31, 2014 $
Expenses			
Bank charges and interest	7	3,654	12,198
Consulting	7	637,627	521,277
Insurance		6,750	7,164
Legal and accounting	7	136,990	121,942
Office and miscellaneous		20,077	28,914
Promotion		218,528	33,021
Share-based payment	8	397,325	314,440
Transfer agent and filing fees		39,066	31,440
Travel		43,075	45,397
		(1,503,092)	(1,115,793)
Foreign exchange loss		(16,780)	(5,729)
Gain on settlement of Accounts payable		14,895	-
Interest income		670	64
Net loss and comprehensive loss for the year		(1,504,307)	(1,121,458)
Loss per share, basic and diluted		(0.05)	(0.07)
Weighted average number of common shares outstanding		30,315,031	15,622,452

VISCOUNT MINING CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Year Ended August 31, 2015 $	Year ended August 31, 2014 $
Cash flows used in operating activities		
Net loss for the year	(1,504,307)	(1,121,458)
Adjustments for non-cash items		
Share-based payment	397,325	314,440
Accrued interest	-	8,336
Gain on settlement of accounts payable	(14,895)	-
Changes in operating assets and liabilities:		
Decrease in amounts receivable and prepaid expenses	14,968	255,997
Decrease in trade payables and accrued liabilities	(10,237)	(5,789)
	(1,117,146)	(548,474)
Cash flows from (used in) investing activities		
Option payment received	633,300	-
Exploration and evaluation properties expenditures	(437,683)	(147,322)
	195,617	(147,322)
Cash flows from financing activities		
Issuance of common shares	1,653,825	450,000
Subscriptions received in advance	-	20,000
Due to related parties	(161,269)	9,314
	1,492,556	479,314
Increase (decrease) in cash and cash equivalents	571,027	(216,482)
Cash and cash equivalents, beginning of year	65,319	281,801
Cash and cash equivalents, end of year	636,346	65,319

Supplemental Cash Flow Information (Note 9)

VISCOUNT MINING CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED AUGUST 31, 2015 AND 2014
(Expressed in Canadian dollars)

		Common Shares		Reserves				
	Notes	Number of Shares	Share Capital	Warrant Reserve	Option Reserve	Share Subscriptions Received in Advance	Deficit	Total
			$	$	$	$	$	$
Balance - August 31, 2013		19,525,000	2,705,800	20,000	53,092	-	(1,582,012)	1,196,880
Common shares issued for cash	8	2,250,000	450,000	-	-	-	-	450,000
Share subscription received in advance		-	-	-	-	20,000	-	20,000
Share based payment	8	-	-	-	314,440	-	-	314,440
Net loss for the year		-	-	-	-	-	(1,121,458)	(1,121,458)
Balance – August 31, 2014		21,775,000	3,155,800	20,000	367,532	20,000	(2,703,470)	859,862
Common shares issued for cash	8	6,728,339	1,009,251	-	-	(20,000)	-	989,251
Common shares issued for cash	8	1,350,000	202,500	-	-	-	-	202,500
Common shares issued for cash	8	3,588,333	538,250	-	-	-	-	538,250
Exercise of options	8	25,000	5,000	-	-	-	-	5,000
Transfer of fair value of options on exercise	8	-	4,391	-	(4,391)	-	-	-
Share issue costs	8	-	(81,176)	-	-	-	-	(81,176)
Warrants issued for finders fees	8	-	(97,310)	97,310	-	-	-	-
Share based payments	8	-	-	-	397,325	-	-	397,325
Net loss for the year		-	-	-	-	-	(1,504,307)	(1,504,307)
Balance - August 31, 2015		33,466,672	4,736,706	117,310	760,466	-	(4,207,777)	1,406,705

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

1. Nature and Continuance of Operations

Viscount Mining Corp. (the "Company") was incorporated under the British Columbia Business Corporations Act on October 26, 2011 and was classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange ("TSX-V").

On July 23, 2013, the Company completed a share exchange (the "Share Exchange") with Viscount Mining Resources Ltd. (formerly Viscount Mining Ltd.) ("Viscount") and all of the shareholders of Viscount, whereby the Company acquired all of the issued and outstanding common shares of Viscount and former Viscount's shareholders received equal number of common shares of the Company.

Concurrent with the Share Exchange, the Company changed its name to Viscount Mining Corp. and completed a consolidation of its common shares on the basis of one post-consolidation share for every two pre-consolidation shares, as approved by the TSX-V. All common shares and per share amounts have been restated to give retroactive effect to the share consolidation. For accounting purposes, the Share Exchange has been treated as a reverse takeover ("RTO"), whereby Viscount is considered the acquirer and the Company is considered the acquiree. The consolidated financial statements are a continuation of the financial statements of Viscount and references of the Company will mean the combined entity subsequent to the Share Exchange on July 23, 2013 and to Viscount prior to July 23, 2013.

The Company had cash and cash equivalents of $636,346 at August 31, 2015 (2014 - $65,319) and working capital of $620,945 (2014 - $36,271), but management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. For the year ended August 31, 2015, the Company had no source of operating revenues, incurred an operating loss of $1,504,307 (2014 - $1,121,458) and, as at that date, had an accumulated deficit of $4,207,777 (2014 - $2,703,470). If the Company is unable to raise additional capital in the future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

These consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company is an exploration stage company and its principal business activity is natural resource exploration, focusing on resources located in the state of Nevada and Colorado in the USA. Mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue, and has significant cash requirements to conduct its planned exploration, meet its administrative overhead and maintain its resource interests.

