

# Chantrell Ventures Corp.

UNAUDITED INTERIM FINANCIAL STATEMENTS

For the three and nine month periods ended  
September 30, 2015 and 2014

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying unaudited interim financial statements of Chantrell Ventures Corp. are the responsibility of the management and Board of Directors of the Company.

The unaudited interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Paul A. Parisotto,  
President, CEO and CFO

## **NOTICE TO READER**

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim financial statements for the three and nine month periods ended September 30, 2015 and 2014 have not been reviewed by the Company's auditors.

**CHANTRELL VENTURES CORP.****UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian dollars)

<b>As at,</b>	<b>September 30, 2015</b>	<b>December 31, 2014</b>
<b>Assets</b>		(Audited)
<b>Current</b>		
Cash and cash equivalents (Note 4)	\$ 329,180	\$ 398,285
Trade and other receivables (Note 5)	2,614	1,844
Prepaid expenses and deposits	1,685	8,349
	333,479	408,478
Equipment (Note 6)	10,404	12,240
	\$ 343,883	\$ 420,718
 <b>LIABILITIES</b>		
<b>Current</b>		
Trade and other payables (Note 7 and 8)	\$ 12,377	\$ 14,782
	12,377	14,782
 <b>EQUITY</b>		
Share capital (Note 9 (a))	2,563,000	2,563,000
Reserve for warrants (Note 10)	50,000	50,000
Reserve for share based payments (Note 11)	2,043,884	2,043,884
Deficit	(4,325,378)	(4,250,948)
	331,506	405,936
	\$ 343,883	\$ 420,718

Nature of Operations and Going Concern (Note 1)

Approved on behalf of the Board on October 16, 2015:

"Paul A. Parisotto" Director"Lorie Waisberg" Director*The accompanying notes are an integral part of these unaudited interim financial statements*

**CHANTRELL VENTURES CORP.**

**UNAUDITED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian dollars)

	<b>Three months ended September 30, 2015</b>	Three months ended September 30, 2014	<b>Nine months ended September 30, 2015</b>	Nine months ended September 30, 2014
<b>Expenses</b>				
Management and consulting fees (Note 8)	\$ 7,500	\$ 12,333	\$ 22,500	\$ 46,333
Professional fees	10,301	5,977	23,066	23,977
Shareholder information	5,523	5,467	11,785	13,078
Office and miscellaneous	4,570	6,355	15,243	22,139
Depreciation (Note 6)	612	765	1,836	2,295
<b>Net loss and comprehensive loss for the period</b>	<b>\$ 28,506</b>	<b>\$ 30,897</b>	<b>\$ 74,430</b>	<b>\$ 107,822</b>
<b>Loss per share</b>				
Basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding				
Basic and diluted	18,611,857	18,611,857	18,611,857	18,611,857

*The accompanying notes are an integral part of these unaudited interim financial statements*

**CHANTRELL VENTURES CORP.**

**UNAUDITED INTERIM STATEMENTS OF CHANGES IN EQUITY**

(Expressed in Canadian dollars)

	Share Capital		Reserves			Total
	Number of Shares	Amount	Share based payments	Warrants	Deficit	
Balance at December 31, 2013	18,611,857	\$ 2,563,000	\$ 2,043,884	\$ 50,000	\$ (4,125,644)	\$ 531,240
Total comprehensive loss for the year	-	-	-	-	(125,304)	(125,304)
<b>Balance at December 31, 2014</b>	<b>18,611,857</b>	<b>\$ 2,563,000</b>	<b>\$ 2,043,884</b>	<b>\$ 50,000</b>	<b>\$ (4,250,948)</b>	<b>\$ 405,936</b>
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(74,430)</b>	<b>(74,430)</b>
<b>Balance at September 30, 2015</b>	<b>18,611,857</b>	<b>\$ 2,563,000</b>	<b>\$ 2,043,884</b>	<b>\$ 50,000</b>	<b>\$ (4,325,378)</b>	<b>\$ 331,506</b>
Balance at December 31, 2013	18,611,857	\$ 2,563,000	\$ 2,043,884	\$ 50,000	\$ (4,125,644)	\$ 531,240
Total comprehensive loss for the period	-	-	-	-	(107,822)	(107,822)
Balance at September 30, 2014	18,611,857	\$ 2,563,000	\$ 2,043,884	\$ 50,000	\$ (4,233,466)	\$ 423,418

*The accompanying notes are an integral part of these unaudited interim financial statements*

**CHANTRELL VENTURES CORP.****UNAUDITED INTERIM STATEMENTS OF CASH FLOWS**

(Expressed in Canadian dollars)

