FLINDERS RESOURCES LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
JULY 31, 2015

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

FLINDERS RESOURCES LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Note	July 31, 2015 $	October 31, 2014 $
ASSETS			
Current assets			
Cash		3,657,824	6,506,217
GST/VAT receivables		62,669	153,283
Amounts receivable		-	254
Prepaid expenses		34,075	33,053
Inventories		83,299	-
Plant stores and supplies		93,874	155,656
Total current assets		3,931,741	6,848,463
Non-current assets			
Exploration and evaluation assets	3	17,789	-
Property, plant and equipment	4	15,123,270	14,248,310
Reclamation deposit	5	80,475	80,925
Total non-current assets		15,221,534	14,329,235
TOTAL ASSETS		19,153,275	21,177,698
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		238,543	583,817
Non-current liabilities			
Provision for site restoration	5	5,188,179	4,766,580
Property acquisition obligation	3	488,228	433,314
Total non-current liabilities		5,676,407	5,199,894
TOTAL LIABILITIES		5,914,950	5,783,711
SHAREHOLDERS' EQUITY			
Share capital	6	25,763,144	25,763,144
Share-based payments reserve		3,152,810	3,135,810
Deficit		(15,677,629)	(13,504,967)
TOTAL SHAREHOLDERS' EQUITY		13,238,325	15,393,987
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		19,153,275	21,177,698

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on September 28, 2015 and are signed on its behalf by:

*/s/ **Blair Way***
Blair Way
Director

*/s/ **Nick DeMare***
Nick DeMare
Director

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

FLINDERS RESOURCES LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Notes	Three Months Ended July 31, 2015 $	Three Months Ended July 31, 2014 $	Nine Months Ended July 31, 2015 $	Nine Months Ended July 31, 2014 $
Expenses					
Accounting and administration		23,915	21,128	79,810	80,444
Accretion of property acquisition obligation	3	18,990	18,714	56,715	53,246
Accretion of provision for site restoration	5	13,994	22,851	42,227	68,553
Audit		-	-	41,018	43,187
Bank charges		864	1,036	3,105	3,262
Consulting		81,816	64,818	229,396	112,767
Corporate development		3,904	21,908	41,142	35,128
Depreciation		17,460	8,767	53,300	26,300
Equipment rentals and related		9,436	18,736	37,151	54,260
Fuel, electricity and utilities		24,416	18,767	123,536	67,017
General exploration		45,649	31,767	56,172	33,230
Insurance		5,012	7,706	18,870	25,596
Investor relations		1,300	18,000	23,800	54,000
Legal		5,351	9,721	31,134	24,716
Management fees	7(a)	49,998	49,998	149,994	149,994
Office		12,069	27,358	33,981	66,013
Plant maintenance		66,810	101	97,420	17,590
Plant supplies and consumables		25,720	23,592	113,811	67,115
Regulatory		2,879	2,277	8,842	9,189
Relocation costs		-	-	64,111	-
Rent		1,005	1,005	3,015	3,015
Repairs and maintenance		3,263	14,291	5,600	14,291
Salaries, compensation and benefits		246,803	131,746	770,282	326,855
Share-based compensation	6(d)	-	22,458	17,000	345,183
Shareholder costs		3,290	3,451	7,494	8,097
Transfer agent		7,800	6,697	10,492	9,434
Travel		19,806	47,778	102,396	123,102
		691,550	594,671	2,221,814	1,821,584
Loss before other items		(691,550)	(594,671)	(2,221,814)	(1,821,584)
Other items					
Interest and other income		11,179	31,394	44,569	104,099
Foreign exchange		2,549	(3,351)	19,794	(43,206)
Due diligence expenses		-	-	(15,211)	-
		13,728	28,043	49,152	60,893
Net loss and comprehensive loss		(677,822)	(566,638)	(2,172,662)	(1,760,691)
Loss per share - basic and diluted		$(0.01)	$(0.01)	$(0.05)	$(0.04)
Weighted average number of common shares outstanding - basic and diluted		46,820,730	46,250,841	46,820,730	46,215,767

