AURYN RESOURCES

(An exploration stage company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three months ended September 30, 2015 and 2014

Unaudited

(Expressed in Canadian dollars)

AURYN RESOURCES INC.

(the "Company")

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three months ended September 30, 2015 and 2014

NOTICE OF NO AUDITOR REVIEW

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

The Company's independent auditor has 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 the entity's auditor.

November 25, 2015

Auryn Resources Inc.
Condensed Interim Consolidated Statements of Financial Position

Unaudited - (Expressed in Canadian dollars)

		September 30, 2015		June 30, 2015
Assets				
Current assets:				
Cash and cash equivalents	$	6,104,296	$	4,241,448
Investments (note 5)		–		1,300,000
Amounts receivable		305,560		217,302
Joint venture advances		–		682,429
Prepaid expenses and deposits (note 15 (b))		470,764		114,070
		6,880,620		6,555,249
Non-current assets:				
Mineral property interests (note 6)		24,294,242		2,067,163
Equipment (note 7)		1,858,001		–
Deferred acquisition costs		–		174,872
Total assets	**$**	**33,032,863**	**$**	**8,797,284**
Liabilities and Equity				
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	$	1,624,326	$	412,721
Non-current liabilities:				
Provision for site reclamation and closure (note 8)		1,093,873		–
Total liabilities	$	2,718,199	$	412,721
Equity				
Share capital (note 9)	$	32,545,540	$	12,705,363
Equity reserves (note 10)		4,071,016		785,023
Accumulated other comprehensive income		–		522,000
Deficit		(6,301,892)		(5,627,823)
Total Equity		30,314,664		8,384,563
Total liabilities and equity	**$**	**33,032,863**	**$**	**8,797,284**

Subsequent events (note 15)

Approved on behalf of the Board of Directors:

"Ivan Bebek"
Director

"Shawn Wallace"
Director

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

Auryn Resources Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

Unaudited - (Expressed in Canadian dollars, except share amounts)

	For the three months ended September 30, 2015	2014
Administration expenses:		
Consulting fees, directors' fees, wages and benefits (note 11)	$ 348,823	$ 127,020
Legal and professional fees	19,031	15,751
Office, rent and administration	126,030	34,727
Regulatory, transfer agent and shareholder information	5,620	2,676
Share-based compensation (note 10 (a))	379,491	103,598
Travel, promotion and investor relations	195,881	15,407
	1,074,876	299,179
Other (income) expenses:		
Project investigation costs	30,948	90,920
Interest and other income	(14,355)	(6,318)
Gain on investments (note 5)	(435,000)	–
Foreign exchange loss (gain)	4,600	(440)
	(413,807)	84,162
Net loss before income taxes	(661,069)	(383,341)
Deferred income tax expense	(13,000)	–
Net loss for the year	**$ (674,069)**	**$ (383,341)**
Other comprehensive income, net of tax		
Items that may be reclassified subsequently to profit or loss:		
Fair value loss on available-for-sale financial assets, net of tax	$ (87,000)	$ –
Realization of gain on available-for-sale financial assets	(435,000)	–
Other comprehensive loss for the period	**$ (522,000)**	**$ –**
Total comprehensive loss for the period	**$ (1,196,069)**	**$ (383,341)**
Basic and diluted loss per share	$ (0.01)	$ (0.02)
Weighted average number of shares outstanding	48,827,479	18,878,605

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

Auryn Resources Inc.
Condensed Interim Consolidated Statements of Changes in Equity

Unaudited - (Expressed in Canadian dollars, except share amounts)

	Number of common shares	Share capital	Equity reserves	Accumulated other comprehensive income	Deficit	Total
Balance at June 30, 2014	**18,878,605**	**$ 5,503,012**	**$ 522,885**	**$ –**	**$ (2,008,768)**	**$ 4,017,129**
Net loss for the period	–	–	–	–	(383,341)	(383,341)
Share-based compensation	–	–	120,356	–	–	120,356
Balance at September 30, 2014	**18,878,605**	**$ 5,503,012**	**$ 643,241**	**$ –**	**$ (2,392,109)**	**$ 3,754,144**
Balance at June 30, 2015	**30,153,585**	**$ 12,705,363**	**$ 785,023**	**$ 522,000**	**$ (5,627,823)**	**$ 8,384,563**
Comprehensive loss for the period	–	–	–	(522,000)	(674,069)	(1,196,069)
Share-based compensation	–	–	604,539	–	–	604,539
Shares issued pursuant to private placement at $1.20 per share	4,835,000	2,956,726	2,681,454	–	–	5,638,180
Shares issued for acquisition of North Country Gold Corp (note 4)	13,838,894	16,883,451	–	–	–	16,883,451
Balance at September 30, 2015	**48,827,479**	**$ 32,545,540**	**$ 4,071,016**	**$ –**	**$ (6,301,892)**	**$ 30,314,664**