The recoverability of the Company's investment in and expenditures on resource properties is dependent on several factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of resource interests.

The Company's registered office is located at Suite 400 – 570 Granville Street, Vancouver, BC, V6C 3P1.

2. Significant Accounting Policies

Statement of Compliance

The consolidated financial statements of the Company, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended August 31, 2015.

Basis of Preparation

These consolidated financial statements have been prepared on the historical cost basis except for financial assets classified as fair value through profit and loss. The presentation and functional currency of the Company is the Canadian dollar.

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below.

Basis of Consolidation

The Company's consolidated financial statements include the accounts of the Company and its subsidiaries. A subsidiary is an entity (including special purpose entity) controlled by the Company, where control is achieved by the Company having the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. A subsidiary is fully consolidated from the date on which control is obtained by the Company, and is de-consolidated from the date that control ceases.

The following subsidiaries have been consolidated for all dates presented within these financial statements, and are wholly owned: Viscount Mining Resources Ltd., Viscount Nevada Holdings Ltd. ("Viscount Nevada") and Viscount Colorado Holdings Ltd. ("Viscount Colorado").

All significant inter-company transactions, balances, income and expenses are eliminated on consolidation.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and share-based payments, and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with original maturities of three months or less.

Financial Assets

Financial assets are classified as loans and receivables, available-for-sale financial assets, financial assets at fair value through profit or loss ("FVTPL"), or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognized initially at fair value. The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at FVTPL

Financial assets are classified as held for trading and are included in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives, other than those designated as effective hedging instruments, are also categorized as held for trading. These assets are carried at fair value with gains or losses recognized in profit or loss. Cash and cash equivalents are included in this category of financial assets.

Held to Maturity and Loans and receivables

Held-to-maturity and loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit or loss when the financial asset classified in this category are derecognized or impaired, as well as through the amortization process. Transaction costs are included in the initial carrying amount of the asset. Amounts receivable are included in this category of financial assets.

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are not classified as loans and receivables. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognized within other comprehensive income. Accumulated changes in fair value are recorded as a separate component of equity until the investment is derecognized or impaired.

The fair value is determined by reference to bid prices at the close of business on the reporting date. Where there is no active market, fair value is determined using valuation techniques. Where fair value cannot be reliably measured, assets are carried at cost.

Derivatives designated as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

Impairment of Financial Assets

Financial assets, other than financial assets at fair value through profit or loss, are assessed for indicators of impairment at each period end.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost have been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognized in profit or loss.

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

Available-for-sale

If an available-for-sale financial asset is impaired, the cumulative loss previously recognized in equity is transferred to profit or loss. Any subsequent recovery in the fair value of the asset is recognized within other comprehensive income.

Financial Liabilities

Financial liabilities are classified as financial liabilities at FVTPL, derivatives designated as hedging instruments in an effective hedge, or as financial liabilities measured at amortized cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification, as follows:

Financial liabilities at FVTPL

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated by management on initial recognition. These liabilities are carried at fair value with gains or losses recognized in profit or loss.

Financial liabilities measured at amortized cost

All other financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs. Trade payables are included in this category of financial liabilities.

Derivatives designated as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

De-recognition of Financial Assets and Liabilities

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Impairment of Non-Current Non-Financial Assets

The carrying amounts of non-current non-financial assets are reviewed and evaluated for impairment when events or changes in circumstances indicate that the carrying amounts of the related asset may not be recoverable. Non-current non-financial assets include property, plant, and equipment. If the recoverable amount is less than the carrying amount of the asset, an impairment loss is recognized and the asset is written down to recoverable value.

The recoverable amount is the higher of an asset's "fair value less costs to sell" and "value-in-use". Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is determined, with a cash - generating unit being the smallest identifiable group of assets and liabilities that generate cash inflows independent from other assets. "Fair value less costs to sell" is determined as the amount that would be obtained from the sale of the asset or cash-generating unit in an arm's length transaction between knowledgeable and willing parties. In assessing "value-in-use", the future cash flows expected to arise from the continuing use of the asset or cash-generating unit in its present form are estimated using assumptions that an independent market participant would consider appropriate, and are then discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset or unit.

Where conditions that gave rise to a recognized impairment loss are subsequently reversed, the amount of such reversal is recognized into earnings immediately, though is limited such that the revised carrying amount of the asset or cash-generating unit does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash generating unit in the prior period.

Exploration and Evaluation Expenditures

The Company records deferred exploration and acquisition costs, which consist of costs attributable to the investment in and exploration of resource property interests, at cost. All direct and indirect costs relating to the acquisition and exploration of the resource interests, net of recoveries, are capitalized on the basis of specific claim blocks until the resource interests to which they relate are placed into production, the resource interests are disposed of through sale or where management has determined there to be an impairment.

On an ongoing basis, the capitalized costs are reviewed on a property-by-property basis to consider whether there are any conditions that indicate impairment on the subject property. When such conditions are identified, an impairment loss is recognized for the difference between the fair value and carrying value.

Impairment

The Company's tangible and intangible assets are reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the

lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. The recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in net income (loss). In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

Restoration and Environmental Obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to net income (loss) for the period. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to net income (loss) in the period incurred. The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

Per Share Information

Basic per share amounts are calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted per share amounts are determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which consist of warrants and stock options (Note 8).