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

FLINDERS RESOURCES LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

	Nine Months Ended July 31, 2015				
	Share Capital				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance at October 31, 2014	46,820,730	25,763,144	3,135,810	(13,504,967)	15,393,987
Share-based compensation	-	-	17,000	-	17,000
Net loss for the period	-	-	-	(2,172,662)	(2,172,662)
Balance at July 31, 2015	46,820,730	25,763,144	3,152,810	(15,677,629)	13,238,325

	Nine Months Ended July 31, 2014				
	Share Capital				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance at October 31, 2013	46,198,230	25,228,188	2,995,583	(10,768,593)	17,455,178
Common shares issued for cash:					
- exercise of share options	162,500	80,000	-	-	80,000
- exercise of warrants	10,000	7,500	-	-	7,500
Transfer on exercise of share options	-	68,156	(68,156)	-	-
Share-based compensation	-	-	345,183	-	345,183
Net loss for the period	-	-	-	(1,760,691)	(1,760,691)
Balance at July 31, 2014	46,370,730	25,383,844	3,272,610	(12,529,284)	16,127,170

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

FLINDERS RESOURCES LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Nine Months Ended July 31,	
	2015 $	2014 $
Operating activities		
Net loss for the period	(2,172,662)	(1,760,691)
Adjustments for:		
Accretion of property acquisition obligation	56,715	53,246
Accretion of provision for site restoration	42,227	68,553
Depreciation	53,300	26,300
Foreign exchange	(1,351)	(7,978)
Share-based compensation	17,000	345,183
Changes in non-cash working capital items:		
Amounts receivable	254	26,146
GST/VAT receivable	90,614	(210,782)
Prepaid expenses and deposit	(1,022)	(10,070)
Inventories	(83,299)	-
Plant stores and supplies	61,782	-
Accounts payable and accrued liabilities	(60,105)	(63,893)
Net cash used in operating activities	(1,996,547)	(1,533,986)
Investing activities		
Additions to property, plant and equipment	(834,057)	(2,609,600)
Expenditures on exploration and evaluation assets	(17,789)	(123,380)
Net cash used in investing activities	(851,846)	(2,732,980)
Financing activity		
Issuance of common shares	-	87,500
Net cash provided by financing activity	-	87,500
Net change in cash	(2,848,393)	(4,179,466)
Cash at beginning of period	6,506,217	11,438,553
Cash at end of period	3,657,824	7,259,087

Supplemental cash flow information - See Note 9

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

1. Nature of Operations

The Company is a junior exploration company currently engaged in the development of its 100% owned Woxna Graphite Mine located in central Sweden. During fiscal 2014 technical feasibility and commercial viability of the extraction of mineral resources at the Woxna Graphite Mine was demonstrated, transitioning the Company to the development stage of mining. Upon the transition, an impairment test was performed on the exploration and evaluation assets attributed to the mine prior to reclassification to property, plant and equipment and no impairment was assessed.

As at July 31, 2015 the Company had not achieved commercial production, as determined in accordance with accepted accounting practice. Effective August 1, 2015 the Company has determined that the commissioning of the Woxna Graphite Mine was complete. See also Note 4.

The Company has completed its current plan for the refurbishment and reactivation of the Woxna Graphite Mine and has developed a staged implementation plan for the commencement of operations. The staged plan spreads the capital costs over several years as sales contracts are established and permits lower production levels and costs until sales warrant capacity expansion. The Company has sufficient funding to implement the staged plan and meet anticipated levels of corporate administration and overheads for the ensuing twelve months. The underlying value of the resource interests is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain any additional funding that may be necessary to complete development and upon future profitable production. The Company's ability to continue as a going concern may be dependent upon the ability of the Company to obtain necessary financing to further develop its properties and to establish future profitable production. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future.

The Company's common shares trade on the TSX Venture Exchange (the "TSXV") under the symbol "FDR". The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"), and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended October 31, 2014, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company's consolidated financial statements for the year ended October 31, 2014.

Basis of Measurement

The Company's condensed consolidated interim financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. The condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise noted.