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

Auryn Resources Inc.
Condensed Interim Consolidated Statements of Cash Flows

Unaudited - (Expressed in Canadian dollars)

	Three months ended September 30, 2015	2014
Cash (used in) provided by:		
Operating activities:		
Loss for the period	$ (674,069)	$ (383,341)
Items not involving cash:		
Interest income classified as investing activity	(2,158)	(6,318)
Gain on available-for-sale financial assets (note 5)	(435,000)	–
Unrealized foreign exchange	1,474	4,370
Share-based compensation	379,764	120,356
Deferred income tax	13,000	–
Changes in non-cash working capital:		
Amounts receivable and other	158,752	(7,670)
Joint venture advances	682,429	–
Deferred and prepaid expenses	62,594	5,890
Accounts payable and accrued liabilities	(29,732)	(58,645)
Cash provided by (used in) operating activities	157,054	(325,358)
Investing activities:		
Interest received	2,158	2,265
Exploration and evaluation expenditures	(3,948,499)	–
Acquisition of North Country Gold Corp., net of cash acquired (note 4)	12,724	–
Cash (used in) provided by investing activities	(3,933,617)	2,265
Financing activities:		
Proceeds from issuance of common shares, net of share issuance costs (note 9)	5,638,180	–
Cash provided by financing activities	5,638,180	–
Effect of foreign exchange rate changes on cash and cash equivalents	1,231	(4,370)
Increase (decrease) in cash and cash equivalents	1,862,848	(327,463)
Cash and cash equivalents, beginning of the period	4,241,448	2,377,144
Cash and cash equivalents, end of the period	**$ 6,104,296**	**$ 2,049,681**

Supplemental cash flow information (note 14)

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

1. Corporate information

Auryn Resources Inc., (the "Company" or "Auryn") was incorporated on June 9, 2008, under the British Columbia Business Corporations Act under the name Georgetown Capital Corp. Subsequently on October 15, 2013, the Company changed its name to Auryn Resources Inc.

On September 25, 2015 pursuant to a plan of arrangement, the Company completed the acquisition of 100% of the issued and outstanding shares of North Country Gold Corp., ("North Country") by issuing a total of 13,838,894 common shares of the Company at a fair value of $1.22 per common share (note 4).

The Company and its subsidiaries are principally engaged in the acquisition, exploration, and development of mineral property interests. The Company has not yet determined whether its mineral property interests contain economically recoverable mineral reserves. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral property interests, obtaining the necessary mining permits, and on future profitable production or the proceeds from the disposition of the exploration and evaluation assets.

The head office and principal address of the Company are located at 1199 West Hastings Street, Suite 600, Vancouver, British Columbia, V6E 3T5.

2. Basis of presentation

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies followed in these condensed interim consolidated financial statements are the same as those applied in the Company's most recent audited consolidated financial statements for years ended June 30, 2015 and 2014. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended June 30, 2015, which were filed under the Company's profile on SEDAR at www.sedar.com.

These condensed interim consolidated financial statements were authorized for issue and approved by the Board of Directors of the Company on November 25, 2015.

(b) Basis of preparation and consolidation

These condensed interim consolidated financial have been prepared on a historical cost basis and the functional and presentation currency is the Canadian dollar. Therefore, all amounts are presented in Canadian dollars, unless otherwise noted.

These condensed consolidated interim financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control exists when the Company has power over an investee, exposure or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Company's returns.