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more

easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Share-based Payments

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock options reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest. When options are cancelled or expire, the initial recorded value is left in reserves.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. When options are cancelled or expire, the initial recorded value is left in reserves.

Income Taxes

Deferred tax is provided, using the asset and liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the statement of financial position date.

Foreign Currencies

The Company's reporting currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency of the economic environment in which they operate.

Foreign currency transactions are translated into the presentation currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the

exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Changes in Accounting Policies

The Company adopted the following new standards and amendments:

- IFRS 8 *'Operating Segments'* is an amendment to clarify aggregation criteria. The amendments are effective for annual periods beginning on or after July 1, 2014.

- IAS 24 *'Related Party Disclosures'* amendments clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, and 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. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014.

- IAS 32 (Amendment) *'Financial Instruments: Presentation'* is effective for annual periods beginning on or after January 1, 2014 and revises certain aspects of the requirements on offsetting.

- IFRIC 21 *'Levies'* provides guidance on the accounting for levies within the scope of IAS 37 provisions, contingent liabilities and contingent assets. The main feature of IFRIC 21 is that the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation, and the liability to pay a levy is recognized progressively if the obligation event occurs over a period of time. The standard is effective for annual periods beginning on or after January 1, 2014.

The adoption of the above standards did not result in a significant impact on the Company's consolidated financial statements.

New Accounting Standards and Interpretations Not Yet Adopted

At the date of authorization of these consolidated financial statements, the IASB and IFRIC have issued the following new and revised standards, amendments and interpretations which are not yet effective during the year ended August 31, 2015:

- The IASB has undertaken a three-phase project to replace IAS 39 *'Financial Instruments: Recognition and Measurement'* with IFRS 9 *'Financial Instruments'*. In November 2009, the IASB issued the first phase of IFRS 9, which details the classification and measurement requirements for financial assets. Requirements for financial liabilities were added to the standard in October 2010. The new standard addresses classification and measurement of financial assets and liabilities, and introduces a new hedge accounting model. The amendments are effective for annual periods beginning on or after January 1, 2018.

- IAS 16 *'Property, Plant and Equipment'* is an amendment to clarify acceptable methods of depreciation and amortization. The amendment is effective for annual periods beginning on or after January 1, 2016.

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

3. Cash and Cash Equivalents

Cash and Cash Equivalents consist of the following:

	As at August 31, 2015 $	As at August 31, 2014 $
Denominated in Canadian dollars	137,028	64,654
Denominated in US dollars	499,318	665
	636,346	65,319

4. Amounts Receivable and Prepaid Expenses

Amounts receivable and prepaid expenses consist of the following:

	As at August 31, 2015 $	As at August 31, 2014 $
Goods and Services Tax	4,957	16,221
Prepaid insurance and consulting	44,828	48,532
	49,785	64,753

Amounts receivable are non-interest bearing, unsecured and have settlement dates within one year.

5. Exploration and Evaluation Properties

Exploration and evaluation expenditures by project as at August 31, 2015 and 2014 are as follows:

	As at August 31, 2015 $	As at August 31, 2014 $
Nevada Properties		
Acquisition and exploration costs	1,488,259	1,127,197
Recoveries property agreements	(787,575)	(154,275)
Colorado properties		
Acquisition and exploration costs	90,399	17,261
	791,083	990,183

A summary of the changes in the Company's exploration and evaluation properties for the years ended August 31, 2015 and 2014 are as follows:

	For Year Ended August 31, 2015 $	For Year Ended August 31, 2014 $
Balance beginning of year	990,183	828,757
Property acquisitions	248,804	30,867
Staking new claims and claim maintenance	115,152	63,059
Consulting (Note 7)	62,462	67,500
Exploration	7,782	-
Option payment received	(633,300)	-
Balance	791,083	990,183

A. **Nevada Properties**, described collectively as our Cherry Creek Project, consists of more than 9,000 acres and lies within an historic silver district, where high grade silver production came from numerous mines up to the 1920's. The three largest past producing silver mines on the property were the Exchequer/New Century Mine, Ticup and the Star Mine. Viscount has entered into an exploration earn - in agreement with Summit Mining Exploration, Inc. ("Summit"), a subsidiary of Sumitomo Corporation which covers our Cherry Creek Project (Note 5 f).

Additional information on the properties that comprise the Cherry Creek Project are as follows:

a) On March 31, 2011, the Company entered into a Mining Lease and Agreement to Purchase for certain patented and unpatented mining claims located in White Pine County, Nevada (the "Cherry Creek 1 Property"). On March 13, 2013, April 19, 2013, May 21, 2013, and June 2014 the agreement was amended. Under the terms of the amended agreement, the Company is to make lease payments totaling US$551,500 in cash and shares as follows:

i. US$10,000 within 15 days of signing of the agreement (paid);
ii. US$10,000 on or before March 31, 2012 (paid);
iii. US$75,000 and issue 375,000 common shares at a deemed price per share of $0.20 for a total value of $75,000 on or before March 31, 2013 (paid and issued);
iv. US$181,500 on or before October 1, 2014 (paid on December 2, 2014); and
v. US$200,000 on or before March 31, 2015 (paid by Summit in accordance with the Earn In Agreement).

With payment of cumulative lease payments of US$551,500, the owner transferred title to the Cherry Creek 1 Property to the Company. The Company will pay the owner a Net Smelter Royalty ("NSR") of 1.5% of net smelter proceeds.