Basis of Presentation

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

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

3. Exploration and Evaluation Assets

	As at July 31, 2015			As at October 31, 2014		
	Acquisition Costs $	Deferred Exploration Costs $	Total $	Acquisition Costs $	Deferred Exploration Costs $	Total $
Sweden						
Other Projects	17,789	-	17,789	-	-	-

	$
Balance at October 31, 2013	5,177,338
Exploration costs:	
Consulting	11,636
Depreciation	893
Exploration site costs	3,910
Salaries and benefits	68,170
	84,609
Acquisition costs:	
Adjustment to provision for site restoration	629,387
Balance at August 31, 2014	5,891,334
Reclassification to property, plant and equipment (Note 4)	(5,891,334)
Balance at October 31, 2014	-
Acquisition costs:	
Mining rights	17,789
Balance at July 31, 2015	17,789

In February 2012 the Company completed the acquisition of Flinders Holdings Limited, which owns Woxna Graphite AB ("Woxna"). Woxna holds a 100% interest in the Woxna Graphite Mine, comprising four exploitation concessions, known as Kringelgruven, Mattsmyra, Gropabo and Mansberg. The Woxna Graphite Mine is located in Ovanaker Municipality, Gavleborg County, central Sweden.

In 1993 Woxna entered into agreements under which it acquired:

(i) the Kringelgruven concession for an initial payment of SEK 150,000 and a further amount of SEK 4,000,000 (the "property acquisition obligation") is to be paid upon the commencement of production from the Kringelgruven concession; and

(ii) the Mattsmyra, Gropabo and Mansberg concessions for an initial payment of SEK 32,500 and a further payment of SEK 1,000,000 on each of the three concessions is to be paid upon commencement of production from these concessions.

Payments of the additional considerations are to be made to a Swedish governmental agency and will be based on annual production, at a rate of SEK 20 per metric ton processed, and is payable only if profits are generated from the individual concessions.

3. Exploration and Evaluation Assets (continued)

The Company has recognized the SEK 4,000,000 additional consideration associated with the Kringelgruven concession. An obligation is recognized when a legal obligation is established, a reasonable estimate can be made of the obligation, and is measured at the discounted value for expected future payments. The discounted value is then accreted to the estimated future value over the period of the payment obligation. As at July 31, 2015 the Company applied a discount rate of 17% to expected future payments and has made the assumption that the obligation will be discharged in 2016 through 2017.

A continuity of the property acquisition obligation for the Kringelgruven concession is as follows:

	$
Balance at October 31, 2013	386,692
Accretion of discounted cash flows	71,543
Foreign exchange adjustment	(24,921)
Balance at October 31, 2014	433,314
Accretion of discounted cash flows	56,715
Foreign exchange adjustment	(1,801)
Balance at July 31, 2015	488,228

As at July 31, 2015 no exploration costs have been attributed to the Mattsmyra, Gropabo and Mansberg concessions.

No production has commenced on the Mattsmyra, Gropabo and Mansberg concessions and the additional payments are considered to be contingent amounts and will only be recognized as obligations when production commences on these concessions.

4. Property, Plant and Equipment

Cost:	Vehicles $	Equipment and Tools $	Building $	Manufacturing and Processing Facility $	Mineral Property Acquisition and Development Costs $	Total $
Balance at October 31, 2013	122,251	250,117	294,861	4,830,637	-	5,497,866
Additions	-	-	45,439	2,569,254	-	2,614,693
Reclassification from exploration and evaluation assets	-	-	-	-	5,891,334	5,891,334
Pre-production costs, net of sales recoveries	-	-	-	-	238,940	238,940
Adjustment to site restoration	-	-	-	-	174,283	174,283
Balance at October 31, 2014	122,251	250,117	340,300	7,399,891	6,304,557	14,417,116
Additions	40,882	8,471	3,839	167,987	224,313	445,492
Pre-production costs, net of sales recoveries	-	-	-	-	103,396	103,396
Adjustment to site restoration	-	-	-	-	379,372	379,372
Balance at July 31, 2015	163,133	258,588	344,139	7,567,878	7,011,638	15,345,376