Subsidiary	Place of incorporation	Interest
North Country Gold Corp.	Alberta, Canada	100%
CBR Australia Holdings Inc. (inactive)	Alberta, Canada	100%
Committee Bay North Ltd.	Northwest Territories, Canada	100%
Akkese Madencilik Sanayi Ve Ticaret (inactive)	Turkey	100%

2. Basis of presentation (continued)

(b) Basis of preparation and consolidation (continued)

All material intercompany balances and transactions have been eliminated and where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other entities in the Company.

(c) Critical accounting judgments and estimates

The preparation of condensed interim consolidated financial statements in conformity with IFRS requires the Company's management to make estimates and assumptions about future events that affect the amounts reported in this condensed interim consolidated financial statements and related notes. Actual results may differ from those estimates. Information about areas of judgment and key sources of uncertainty and estimation are detailed below or contained the notes to the Company's audited consolidated financial statements for the year ended June 30, 2015.

i. Reclamation obligations

Management assesses its reclamation obligations annually and when circumstances suggest that a material change to the obligations have occurred. Significant estimates and assumptions are made in determining the provision for rehabilitation and site restoration, as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent, the timing and the cost of reclamation activities, regulatory change, cost increases, and changes in discount rates. Those uncertainties may result in actual expenditure differing from the amounts currently provided. The provision at the reporting date represents management's best estimate of the present value of the future reclamation costs required. Changes to estimated future costs are recognized in the statement of financial position by adjusting the reclamation asset and liability.

ii. Business combinations

Determination of whether a set of assets acquired and liabilities assumed constitute the acquisition of a business or asset may require the Company to make certain judgements as to whether or not the assets acquired and liabilities assumed include the inputs, processes and outputs necessary to constitute a business as defined in IFRS 3 - Business Combinations.

Based on an assessment of the relevant facts and circumstances, the Company concluded that the acquisition of North Country (the "Transaction") did not meet the criteria of a business combination and the Transaction has been accounted for as an acquisition of an asset

(d) Going concern of operations

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The ability of the Company to meet its commitments as they become due, including completion of the acquisition of an interest in and exploration and development of its mineral properties, is dependent upon the existence of economically recoverable reserves, the Company's ability to obtain the necessary financing to complete exploration and development and upon future profitable production or proceeds from disposition of these properties. The outcome of these matters cannot be predicted at this time. These consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments could be material.

3. Significant Accounting policies

(a) Foreign currency

The financial statements of the Company and each of its subsidiaries are prepared in its functional currency determined on basis of the primary economic environment in which such entities operate. The functional and presentation currency of the Company is the Canadian dollar. Amounts in these financial statements denominated in United States dollars are denoted as US$.

(b) Provision for reclamation obligations

An obligation to incur rehabilitation and site restoration costs arises when environmental disturbance is caused by the exploration, development or on-going production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project, as soon as the obligation to incur such costs arises. These costs are charged to the statement of comprehensive loss (income) over the life of the operation, through the amortization and the unwinding of the discount in the provision. Costs for restoration of subsequent site damage, which is created on an on-going basis during production, are provided for at their estimated net present values and charged against earnings as extraction progresses.

(c) Equipment

Equipment is stated at cost less accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful lives.

(d) Changes in accounting policies

The Company has not applied the following revised or new IFRS that have been issued but were not yet effective at the reporting date. These accounting standards are not expected to have a significant effect on the Company's accounting policies or consolidated financial statements:

i. IFRS 7, Financial Instruments Disclosures (effective January 1, 2018) requires new disclosures resulting from the amendments to IFRS 9.

ii. IFRS 9, Financial Instruments (effective January 1, 2018) introduces new requirements for the classification and measurement of financial assets and liabilities.

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11, Construction Contracts, IAS 18, Revenue, 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 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact the standard is expected to have on its consolidated financial statements.

(Expressed in Canadian dollars, unless otherwise stated)

4. Acquisition of North Country

On September 25, 2015 pursuant to a plan of arrangement ("Arrangement"), the Company completed the acquisition of 100% of the issued and outstanding shares of North Country by issuing a total of 13,838,894 of its common shares. North Country was an exploration company focused on the discovery of precious metals in Northern Canada. Prior to the Arrangement, the Company and North Country were party to a joint exploration agreement where Auryn was to earn a 51% interest in the Committee Bay project; the completion of the acquisition resulted in Auryn owning 100% of the project.