On March 31, 2011, the Company granted a NSR of 1% to Kingsmere Mining Ltd. in recognition of their efforts in the acquisition of the Cherry Creek 1 Property.

b) On June 27, 2011, the Company entered into a Mining Lease and Agreement to Purchase for certain patented and unpatented mining claims and two mill sites located in White Pine County, Nevada (the "Cherry Creek 2 Property"). On May 21, 2013 and June 23, 2014, the agreement was amended. The terms of the amended agreement call for the Company to make lease payments totaling US$450,000 as follows:

i. US$30,000 within 15 days of signing the agreement (paid);
ii. US$20,000 on or before June 27, 2012 (paid);
iii. US$30,000 on or before October 1, 2014 (paid on December 2, 2014); and
iv. US$370,000 on or before May 1, 2015 (paid by Summit in accordance with the Earn In Agreement).

With payment of cumulative lease payments of US$450,000, the owner transferred title to the Cherry Creek 2 Property to the Company. The Company will pay the owner a NSR of 1% of net smelter proceeds.

On June 27, 2011, the Company granted a NSR of 1.5% to Kingsmere Mining Ltd. in recognition of their efforts in the acquisition of the Cherry Creek 2 Property.

c) In August 2014, the Company acquired 139 claims from Nevada Tungsten Holdings Ltd. for US$5,000 (CDN$5,500) and staked an additional 155 lode claims for $18,101 the MATS claims in the Cherry Creek area. During the year ended August 31, 2015 in accordance with the Exploration Earn-in Agreement (Note 5 f) and in cooperation with Summit, the Company added 16 claims at the Zinc Beds area, 19 claims at Flint Canyon and 38 claims to cover open fractions and dropped 48 claims in low potential areas and no mineral indicators. All costs were paid by Summit in accordance with the Exploration Earn-in Agreement.

d) On January 29, 2013, the Company entered into a Mining Lease and Agreement to Purchase for certain unpatented mining claims located in White Pine County, Nevada (the "Ticup Property"). The terms of the agreement call for the Company to make lease payments totaling US$32,500 as follows:

i. US$5,000 within 5 days of signing of the agreement (paid);
ii. US$5,000 on or before January 29, 2014 (paid);
iii. US$5,000 on or before January 29, 2015 (paid);
iv. US$7,500 on or before January 29, 2016; and
v. US$10,000 on or before January 29, 2017.

In accordance with the agreement of US$5,000 within 5 days of signing of the agreement, the owner transferred title of the Ticup Property to the Company by Quitclaim Deed.

e) On January 31, 2013, the Company entered into an Option Agreement (the "Option Agreement") with Nevada Tungsten Holdings Ltd. (the "Optionee"), as amended on February 28, 2013, whereby the Company granted the Optionee the sole and exclusive right and option to acquire up to an undivided 100% right, title and interest in and to all tungsten located on certain of the Company's mining claims in the State of Nevada.

On April 15, 2013 the Company received US$150,000 (CDN$154,275) but the Optionee was unable to meet the remaining commitments under the agreement and on August 19, 2014, the Company and the Optionee have mutually agreed to terminate the Option Agreement and all of the parties' respective rights and obligations thereunder.

f) On April 7, 2015 the Company announced that it had satisfied the various approval requirements, including receipt of the approval of its shareholders (the "Shareholder Approval"), and proceeded with its previously announced Exploration Earn-in Agreement dated February 27, 2015 (the "Earn-in Agreement") among the Company, its two wholly-owned subsidiaries and Summit.

Pursuant to the terms of the Earn-in Agreement, Summit has been granted the option to acquire a 75% undivided interest, subject to certain underlying royalties, in the Company's Cherry Creek Property located in White Pine County, Nevada, USA (the "Property"), and form a joint venture with the Company (the "Joint Venture").

To earn its 75% interest in the Property, Summit must expend a minimum of US$10 million (the "Aggregate Work Obligation") in exploration and development expenses on the Property and complete a Feasibility Study (the "Feasibility Study") by the eighth anniversary of the effective date of the Earn-in Agreement, being April 16, 2015 (the "Effective Date").

In the first year of the Earn-in Agreement, Summit is required to make a committed minimum

expenditure of US$800,000 followed by a US$1 million committed minimum expenditure in the second year of the Agreement and a US$1 million minimum expenditure in each of the following agreements years until the eighth anniversary of the Effective Date. In accordance with the terms of the Earn-in Agreement, Summit has also made an initial US$500,000 (Cdn$633,300) payment to the Company.

In the event Summit fails to complete the Feasibility Study by the eighth anniversary, it may extend the period to do so up to the 13th anniversary of the Effective Date by continuing to expend a minimum of US$1 million on exploration and paying to the Company the sum of US$200,000 in each subsequent agreement year.

Upon acquisition by Summit of a 75% interest in the Property, the Company and Summit will form the Joint Venture which will be governed in accordance with the joint venture terms to be set forth in a formal joint venture agreement. The dilution provisions governing the Joint Venture will provide that if a party's interest in the Joint Venture is reduced to 10%, then such party's interest will automatically convert to a 3% net smelter returns royalty on production from the Property.

In the event Summit elects to terminate its interest in the Property at any time after it has expended the Aggregate Work Obligation and completed a Feasibility Study, Summit will be entitled to a 1.5% net smelter returns royalty on production from the Property provided however that the aggregate amount payable pursuant to such royalty will be capped at two times the amount of the total expenditures and development expenses incurred by Summit in respect of the Property. The Company has a "put right" pursuant to which it may require Summit, following acquisition by Summit of a 75% interest in the Property but before commencement of production from the Property, to acquire the Company's then remaining 25% interest at a price that the parties agree in good faith is the fair market value of such interest based on the Feasibility Study.