4. Property, Plant and Equipment (continued)

Accumulated Depreciation:	**Vehicles** **$**	**Equipment and Tools** **$**	**Building** **$**	**Manufacturing and Processing Facility** **$**	**Mineral Property Acquisition and Development Costs** **$**	**Total** **$**
Balance at October 31, 2013	(33,050)	(24,331)	-	(35,527)	-	(92,908)
Depreciation	(24,814)	(26,672)	-	(24,412)	-	(75,898)
Balance at October 31, 2014	(57,864)	(51,003)	-	(59,939)	-	(168,806)
Depreciation	(21,332)	(17,005)	-	(14,963)	-	(53,300)
Balance at July 31, 2015	(79,196)	(68,008)	-	(74,902)	-	(222,106)
Carrying Value:						
Balance at October 31, 2014	64,387	199,114	340,300	7,339,952	6,304,557	14,248,310
Balance at July 31, 2015	83,937	190,580	344,139	7,492,976	7,011,638	15,123,270

During fiscal 2014 technical feasibility and commercial viability of the extraction of mineral resources at the Woxna Graphite Mine was demonstrated, transitioning the Company to the development stage of mining. Upon the transition, costs on the exploration and evaluation assets attributed to the mine were reclassificated to property, plant and equipment.

Graphite sales and cost of sales during the commissioning stage of the Woxna Graphite Mine was recorded as pre-production costs, net of revenues. Effective August 1, 2015 the Company has determined that the commissioning stage was complete and that all future revenues and costs be recorded in the statement of profit or loss.

5. Provision for Site Restoration

Although the ultimate amount of the decommissioning obligation for the Kringelgruven concession is uncertain, the fair value of this obligation is based on information currently available, including closure plans and applicable regulations. Significant closure activities include land rehabilitation, demolition of buildings and mine facilities and other costs. The provision for site restoration may be subject to change based on management's current estimates, changes in remediation technology or changes to the applicable laws and regulations. The total undiscounted amount of estimated cash flows to settle the Company's risk adjusted estimated obligation is SEK 41,500,000 to be incurred over the next 22 years with the majority of the costs to be incurred between 2036 and 2037.

The fair value of the decommissioning obligation was calculated using a discounted cash flow approach based on a risk free rate of 0.82% (October 31, 2014 - 1.20%) and an inflation factor of negative 0.10% (October 31, 2014 - 0.10%). Settlement of the obligation is expected to be funded from general corporate funds at the time of decommissioning. Changes to the decommissioning obligation were as follows:

	$
Balance at October 31, 2013	3,873,138
Accretion	89,772
Revision of estimates	1,074,334
Foreign exchange adjustment	(270,664)
Balance at October 31, 2014	4,766,580
Accretion	42,227
Revision of estimates	385,571
Foreign exchange adjustment	(6,199)
Balance at July 31, 2015	5,188,179

5. Provision for Site Restoration (continued)

As at July 31, 2015 a reclamation deposit of $80,475 (October 31, 2014 - $80,925) has been paid to the Gavleborg County Administration Board and has been accounted for as a non-current deposit. The reclamation deposit was placed as security for site restoration on the Kringelgruven concession.

As at July 31, 2015 the Mattsmyra, Gropabo and Mansberg concessions remain undeveloped and there are no property restoration obligations relating to these concessions.

6. Share Capital

(a) *Authorized Share Capital*

The Company's authorized share capital consists of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Reconciliation of Changes in Share Capital*

No equity financing were conducted by the Company during the nine months ended July 31, 2015 or fiscal 2014.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at July 31, 2015 and 2014 and the changes for the nine months ended on those dates is as follows:

	2015		2014	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance beginning of period	9,570,000	0.75	14,574,287	1.22
Exercised	-	-	(10,000)	0.75
Expired	-	-	(4,924,287)	2.15
Balance end of period	9,570,000	0.75	9,640,000	0.75

During the nine months ended July 31, 2015 the Company extended the expiry date of the 9,570,000 warrants from February 22, 2015 to February 22, 2016.

(d) *Share Option Plan*

The Company has established a rolling share option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of up to five years.

During the nine months ended July 31, 2015 the Company did not grant any share options. During the nine months ended July 31, 2014 the Company granted 805,000 share options and recorded compensation expense of $313,942.

During the nine months ended July 31, 2015 the Company recorded compensation expense of $17,000 (2014 - $31,241) on the vesting of share options previously granted.