Pursuant to the Arrangement, each outstanding share of North Country was exchange for a 0.1 of a common share of Auryn. For this transaction the Company issued a total of 13,838,894 common shares from treasury with a fair value of $1.22 per common share and 840,000 replacement options with a weighted average fair value of $0.61 per option (note 10(a)). The fair value of the common shares was determined using the last closing market price of the Company's shares on the day of the acquisition.

The North Country acquisition was accounted for as an asset acquisition and transaction costs associated with the acquisition totalling $125,525 are capitalized and included in the cost of the net assets acquired. North Country's operations have been included in the Company's results of operations from the acquisition date.

The allocation of purchase price, based on management's estimate of the relative fair value of assets acquired and liabilities assumed is as follows:

Total purchase price:	
Fair value of common shares issued for acquisition	$ 16,883,451
Fair value of investment in shares of North Country	1,200,000
Fair value of stock options issued on acquisition	133,451
Transaction costs associated with the acquisition	125,525
Total purchase price to allocate	$ 18,342,517
Cost of assets acquired and liabilities assumed:	
Cash and cash equivalents	$ 138,249
Amounts receivable and prepaid expenses	666,298
Equipment	1,858,001
Mineral properties	17,963,334
Accounts payable and accrued liabilities	(1,189,492)
Asset retirement obligation	(1,093,873)
	$ 18,342,517

The fair value of stock options issued to North Country's employees and other providing similar services on acquisition has been estimated using the Black-Scholes option valuation model with the following assumptions:

Risk-free interest rate	0.81%
Expected dividend yield	nil
Stock price volatility	104%
Expected life (in years - weighted average)	0.54

The fair value of the Company's investment in North Country shares prior to the Arrangement was determined based on the closing share price for North Country on the TSX Venture Exchange immediately prior to the acquisition.

(Expressed in Canadian dollars, unless otherwise stated)

5. Investments

The changes in the Company's investment is as follows:

Balance as at June 30, 2015	$	1,300,000
Change in fair value of investment		(100,000)
Fair value investment allocated to net assets acquired (note 4)		(1,200,000)
Balance as at September 30, 2015	$	-

On March 16, 2015, the Company entered into a Joint Exploration Agreement (the "JEA") with North Country whereby Auryn can earn a 51% interest in the Committee Bay Project in Nunavut, Canada by incurring $6,000,000 in exploration expenditures. Furthermore, as a condition of the definitive JEA with North Country, the Company entered into a share subscription agreement and purchased 10,000,000 common shares of North Country at a price of $0.05 for a total cost of $500,000. The investment was classified as an available-for-sale financial asset and was recorded at fair value. Fair value is determined based on a market approach reflecting the closing price of the asset as at the reporting date. The closing price is a quoted market price obtained from the exchange that is the principal active market for the asset. Available-for-sale financial assets are classified within Level 1 of the fair value hierarchy

During the three month ended September 30, 2015, the Company recorded in other comprehensive income an unrealized loss as a result of a decrease in the fair value of the investment for $87,000, net of deferred income tax of $13,000 (three months ended September 30, 2014 – $nil). Upon the acquisition of North Country (note 4), the Company realized its investment and reclassified to net loss the accumulated unrealized gain of $435,000 (three months ended September 30, 2014 – $nil).

6. Mineral property interests

(a) Committee Bay

The Company, through its wholly owned subsidiary North Country, owns a 100% interest in the Committee Bay project located in Nunavut, Canada. The Committee Bay project includes 66,160 hectares situated along the Committee Bay Greenstone Belt (the "CBGB") located within the Western Churchill Province.

Portions of the Committee Bay project are subject to Net Smelter Royalties ("NSR") raging from one percent to one and a half percent. NSR is payable on only 7,596 hectares and is repurchasable at the Company's election within two years of commencement of commercial production for $2,000,000 for each one-third (0.5%) of the NSR.