The TSX-V provided its conditional approval for the Earn-in Agreement on March 5, 2015. The Company has satisfied all of the conditions imposed by the Exchange including the Shareholder Approval which, in accordance with TSX-V policies, was obtained by way of a consent resolution signed by shareholders representing approximately 58.75% of the Company's issued and outstanding shares. The Company received TSX-V approval on April 16, 2015.

B. **Colorado Properties**, described collectively as Silver Cliff is comprised of 96 lode claims, covering much of the historical past producing mineral districts of Silver Cliff and Rosita Hills in Colorado.

Additional information on the Silver Cliff agreement is as follows:

On August 13, 2014, the Company entered into an Option Agreement (the “Silver Cliff Agreement”) with David C. and Debra J. Knight Living Trust (the “Owner”), whereby the Owner has agreed to grant an option to the Company to acquire an undivided 100% interest in the Silver Cliff project (the “Silver Cliff Property”), effective on the date of TSX-V approval (the “Effective Date”). On September 15, 2014, the Company received approval from the TSX-V. Pursuant to the Agreement, the Company agreed to the following:

a) Issuing to the Owner 200,000 shares and 200,000 warrants on the Effective Date, which shall vest and be released as follows:

i. 50,000 shares and warrants on the first anniversary, September 15, 2015 (issued September 28, 2015 (Note 14);
ii. 50,000 shares and warrants on the second anniversary, September 15, 2016;
iii. 50,000 shares and warrants on the third anniversary, September 15, 2017;

iv. 50,000 shares and warrants on the fourth anniversary, September 15, 2018;

b) Making payments on behalf of the Owner of the claim rental fees due to the U.S. Bureau of Land Management:

i. For the assessment year beginning September 1, 2014;
ii. For 2016, prior to May 1, 2015;

c) Making payments to the Owner in the aggregate amount of US$3,000,000 as follows:

i. US$15,000 on the second anniversary, September 15, 2016;
ii. US$20,000 on the third anniversary, September 15, 2017;
iii. US$30,000 on the fourth anniversary, September 15, 2018;
iv. US$50,000 on the fifth anniversary, September 15, 2019;
v. US$75,000 on the sixth anniversary, September 15, 2020;
vi. US$100,000 on the seventh anniversary, September 15, 2021;
vii. US$100,000 on the eight anniversary, September 15, 2022;
viii. US$100,000 on the ninth anniversary, September 15, 2023;
ix. US$100,000 on the tenth anniversary, September 15, 2024;
x. US$150,000 on the eleventh anniversary, September 15, 2025;
xi. US$200,000 on the twelfth anniversary, September 15, 2026; and
xii. Paying the remaining outstanding balance of the required US$3,000,000 plus Cost of Living Increase adjustment on the thirteenth anniversary, September 15, 2027.

d) Royalty payment to the Owner of 2% of the NSR and issuance of an additional 550,000 shares and 550,000 warrants upon the commencement of commercial production.

e) The Company, agreed to issue Kingsmere Mining Ltd a finder's fee of 500,000 shares, which shall vest and be released as follows:

i. 10,000 shares on the effective date September 15, 2014 (issued September 28, 2015;
ii. 15,000 shares on the first anniversary, September 15, 2015 (issued September 28, 2015;
iii. 20,000 shares on the second anniversary, September 15, 2016;
iv. 25,000 shares on the third anniversary, September 15, 2017;
v. 35,000 shares on the fourth anniversary, September 15, 2018;
vi. 45,000 shares on the fifth anniversary, September 15, 2019;
vii. 50,000 shares on the sixth anniversary, September 15, 2020;
viii. 50,000 shares on the seventh anniversary, September 15, 2021;
ix. 75,000 shares on the eighth anniversary, September 15, 2022;
x. 75,000 shares on the ninth anniversary, September 15, 2023;
xi. 100,000 shares on the tenth anniversary, September 15, 2024;

6. Trade Payables and Accrued Liabilities

Trade payables and accrued liabilities are non-interest bearing, unsecured and have settlement dates within one year.

Included in trade payables and accrued liabilities at August 31, 2015 is $5,000 (2014 - $8,483) incurred

on exploration and evaluation property expenditures.

7. Related Party Transactions

As at August 31, 2015, the total balance due to related parties, who are officers, directors and/or shareholders, consists of $10,323 (2014 - $166,592). Amounts owing relate to consulting services provided by the related parties or by companies controlled by the related parties, expense reimbursements, and promissory notes.

Trade Payables for Services

	August 31, 2015	August 31, 2014
	$	$
Chairman	5,250	15,000
Chief Executive Officer / Director	-	860
Chief Financial Officer	-	12,610
Chief Geologist	5,000	10,000
Director for consulting services	-	25,084
Officers and Directors for expenses	73	8,763
Director for legal services	-	94,275
	10,323	166,592

The key management personnel compensation is summarized as follows:

	August 31, 2015	August 31, 2014
	$	$
Chief Financial Officer	71,035	71,705
Directors Consulting fees	640,502	383,811
Director Legal fees	13,785	30,517
	725,322	486,033

Included in total compensation above, were the fair values of options granted to related parties of $296,671 (2014 $87,986). The fair values were calculated using the Black-Scholes Option Pricing Model as described in Note 8.