6. Share Capital (continued)

The fair value of share options granted and vested during the nine months ended July 31, 2015 and 2014 is estimated using the Black-Scholes option pricing model using the following assumptions:

	2015	2014
Risk-free interest rate	1.28%	1.01% - 1.28%
Estimated volatility	121%	72% - 121%
Expected life	2 years	2 years - 3 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The weighted average fair value of all share options granted and vested during the nine months ended July 31, 2015 was $0.17 (2014 - $0.46) per share option.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company's share options.

A summary of the Company's share options at July 31, 2015 and 2014 and the changes for the nine months ended on those dates is as follows:

	2015		2014	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance beginning of period	2,390,000	0.59	2,927,500	0.62
Granted	-	-	805,000	0.51
Exercised	-	-	(162,500)	0.49
Expired	(290,000)	0.50	(800,000)	0.69
Balance end of period	2,100,000	0.60	2,770,000	0.57

The following table summarizes information about the share options outstanding and exercisable at July 31, 2015:

Number	Exercise Price $	Expiry Date
250,000	1.25	October 11, 2015
100,000	0.60	March 15, 2016
145,000	0.10	June 8, 2016
800,000	0.57	September 17, 2016
200,000	0.45	January 6, 2017
555,000	0.52	March 28, 2017
50,000	0.65	March 28, 2017
2,100,000		

7. Related Party Disclosures

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

(a) *Transactions with Key Management Personnel*

During the nine months ended July 31, 2015 and 2014 the following amounts were incurred with respect to the Company's President and the Chief Financial Officer ("CFO"):

	2015 $	2014 $
Management fees - President	149,994	149,994
Relocation reimbursement costs - President	64,111	-
Consulting fees - CFO	35,500	2,500
	249,605	152,494

As at July 31, 2015, $16,666 (2014 - $2,500) remained unpaid and has been included in accounts payable and accrued liabilities.

The Company has a management agreement with the President of the Company which provides that in the event the President's services are terminated without cause or upon a change of control of the Company, a termination payment of one year of compensation, at $16,666 per month, is payable. If the termination had occurred on July 31, 2015 the amount payable under the agreement would be $199,992.

(b) *Transactions with other Related Parties*

(i) During nine months ended July 31, 2015 and 2014 the following amounts were incurred with respect to non-management directors of the Company:

	2015 $	2014 $
Consulting fees	54,000	6,000

As at July 31, 2015, $4,000 (2014 - $6,000) remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) Chase Management Ltd. ("Chase"), a private corporation owned by the Chief Financial Officer ("CFO") of the Company, provides accounting and administrative services. During the nine months ended July 31, 2015 the Company incurred $31,000 (2014 - $23,450) for services provided by Chase personnel, exclusive of the CFO, and $3,015 (2014 - $3,015) for rent. As at July 31, 2015, $5,670 (2014 - $5,020) remained unpaid and has been included in accounts payable and accrued liabilities.

(iii) During nine months ended July 31, 2015 the Company incurred $10,076 (2014 - $5,953) for shared administration costs with public companies with common directors and officers. As at July 31, 2015, $1,805 (2014 - $1,025) remained unpaid and has been included in accounts payable and accrued liabilities.

8. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following five categories: fair value through profit or loss ("FVTPL"); held-to-maturity investments; loans and receivables; available-for-sale and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	July 31, 2015 $	October 31, 2014 $
Cash	FVTPL	3,657,824	6,506,217
Amounts receivable	Loans and receivables	-	254
Reclamation deposit	Loans and receivables	80,475	80,925
Accounts payable and accrued liabilities	Other financial liabilities	(238,543)	(583,817)
Property acquisition obligation	Other financial liabilities	(488,228)	(433,314)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for amounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The recorded amount for the property acquisition obligation approximates its fair value. The fair value is determined using a discounted cash flow approach based on the use of directly and indirectly observable inputs on reporting dates. A market rate of interest of 17% and payment dates of 2016 and 2017 were the assumptions. The Company's fair value of cash under the fair value hierarchy is measured using Level 1.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, reclamation deposit and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash, amounts receivable and reclamation deposit is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. The following table is based on the contractual maturity dates of financial assets and liabilities and the earliest date on which the Company can be required to settle financial liabilities.