(Expressed in Canadian dollars, unless otherwise stated)

6. Mineral property interests (continued)

(b) The Company capitalized the following costs as mineral property interests:

	Committee Bay	Other	Total
Balance as at June 30, 2015	$ 2,067,163	$ -	$ 2,067,163
Acquisition costs			
Additions:			
Acquisition of North Country (note 4)	17,963,334	-	17,963,334
Other acquisition costs	291	219,422	219,713
Exploration and evaluation costs			
Additions:			
Assaying	239,294	-	239,294
Exploration drilling	429,086	-	429,086
Camp cost, equipment and field supplies [1]	653,360	-	653,360
Geological consulting services	227,237	37,914	265,151
Geophysical analysis	198,142	-	198,142
Permitting, environmental and community costs	159,225	-	159,225
Expediting and mobilization	48,839	-	48,839
Salaries and wages	350,921	6,520	357,441
Fuel and consumables	478,181	-	478,181
Aircraft and travel	1,124,079	-	1,124,079
Share-based compensation (note 10(a))	91,234	-	91,234
Balance as at September 30, 2015	$ 24,030,386	$ 263,856	$ 24,294,242

	Committee Bay
Balance as at June 30, 2014	$ -
Acquisition costs	
Additions:	
Acquisition costs	65,336
Exploration and evaluation costs	
Additions:	
Assaying	7,535
Camp cost, equipment and field supplies[1]	370,363
Geological consulting services	148,471
Geophysical analysis	74,904
Permitting, environmental and community costs	61,560
Expediting and mobilization	81,900
Salaries and wages	378,182
Fuel and consumables	358,770
Aircraft and travel	512,061
Share-based compensation (note 10(a))	8,081
Balance as at June 30, 2015	$ 2,067,163

[1] Included in camp cost, equipment and field supplies is an amount of $442,017 (June 30, 2015 – $294,678) charged by North Country prior to the acquisition for the use of infrastructure during the Joint Exploration Agreement.

(Expressed in Canadian dollars, unless otherwise stated)

7. Equipment

	Camp and field equipment	Machinery and equipment	Total
Balance as at June 30, 2015	$ -	$ -	$ -
Additions for the period	1,110,521	747,480	1,858,001
Total cost and net book value as at September 30, 2015	$ 1,110,521	$ 747,480	$ 1,858,001

During the three months ended September 30, 2015, the Company capitalized assets with a fair value cost of $1,858,001 related to the acquisition of North Country (note 4).

8. Provision for site reclamation and closure

As at September 25, 2015, the Company recorded an asset retirement obligation of $1,093,873 (June 30, 2015 – $nil), which reflects the present value of the estimated amount of cash flows required to satisfy the asset retirement obligation in respect of the Committee Bay property. The components of this obligation are the removal of equipment currently used at the property as well as costs associated with the reclamation of the camp and work sites on the property. It is the Company's intention to continue exploration work on the property until at least the current mining leases expire, which are between 2026 and 2033. The estimate of future asset retirement obligations is subject to change based on amendments to applicable laws, management's intentions, and mining lease renewals.

As at September 25, 2015, management used a risk-free interest rate of 2.27% to discount the obligation and a long-term inflation rate of 2%. The discounted amount of inflation-adjusted estimated future cash flows relating to removal of equipment is $667,332 and relating to reclamation of the camp and work sites is $426,541.

9. Share capital

(a) Authorized

Unlimited common shares without par value

(b) Issued during period

On September 16, 2015, the Company completed a non-brokered private placement for gross proceeds of $5,802,000 by issuing 4,835,000 Units of the Company at a price of $1.20 per Unit. Each Unit consists of one common share and one common share purchase warrant. Each purchase warrant is exercisable into a common share of the Company at a price of $1.70 per share for a period of 24 months ("Unit Warrants"). In the event that the Company's common shares trade at a closing price on the TSX Venture Exchange of equal or greater than $2.40 per share for a period of 20 consecutive trading days at any time after four months after the closing date, the Company may accelerate the expiry date of the warrants by giving notice to the holders thereof and in such case the warrants will expire on the 30th day after the date on which such notice is given by the Company.

Related to this share issuance, an amount of $2,681,454 was allocated as the fair value of the Unit Warrants and was estimated using the Black-Scholes option valuation model. The Company also incurred costs of issuance in the amount of $163,820, which included cash commissions of $119,520 and other legal and regulatory costs of $44,300.

No shares were issued during the three month period ended September 30, 2014.

(Expressed in Canadian dollars, unless otherwise stated)

10. Equity reserves

(a) Share-based payments

The Company maintains a Rolling Stock Option Plan providing for the issuance of stock options up to 10% of the Company's issued and outstanding common shares at the time of the grant. The Company may grant stock options from time to time to its directors, officers, employees and other service providers. The stock options vest as to 25% on the date of the grant and 12½% every three months thereafter for a total vesting period of 18 months.