A total of $60,000 (2014 - $64,000) related to consulting fees are capitalized in exploration and evaluation properties (Note 5).

On February 28, 2013, the Company entered into promissory note agreements with various related parties, whereby each balance payable was unsecured, bore interest of 8% per annum and matured on January 1, 2015. In February 2015 the notes were repaid. During the year ended August 31, 2015, the Company accrued interest of $1,540 (2014 - $8,763) related to the promissory notes. Details of the loans were as follows:

	August 31, 2015 $	August 31, 2014 $
The Chief Financial Officer granted a promissory note in the amount of $7,360. On February 12, 2015 any remaining balance owing for principle and/or interest was repaid in full.	Nil	7,360
The Chief Geologist granted a promissory note in the amount of $5,000. On February 12, 2015 any remaining balance owing for principle and/or interest was repaid in full.	Nil	5,000
The Director for consulting services granted a promissory note in the amount of $34,335. On February 12, 2015 any remaining balance owing for principle and/or interest was repaid in full.	Nil	19,335
The Director for legal services granted a promissory note in the amount of $48,456. On February 12, 2015 any remaining balance owing for principle and/or interest was repaid in full.	Nil	21,261
	Nil	52,956
Interest payable, as noted above, on February 12, 2015 any remaining balance owing for principle and/or interest on all notes were repaid in full.	Nil	8,763
	Nil	61,719

8. Share Capital

Authorized

At August 31, 2015, the authorized share capital consists of an unlimited number of common shares without par value and without special rights or restrictions attached and an unlimited number of preferred shares without par value and with special rights or restrictions.

Issued and Outstanding

As at August 31, 2015, the total issued and outstanding share capital is 33,466,672 common shares with no par value (2014 – 21,775,000).

Share capital transactions of the Company during the years ended August 31, 2015 and 2014 are summarized as follows:

a) On March 30, 2015 the Company issued 25,000 common shares for the exercise of options at $0.20 and received $5,000. On exercise the Company transferred the fair value of the options exercised, $4,391, from option reserve to share capital.

b) On January 6, 2015 the Company Issued 3,588,333 units (the "Units") at a price of $0.15 per Unit for gross proceeds of $538,250. Each Unit consists of one common share of the Company and one Warrant, with each Warrant exercisable into one common share of the Company for a period of 3 years from closing at an exercise price of $0.25. The Company issued finder's fees and commissions totaling $11,268 in cash, and 75,123 in finder's warrants with an estimated value of $13,781 using the Black Scholes valuation methodology with the Warrants having the terms described above and assuming a risk free interest rates of 0.99% per annum, an expected life of 5 years, an expected volatility of 205.44%, and no expected dividend. The securities issued are subject to a four month hold period from the date of closing.

c) On December 2, 2014, the Company issued 1,350,000 units (the "Units") at a price of $0.15 per Unit for gross proceeds of $202,500. Each Unit consists of one common share of the Company and one Warrant, with each Warrant exercisable into one common share of the Company for a period of 3 years from closing at an exercise price of $0.25. The Company paid finder's fees and commissions totaling $12,000 in cash, and 80,000 in finder's warrants with an estimated value of $14,674 using the Black Scholes valuation methodology with the Warrants having the terms described above and assuming a risk free interest rates of 1.08% per annum, an expected life of 5 years, an expected volatility of 205.27%, and no expected dividend. The securities issued are subject to a four month hold period from the date of closing.

d) On November 25, 2014 the Company issued 6,728,339 Units, with each Unit consisting of one common share and one warrant to purchase one common share at a price of $0.25 for a period of 36 months from issue date, for a total value of $1,009,251. The Company paid finder's fees and commissions totaling $57,908 in cash, and 375,253 in finder's warrants with an estimated value of $68,855 using the Black Scholes valuation methodology with the Warrants having the terms described above and assuming a risk free interest rates of 1.12% per annum, an expected life of 5 years, an expected volatility of 205.48%, and no expected dividend. The securities issued are subject to a four month hold period from the date of closing.

e) During the year ended August 31, 2014, the Company issued a total of 2,250,000 common shares for total proceeds of $450,000.

Escrow Shares

As at August 31, 2015, a total of 1,620,000 (2014 – 3,240,000) common shares of the Company were in escrow. Pursuant to the terms of the escrow agreement dated February 13, 2013, 10% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

Share Subscriptions Received in Advance

As at August 31, 2015, share subscriptions received in advance consists of $Nil (2014 - $20,000). The 2014 amount was cash received by the Company in relation to 133,334 common shares of the Company that were issued in 2015 in connection with the first tranche of its non-brokered private placement announced on November 24, 2014.

Warrants

As at July 23, 2013, the date of the RTO, the Company had 100,000 share purchase warrants outstanding with an exercise price of $0.20. On October 26, 2014 the warrants expired unexercised.