<i>For the nine month periods ended September 30,</i>	<b>2015</b>	<b>2014</b>
<b>Cash flows used in operating activities</b>		
Net loss for the period	\$ (74,430)	\$ (107,822)
Add items not affecting cash:		
Depreciation	1,836	2,295
Changes in non-cash working capital balances:		
Trade and other receivables	(770)	(56)
Prepaid expenses and deposits	6,664	5,488
Trade and other payables	(2,405)	(1,993)
Cash flows used in operating activities	<b>(69,105)</b>	<b>(102,088)</b>
Decrease in cash and cash equivalents	<b>(69,105)</b>	<b>(102,088)</b>
Cash and cash equivalents, beginning of period	<b>398,285</b>	<b>510,522</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 329,180</b>	<b>\$ 408,434</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Interest received	\$ 2,652	\$ 4,187
Income tax paid	\$ -	\$ -

*The accompanying notes are an integral part of these unaudited interim financial statements*

**CHANTRELL VENTURES CORP.**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED JUNE 30, 2015 and 2014**  
(Expressed in Canadian dollars)

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**1. NATURE OF OPERATIONS AND GOING CONCERN CONSIDERATIONS**

Chantrell Ventures Corp. (the "Company") is a public company incorporated under the laws of the Province of Alberta and continued into the Province of British Columbia under the Business Corporations Act on July 29, 2004. The Company's head office is located at 145 King St. W., Suite 2870, Toronto, ON, M5H 1J8.

As at September 30, 2015, the Company had working capital of \$321,102 (December 31, 2014 – \$393,696), had not yet achieved profitable operations, had accumulated losses of \$4,325,378 (December 31, 2014 - \$4,250,948) and expects to incur further losses in the development of its business, all of which casts significant doubt upon the Company's ability to continue as a going concern. The Company is looking to acquire exploration and development assets. The application of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and obtain necessary financing to do so.

Management believes the Company has sufficient funds to cover planned operations throughout the next twelve month period. However, management may secure additional financing through the issue of new equity, among other things. Nevertheless, there is no assurance that these initiatives will be successful.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The business of mining and exploring for minerals involves a high degree of risk and there is no guarantee that the Company's exploration programs will yield positive results or that the Company will be able to obtain the necessary financing to carry out the exploration and development of its mineral property interests.

Management believes the going concern assumption to be appropriate for these financial statements. If the going concern assumption was not appropriate, adjustments might be necessary to the carrying value of the assets and liabilities, reported revenues and expenses, and the statement of financial position classifications used in the financial statements.

**2. BASIS OF PRESENTATION**

**2.1 Statement of compliance and presentation**

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

These unaudited interim financial statements were approved and authorized by the Board of Directors of the Company on October 16, 2015.

These unaudited interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2014 annual financial statements. Management advises readers of these unaudited interim financial statements to review the audited financial statements and accompanying notes as at December 31, 2014 in conjunction with the review of these statements.

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**2. BASIS OF PRESENTATION** (*continued*)

**2.2 Future accounting policies and standards adopted**

**Future accounting policies**

At the date of authorization of these unaudited interim financial statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted these standards, amendments and interpretations. However, the Company is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company.

- In July 2014 the IASB issued the final amendments to IFRS 9, *Financial Instruments* (“IFRS 9”) which provides guidance on the classification and measurement of financial assets and liabilities, impairment of financial assets, and general hedge accounting. The Classification and measurement portion of the standard determines how financial assets and financial liabilities are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. The amended IFRS 9 introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. In addition, the amended IFRS 9 includes a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.
- IFRS 11 *Joint Arrangements* - The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.
- IFRS 15 *Revenue from Contracts with Customers* - IFRS 15, “Revenue from Contracts with Customers” (“IFRS 15”), was issued in May 2014 and will replace IAS 11, “Construction Contracts,” IAS 18, “Revenue Recognition,” IFRIC 13, “Customer Loyalty Programmes,” IFRIC 15, “Agreements for the Construction of Real Estate,” IFRIC 18, “Transfers of Assets from Customers,” and SIC-31, “Revenue – Barter Transactions Involving Advertising Services.” IFRS 15 provides a single, principle-based five-step model that will apply to all contracts with customers with limited exceptions, including, but not limited to, leases within the scope of IAS 17 and financial instruments and other contractual rights or obligations within the scope of IFRS 9 “Financial Instruments,” IFRS 10, “Consolidated Financial Statements” and IFRS 11, “Joint Arrangements.” In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The standard’s requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity’s ordinary activities. IFRS 15 is required for annual periods beginning on or after January 1, 2017; earlier adoption is permitted.

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**2. BASIS OF PRESENTATION** *(continued)*

**2.2 Future accounting policies and standards adopted** *(continued)*

**Future accounting policies** *(continued)*

- IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.
- IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* - The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. This policy will become effective for annual periods starting after, or on January 1, 2016. Earlier adoption permitted.