The continuity of the number of stock options issued and outstanding is as follows:

	Number of stock options	**Weighted average exercise price**
Outstanding, June 30, 2015	1,551,250	0.51
Granted	2,130,000	2.18
Outstanding, September 30, 2015	3,681,250	$ 1.48

As at September 30, 2015, the number of stock options outstanding and exercisable was:

	Outstanding			Exercisable		
Expiry date	Number of options	Exercise price	Remaining contractual life (years)	Number of options	Exercise price	Remaining contractual life (years)
Feb 17, 2019	1,551,250	$ 0.51	3.39	1,551,250	$ 0.51	3.39
Aug 17, 2020	1,280,000	1.30	4.88	320,000	1.30	4.88
Oct 1, 2015	520,000	4.70	0.00	520,000	4.70	0.00
Dec 24, 2015	110,000	1.00	0.23	110,000	1.00	0.23
Dec 24, 2015	50,000	2.50	0.23	50,000	2.50	0.23
Dec 24, 2015	10,000	8.50	0.23	10,000	8.50	0.23
Feb 3, 2019	140,000	1.50	3.35	140,000	1.50	3.35
Mar 20, 2020	20,000	0.70	4.49	20,000	0.70	4.49
	3,681,250			2,721,250		

The Company uses the fair value method of accounting for all share-based payments to directors, officers, employees and others providing similar services. During the three months ended September 30, 2015, an amount of $379,491 (three months ended September 30, 2014 – $103,598) was expensed as stock based compensation and $273 (three months ended September 30, 2014 – $16,758) was included in as project investigation costs, both in the consolidated statements of comprehensive loss. The Company also capitalized stock based compensation as mineral property interest in the amount of $91,234 (June 30, 2015 – $8,081).

The weighted average fair value of stock options granted per option during the three months ended September 30, 2015 was $0.61 (year ended June 30, 2015 – $nil). The fair value was calculated as of the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions and inputs:

	Three months ended September 30, 2015	**Three months ended September 30, 2014**
Risk-free interest rate	0.76%	-
Expected dividend yield	nil	-
Expected share price volatility	105.17%	-
Expected life in years	3.23 years	-
Forfeiture rate	- %	-

(Expressed in Canadian dollars, unless otherwise stated)

10. Equity reserves (continued)

(a) Share-based payments (continued)

The expected volatility assumption is based on the historical and implied volatility of the Company's common share price on the TSX Venture Exchange. The risk-free interest rate assumption is based on the Government of Canada benchmark bond yields with a remaining term equal to the expected life of the stock options.

(b) Share purchase warrants

The continuity of the number of share purchase warrants is as follows:

	Warrants outstanding	Weighted average exercise price
Outstanding, June 30, 2015	-	$ -
Granted	4,835,000	1.70
Outstanding, September 30, 2015	4,835,000	$ 1.70

On September 16, 2015, as part of the private placement the Company issued 4,835,000 share purchase warrants and each purchase warrant is exercisable into a common share of the Company. In the event that the Company's common shares trade at a closing price on the TSX Venture Exchange of equal or greater than $2.40 per share for a period of 20 consecutive trading days at any time after four months after the closing date, the Company may accelerate the expiry date of the Warrants by giving notice to the holders thereof and in such case the Warrants will expire on the 30th day after the date on which such notice is given by the Company.

During the three months ended September 30, 2014, there were no purchase warrants outstanding, granted, cancelled or exercised.

As at September 30, 2015, the expiration date on the share purchase warrants outstanding is as follows:

Number of warrants	Exercise price	Expiry date
4,835,000	$ 1.70	September 16, 2017

The weighted average fair value of $0.55 per share purchase warrant as at September 30, 2015 (June 30, 2015 – $nil) was calculated using the Black-Scholes option pricing model with the following weighted average assumptions and inputs:

	September 30, 2015	June 30, 2015
Risk-free interest rate	0.53%	-
Expected share price volatility	104.56%	-
Expected dividend yield	nil	-
Expected life in years	2 years	-

The expected volatility assumption is based on the historical and implied volatility of the Company's common share price on the TSX Venture Exchange. The risk-free interest rate assumption is based on the Government of Canada benchmark bond yields with a remaining term equal to the warrants' expected life.