The following is a summary of the changes in the Company's share purchase warrants for the years ended August 31, 2015 and 2014:

Expiry Date	August 31, 2015 Number of Warrants Outstanding and Exercisable	Exercise Price
		$
November 25, 2017	7,103,592	0.25
December 2, 2017	1,430,000	0.25
January 6, 2018	3,663,456	0.25
	12,197,048	**0.25**

The following table summarizes information regarding share purchase warrants outstanding as at August 31, 2015:

	August 31, 2015		August 31,2014	
	Number of Warrants Outstanding	Weighted average exercise price	Number of Warrants Outstanding	Weighted average exercise price
		$		$
Outstanding, beginning of year	100,000	0.20	100,000	0.20
Expired warrants	(100,000)	0.20	-	-
Warrants issued (Notes 8 b, c, & d)	11,666,672	0.25	-	-
Finders warrants issued (Notes 8 b, c, & d)	530,376	0.25	-	-
Outstanding, end of year	12,197,048	0.25	100,000	0.20

Stock Option Plan

On April 4, 2012, the Company adopted a stock option plan (the "Plan") that allows the Company to issue options to certain directors, officers, employees and consultants of the Company. Options issued under the Plan shall not exceed 10% of shares issued and outstanding at the time of granting of the options. Options granted under the Plan may have a maximum term of ten years. The exercise price of options granted under the Plan will not be less than the market price of the shares (defined as the last closing market price of the Company's shares on the last day shares are traded prior to the grant date), less the applicable discount permitted by the TSX-V rules. Stock options granted under the Plan vest immediately subject to vesting terms, which may be imposed at the discretion of the directors.

As at July 23, 2013, the date of the RTO, the Company had 200,000 stock options outstanding with an exercise price of $0.20. During the year ended August 31, 2014, 180,200 stock options were cancelled.

On August 21, 2013, the Company granted 1,250,000 five-year stock options at a purchase price of $0.20 per share to its directors and officers. The weighted average fair value of the 1,250,000 options granted was estimated at $233,762 at the grant date using the Black-Scholes Option Pricing Model. During the year ended August 31, 2014, 75,000 stock options were cancelled.

On September 2, 2013, the Company granted 150,000 five-year stock options at a purchase price of $0.20 per share. The weighted average fair value of the 150,000 options granted was estimated at $32,522 at the grant date using the Black-Scholes Option Pricing Model.

On February 27, 2014, the Company granted 100,000 two-year stock options at a purchase price of $0.20 per share to FronTier Consulting Ltd. The weighted average fair value of the 100,000 options granted was estimated at $17,566 at the grant date using the Black-Scholes Option Pricing Model.

On July 11, 2014, the Company granted 255,200 five-year stock options at a purchase price of $0.20 per share to its directors and officers. The weighted average fair value of the 255,200 options granted was estimated at $48,721 at the grant date using the Black-Scholes Option Pricing Model.

On December 1, 2014, the Company granted 300,000 five-year stock options at a purchase price of $0.20 per share a director and officer. The weighted average fair value of the 255,200 options granted was estimated at $54,465 at the grant date using the Black-Scholes Option Pricing Model.

On January 5, 2015, the Company granted 1,175,000 five-year stock options at a purchase price of $0.20 per share to its directors and officers. The weighted average fair value of the 1,175,000 options granted was estimated at $259,323 at the grant date using the Black-Scholes Option Pricing Model.

On April 1, 2015, the Company granted 200,000 five-year stock options at a purchase price of $0.20 per share to a consultant of the Company. The weighted average fair value of the 200,000 options granted was estimated at $48,262 at the grant date using the Black-Scholes Option Pricing Model.

On July 7, 2015, the Company granted 100,000 five-year stock options at a purchase price of $0.20 per share to a director of the Company. The weighted average fair value of the 100,000 options granted was estimated at $21,506 at the grant date using the Black-Scholes Option Pricing Model.

On July 21, 2015, the Company granted 45,000 five-year stock options at a purchase price of $0.20 per share to a consultant of the Company. The weighted average fair value of the 45,000 options granted was estimated at $7,909 at the grant date using the Black-Scholes Option Pricing Model.

The fair value of the stock options granted in the year ended August 31, 2015 has been estimated using the Black-Scholes Option Pricing Model assuming a risk free interest rates of 0.70% to 1.38% (August 31, 2014 - 1.44%) per annum, an expected life of 5 years (August 31, 2014 - 4.41 years), an expected volatility of 179.42% to 203.75% (August 31, 2014 - 182.03%), and no expected dividend.

The following is a summary of the changes in the Company's stock options for the years ended August 31, 2015 and 2014:

	August 31, 2015		**August 31, 2014**	
	Number of Options Outstanding	**Weighted average exercise price**	**Number of Options Outstanding**	**Weighted average exercise price**
		$		$
Outstanding, beginning of year	1,700,000	0.20	1,450,000	0.20
Cancelled/Expired options	(299,000)	0.20	(255,200)	0.20
Exercised	(25,000)	0.20	-	-
Granted	1,820,000	0.20	505,200	0.20
Outstanding at the end of the year	3,196,000	0.20	1,700,000	0.20

The following table summarizes information regarding stock options outstanding and exercisable as at August 31, 2015:

Expiry Date	Exercise Price	August 31, 2015 Number of Options Outstanding	August 31, 2014 Number of Options Outstanding
October 26, 2022	$ 0.20	19,800	19,800
August 21, 2018	$ 0.20	1,076,000	1,175,000
September 2, 2018	$ 0.20	-	150,000
May 1, 2016	$ 0.20	75,000	100,000
July 11, 2019	$ 0.20	255,200	255,200
December 1 2019	$ 0.20	300,000	-
January 5, 2020	$ 0.20	1,125,000	-
April 1, 2018	$ 0.22	200,000	-
July 7, 2020	$ 0.20	100,000	-
July 21, 2020	$ 0.20	45,000	-
Number of options outstanding		3,196,000	1,700,000
Number of options exercisable		**3,196,000**	**1,650,000**

Reserves

Warrant reserve

The warrants reserve represents the fair value of warrants issued on their issue date until such time that they are exercised, at which time the corresponding amount will be transferred to share capital. If warrants expire unexercised, the amount recorded remains in the reserve.