**Standards adopted**

At January 1, 2015, the Company adopted the following standards/amendments for which there was no impact on the Company’s financial statements:

- IFRS 3 *Business Combinations* - The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).
- IFRS 8 *Operating Segments* - The amendments are applied retrospectively and clarifies that:
  - An entity must disclose the judgements made by management in applying the aggregation criteria, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are ‘similar’.
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.
- IFRS 13 – Fair Value Measurement (“IFRS 13”) was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32.
- IAS 24 *Related Party Disclosures* - The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The Company is in the process of assessing the impact of IAS 24 on its financial statements.

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**2. BASIS OF PRESENTATION** *(continued)*

**2.3 Use of management estimates, judgments and measurement uncertainty**

The preparation of these financial statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the financial statements. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to recoverability of trade and other receivables, valuation of deferred income tax amounts and the calculation of share-based payments. Significant estimates and judgments made by management in the preparation of these financial statements are outlined below:

***Income taxes***

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company and its subsidiaries operate are subject to change and interpretation. As such, income taxes are subject to measurement uncertainty. The Company follows the liability method for calculating deferred taxes. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to the expectations of future cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the deferred tax assets and liabilities recorded at the statement of financial position date could be impacted. Additionally, changes in tax laws could limit the ability of the Company to obtain tax deductions in the future.

**3. CAPITAL MANAGEMENT**

The Company's objectives in managing its capital are: to maintain adequate levels of funding to support its expenditures arising from the Company's activities; to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its properties; to maintain a flexible capital structure for its projects for the benefit of its stakeholders; to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company considers its capital to be equity, which is comprised of share capital, reserve accounts, and deficit, which as at September 30, 2015 totaled \$331,506 (December 31, 2014 – \$405,936).

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, exploration and development of 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 future development of the business.

The Company currently has no major sources of revenue; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will continue to assess its existing working capital position and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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**3. CAPITAL MANAGEMENT** *(continued)*

The Company's investment policy is to invest its cash in bank deposits, to ensure it is available for upcoming expenditures. The Company expects its capital resources will be sufficient to carry out its acquisition and exploration plans and operations through its current operating period. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company.

There were no changes in the Company's approach to capital management during the nine month period ended September 30, 2015. The Company is not subject to externally imposed capital requirements.

**4. CASH AND CASH EQUIVALENTS**

The balance of cash and cash equivalents at September 30, 2015, consisted of \$6,953 (December 31, 2014 - \$6,247) on deposit with major Canadian financial institutions in Canada and \$322,227 (December 31, 2014 - \$392,038) in short-term guaranteed investment certificates and fixed instruments with maturities of less than 90 days.

**5. TRADE AND OTHER RECEIVABLES**

The Company's trade and other receivables arise primarily from harmonized services tax ("HST") receivable due from government taxation authorities. Receivables are broken down as follows:

	<b>As at,</b>	
	<b>September 30, 2015</b>	December 31, 2014
	\$	\$
HST receivable	2,614	1,844
<b>Total Trade and Other Receivables</b>	<b>2,614</b>	<b>1,844</b>

Below is an aged analysis of the Company's trade and other receivables:

	<b>As at,</b>	
	<b>September 30, 2015</b>	December 31, 2014
	\$	\$
Less than 1 month	2,614	1,844
<b>Total Trade and Other Receivables</b>	<b>2,614</b>	<b>1,844</b>

At September 30, 2015, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the receivables is further discussed in Note 12.

The Company holds no collateral for any receivable amounts outstanding as at September 30, 2015.

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**6. EQUIPMENT**

	Office, furniture and fixtures
<b>Cost</b>	
<b>As at December 31, 2014 and September 30, 2015</b>	<b>\$ 25,164</b>
<b>Accumulated depreciation</b>	
As at January 1, 2014	\$ 9,864
Depreciation	3,060
<b>As at December 31, 2014</b>	<b>\$ 12,924</b>
<b>Depreciation</b>	<b>1,836</b>
<b>As at September 30, 2015</b>	<b>\$ 14,760</b>
<b>Net book value</b>	
As at December 31, 2014	\$ 12,240
<b>As at September 30, 2015</b>	<b>\$ 10,404</b>

**7. TRADE AND OTHER PAYABLES**

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to operating and financing activities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an aged analysis of the trade and other payables:

	As at,	
	September 30, 2015	December 31, 2014
	\$	\$
Less than 1 month	12,377	14,782
<b>Total Trade and Other Payables</b>	<b>12,377</b>	<b>14,782</b>

**8. RELATED PARTY TRANSACTIONS**

Certain corporate entities and consultants that are related to the Company's officers and directors or persons holding more than 10% of the issued and outstanding shares of the Company provide consulting and other services to Chantrell. All transactions were conducted in the normal course of operations and are measured at the exchange amounts.