8. Financial Instruments and Risk Management (continued)

	Contractual Maturity Analysis at July 31, 2015				
	Carrying Amount $	Contractual Cash Flows $	Less than 3 Months $	1 - 5 Years $	Over 5 Years $
Cash	3,657,824	3,657,824	3,657,824	-	-
Reclamation deposit	80,475	80,475	-	-	80,475
Accounts payable and accrued liabilities	(238,543)	(238,543)	(238,543)	-	-
Property acquisition obligation	(488,228)	(606,948)	-	(606,948)	-

	Contractual Maturity Analysis at October 31, 2014				
	Carrying Amount $	Contractual Cash Flows $	Less than 3 Months $	1 - 5 Years $	Over 5 Years $
Cash	6,506,217	6,506,217	6,506,217	-	-
Amounts receivable	254	254	254	-	-
Reclamation deposit	80,925	80,925	-	-	80,925
Accounts payable and accrued liabilities	(583,817)	(583,817)	(583,817)	-	-
Property acquisition obligation	(433,314)	(610,324)	-	(610,324)	-

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bear floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

Foreign Currency Risk

The Company's functional currency is the Canadian Dollar and major transactions are transacted in Canadian Dollars and SEK. The Company maintains SEK bank accounts in Sweden to support the cash needs of its foreign operations. Management believes the foreign exchange risk related to currency conversions is minimal and therefore does not hedge its foreign exchange risk. At July 31, 2015, 1 Canadian Dollar was equal to SEK 6.59.

Balances are as follows:

	SEK	CDN $ Equivalent
Cash	1,662,625	252,295
VAT receivable	197,489	29,968
Inventories	548,971	83,299
Plant stores and supplies	618,661	93,874
Reclamation deposit	530,357	80,475
Accounts payable and accrued liabilities	(1,166,621)	(177,029)
Property acquisition obligation	(3,217,591)	(488,228)
	(826,109)	(125,346)

Based on the net exposures as of July 31, 2015 and assuming that all other variables remain constant, a 10% fluctuation the Canadian Dollar against the SEK would result in the Company's net loss being approximately $11,000 higher (or lower).

8. Financial Instruments and Risk Management (continued)

The Company also maintains a US Dollar bank account to facilitate the transfer of funds and payment of US Dollar denominated accounts payable. As at May 31, 2015 the balance of US Dollars held by the Company was insignificant.

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain development of the business. The Company defines capital that it manages as share capital and cash. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

9. Supplemental Cash Flow Information

During the nine months ended July 31, 2015 and 2014 non-cash activities were conducted by the Company as follows:

	2015 $	2014 $
Operating activities		
Depreciation	-	893
Provision for site restoration	379,372	629,387
Increase in accounts payable and accrued liabilities	-	253,569
	379,372	883,849
Investing activities		
Revisions of estimates on property, plant and equipment	(379,372)	-
Revisions of estimates on exploration and evaluation assets	-	(629,387)
Decrease (increase) to property, plant and equipment	-	(253,569)
Expenditures on exploration and evaluation assets	-	(893)
	(379,372)	(883,849)

10. Segmented Information

As at July 31, 2015 the Company was involved in the exploration and development of resource properties in Sweden, with corporate operations in Canada. The Company is in the exploration and development stage and accordingly, has no reportable segment revenues or operating results.

10. Segmented Information (continued)

The Company's total assets are segmented geographically as follows:

	As a July 31, 2015		
	Corporate Canada $	Mineral Operations Sweden $	Total $
Current assets	3,467,794	463,947	3,931,741
Exploration and evaluation assets	-	17,789	17,789
Property, plant and equipment	-	15,123,270	15,123,270
Reclamation deposit	-	80,475	80,475
	3,467,794	15,685,481	19,153,275

	As at October 31, 2014		
	Corporate Canada $	Mineral Operations Sweden $	Total $
Current assets	6,274,950	573,513	6,848,463
Property, plant and equipment	-	14,248,310	14,248,310
Reclamation deposit	-	80,925	80,925
	6,274,950	14,902,748	21,177,698