Option reserve

The options reserve records the fair value of items recognized as share-based payment expense on their issuance date until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If options expire unexercised, the amount recorded remains in the reserve.

9. Supplemental Cash Flow Information

Included in trade payables and accrued liabilities at August 31, 2015 is $5,000 (2014 - $8,483) incurred on exploration and evaluation property expenditures (Note 6).

During the year ended August 31, 2015, the Company accrued interest of $Nil (2014 - $5,791) related to the promissory notes (Note 7).

10. Commitments and Contingency

The Company is committed to making cash payments, incurring exploration expenditures and/or issuing common shares pursuant to its exploration and evaluation property agreements (Note 5).

The Company is committed to making cash repayments pursuant to its related party promissory note agreements (Note 7).

11. Financial Risk Management

(a) Overview

The Company has exposure to credit risk, liquidity risk, foreign currency risk, and market risk from its use of financial instruments.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(b) 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 cash equivalents. The Company limits its exposure to credit risk on liquid financial assets through investing its cash and cash equivalents with high-credit quality financial institutions.

The carrying value of the Company's cash and cash equivalents and amounts receivable represent the maximum exposure to credit risk.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company's cash and cash equivalents are currently invested in business and savings accounts with high-credit quality financial institutions which are available on demand by the Company for its programs. As at August 31, 2015, the Company had cash and cash equivalents balance of $636,346 to settle current liabilities of $45,853. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(d) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(e) Interest Rate Risk

The Company is subject to interest rate risk with respect to its investments in cash. However, the Company does not hold any interest-bearing debt. The Company's current policy is to invest cash at floating rates of interest and cash reserves are to be maintained in cash in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates when cash balances mature impact interest income earned.

(f) Foreign Currency Risk

As at August 31, 2015, the Company's expenditures are in Canadian dollars, any future equity raised is expected to be predominantly in Canadian dollars. The Company foreign currency risk related to commitments payable in US dollars on its properties in Nevada and Colorado (Note 5).

(g) Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company

consists of equity, comprising share capital, net of accumulated deficit. The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. The Company manages its capital structure through the issuance of new shares, acquisition or disposition of assets or adjustment of cash. The Company does not have any major capital expenditures committed for the coming year. Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements other than disclosed in Note 1.

(h) Fair Value

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the consolidated financial statements approximates their fair value due to the demand nature or short term maturity of these instruments.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data

As at August 31, 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Financial assets at fair value				
Cash and cash equivalents	636,346	-	-	636,346
Total	636,346	-	-	636,346

12. Income Taxes

(a) Provision for current tax

No provision has been made for current income taxes, as the Company has no taxable income for the years ended August 31, 2015 and 2014.

(b) Provision for deferred tax

The difference between tax expense for the year and the expected income taxes based on the statutory tax rate arises as follows:

	Year ended August 31, 2015 $	Year ended August 31, 2014 $
Loss for the year	1,504,307	1,121,458
Expected income tax recovery August 31, 2015 – 26% (2014 – 25.67%)	391,000	288,000
Effect of change in statutory rate and other	4,000	3,000
Change in prior year provision to actual	-	74,000
Permanent differences	(103,000)	(82,000)
Change in unrecognized deferred tax assets	(292,000)	(283,000)
Deferred tax expense (recovery)	-	-

Deferred Tax Assets and Liabilities

The significant components of the Company's deferred tax assets and liabilities are as follows:

	August 31, 2015 $	August 31, 2014 $
Tax losses carried forward	858,000	566,000
Exploration and evaluation properties	-	-
Share issue costs	22,000	-
Unrecognized deferred tax assets	880,000	566,000

No deferred tax asset has been recognized in respect of the following losses and temporary differences as it is not considered probable that sufficient future taxable profit will allow the deferred tax to be recovered.

As at August 31, 2015, the Company has estimated foreign exploration and development expenses of $791,083 and non-capital losses for Canadian tax purposes of $3,297,511 that may be carried forward to reduce taxable income derived in future years, as summarized below:

Non-capital Canadian tax losses expiring are as follows:

Year of Expiry	Amounts $
2031	114,155
2032	618,049
2033	642,538
2034	802,183
2035	1,120,586
	3,297,511

13. Segmented Information

The Company's only business activity is exploration and development of exploration and evaluation properties. This activity is carried out in the USA.

The breakdown of geographic area for the years ended August 31, 2015 and 2014 is as follows:

Year ended August 31, 2015	**Canada**	**USA**	**Total**
	$	**$**	**$**
Total expenses	1,484,451	-	1,484,451
Current assets	681,331	-	681,331
Exploration and evaluation properties	-	791,083	791,083
Total assets	681,331	791,083	1,472,414

Year ended August 31, 2014	**Canada**	**USA**	**Total**
	$	**$**	**$**
Total expenses	1,094,009	21,784	1,115,793
Current assets	130,072	-	130,072
Exploration and evaluation properties	-	990,183	990,183
Total assets	130,072	990,183	1,120,255

14. Events Occurring after the Reporting Date

The following reportable events occurred subsequent to year ended August 31, 2015:

a) On September 28, 2015 the Company issued 50,000 shares to the David C. and Debra J. Knight Living Trust in accordance with the Silver Cliff Agreement (Note 5 B-a) and 25,000 shares to Kingsmere Mining Ltd being the first two payments under the finder's agreement (Note 5 B-e).