As at September 30, 2015, the Company had \$1,000 (December 31, 2014 - \$1,000) in trade and other payables due to a company controlled by an officer and director of the Company.

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**9. SHARE CAPITAL**

**(a) Authorized – Unlimited Common shares without par value**  
**Unlimited Preferred shares without par value**

The issued and outstanding share capital is as follows:

<b>Common shares</b>	<b>Number of Shares</b>	<b>Amount</b>
<b>Balance, December 31, 2013 and 2014 and September 30, 2015</b>	<b>18,611,857</b>	<b>\$ 2,563,000</b>

**(b) Options**

The Company has a stock option plan (the "Plan") under which the directors of the Company may grant options to acquire common shares of the Company to directors and officers, employees, and consultants of the Company. Exercise prices cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years. The options vest immediately unless otherwise specified. The maximum aggregate number of common shares under options any time under the Plan cannot exceed 10% of the issued shares. As at September 30, 2015, the Company had 351,186 (December 31, 2014 – 351,186) options available for issuance under the plan. Continuity of the options outstanding to purchase common shares is as follows:

<b>As at,</b>	<b>September 30, 2015</b>		<b>December 31, 2014</b>	
	<b>Weighted Average Exercise Price (\$)</b>	<b>No. of Options</b>	<b>Weighted Average Exercise Price (\$)</b>	<b>No. of Options</b>
Outstanding at beginning of period/year	<b>0.74</b>	<b>1,510,000</b>	0.74	1,510,000
<b>Outstanding at end of period/year</b>	<b>0.74</b>	<b>1,510,000</b>	0.74	1,510,000

The following summarizes information on stock options outstanding at September 30, 2015.

<b>Range of Exercise Prices (\$)</b>	<b>No. of Options Outstanding</b>	<b>Weighted Average Remaining Life (Years)</b>	<b>Weighted Average Exercise Price (\$)</b>
0.44	700,000	0.17	0.44
1.00	810,000	0.41	1.00
0.44 – 1.00	1,510,000	0.30	0.74

**10. RESERVE FOR WARRANTS**

Reserve for warrants is comprised of the following:

	<b>September 30, 2015</b>	<b>December 31, 2014</b>
Balance, beginning of the period/year	<b>\$ 50,000</b>	\$ 50,000
Balance, end of period/year	<b>\$ 50,000</b>	\$ 50,000

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**11. RESERVE FOR SHARE BASED PAYMENTS**

Reserve for share based payments is comprised of the following:

	<b>September 30, 2015</b>	December 31, 2014
Balance, beginning of the period/year	<b>\$ 2,043,884</b>	\$ 2,043,884
Balance, end of period/year	<b>\$ 2,043,884</b>	\$ 2,043,884

**12. FINANCIAL INSTRUMENTS**

*Fair value*

The Company's financial instruments as at September 30, 2015 include cash and cash equivalents, trade and other receivables, and trade and other payables. Fair value of cash and cash equivalents is determined based on transaction value and is categorized as Level 1 measurement. Fair value of trade and other receivable and trade and other payables are determined from transaction values which were derived from observable market inputs. Fair values of these financial instruments are based on Level 2 measurements. The Company records its financial instruments at their carrying amounts which approximates fair value, unless otherwise disclosed in the financial statements. The carrying amounts approximate fair values due to the short-term maturities of these financial instruments.

- Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level two includes inputs that are observable other than quoted prices included in level one.
- Level three includes inputs that are not based on observable market data.

As at September 30, 2015, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these investments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

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

*Interest rate risk*

The Company's cash and cash equivalents include bank deposits that are subject to floating interest rates. The Company's current policy is to invest excess cash in bank deposits by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

*Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

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**12. FINANCIAL INSTRUMENTS** *(continued)*

The Company's credit risk is primarily attributable to cash and trade and other receivables included in current assets. The Company has no material concentration of credit risk arising from operations. Cash and cash equivalents consist of bank deposits and guaranteed investment certificates, from which, management believes the risk of loss is remote. As at September 30, 2015, the Company's trade and other receivables primarily consist of amounts due from the Canadian government. The Company's receivables are normally collected within a 30-60 day period. The Company has not experienced any collection issues to September 30, 2015. The Company is exposed to credit risk with regards to the government denying the Company claims filed.

The Company's maximum exposure to credit risk as at September 30, 2015 is the carrying value of cash and cash equivalents and trade and other receivables.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2015, the Company had working capital of \$321,102 (December 31, 2014 – \$393,696), consisting of current assets of \$333,479 (December 31, 2014 - \$408,478) compared to current liabilities of \$12,377 (December 31, 2014 - \$14,782). The ability of the Company to continue to pursue its activities and continue as a going concern is dependent on its ability to secure additional equity or other financing. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.