11. Related party balances and transactions

All transactions with related parties have occurred in the normal course of operations and are measured at their fair value as determined by management. All amounts are unsecured, non-interest bearing and have no specific terms of settlement, unless otherwise noted.

(Expressed in Canadian dollars, unless otherwise stated)

11. Related party balances and transactions (continued)

(a) Related parties

	Three months ended September 30, 2015	Three months ended September 30, 2014
Universal Mineral Services Ltd. [1]	$ 362,965	$ 132,778

1. Universal Mineral Services Ltd., ("UMS") is a private company with directors and officers in common that, pursuant to an agreement dated March 30, 2012, provides geological, corporate development, administrative and management services to the Company on a cost recovery basis. The Company holds a non-voting equity interest in UMS. The outstanding balance owing at September 30, 2014 was $99,057 (June 30, 2015 – $145,633).

(b) Compensation of key management personnel

During the period, compensation to key management personnel was as follows:

	Three months ended September 30, 2015	Three months ended September 30, 2014
Short-term benefits	$ 150,375	$ 89,645
Share-based payments	110,172	75,413
	$ 260,547	$ 165,058

12. Financial instruments

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, prepaid expenses and deposits, accounts payable and accrued liabilities and site reclamation and closure obligation. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

The Company's financial instruments are exposed to credit risk, liquidity risk, and market risks, which include currency risk and interest rate risk.

(a) Credit risk

Credit risk is the risk that a third party fails to discharge its obligations under the terms of the financial contract and causes a financial loss for the Company. The Company's credit risk is attributable to its current assets. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and cash equivalent balances in highly rated Canadian financial institutions and in Canadian guaranteed investments certificates ("GIC"). The Company considers the risk of loss associated with cash and cash equivalents to be low.

The Company also has credit risk exposure in relation to its interest receivable from its investments in Canadian GIC's and goods and service tax ("GST") from the Canadian government. Management is confident that their carrying values are recoverable in full and this risk is minimal.

(b) 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 manages liquidity risk through the management of its capital structure.

Trade and other payables are due within twelve months of the statement of financial position date.

12. Financial instruments (continued)

(b) Market risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Significant market risks to which the company is exposed are as follows:

(i) Foreign currency risk

The Company is exposed to foreign currency risk by having balances and transactions in currencies that are different from its functional currency or the Canadian dollar. As at September 30, 2015, the Company held net financial assets denominated in US dollars in the amount of $68,190 (June 30, 2015 – US$29,205 and AUD$10,800).

A 10% increase or decrease in the US dollar exchange rate would result in a corresponding increase or decrease in the Company's net loss of approximately $6,819 (June 30, 2015 – $4,700).

(ii) Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company's exposure to interest rate risks is limited to potential increases or decreases on the interest rate offered on cash and cash equivalents held at chartered Canadian financial institutions, which would result in higher or lower relative interest income. This risk is considered to be minimal.

13. Segmented information

The Company operates in one reportable operating segment, being the acquisition, exploration and development of mineral resource properties.

Geographic segmentation of non-current assets is as follows:

September 30, 2015	Canada	Other	Total
Equipment, net	$ 1,858,001	$ -	$ 1,858,001
Mineral property interests	24,030,386	263,856	24,294,242
	$ 25,888,387	$ 263,856	$ 26,152,243

All of the non-current assets as at June 30, 2015 were located in Canada.

During the three months ended September 30, 2015 and 2014, the Company did not have revenues and the net loss and comprehensive loss was incurred in Canada.

14. Supplemental cash flow information

	Three months ended September 30, 2015	**Three months ended September 30, 2014**
Accounts payable and accrued liabilities included in mineral property interests, change	$ 49,140	$ -
Share-based compensation included in mineral property interests	91,234	-
Deferred acquisition costs capitalized in mineral property interest	174,872	-

15. Subsequent events

a) On October 1, 2015, 470,000 stock options with an exercise price of $4.70 expired unexercised.

b) Effective October 5, 2015, the Company settled, on North Country's behalf, a legal dispute between North Country and two vendors who provided equipment and services to the Committee Bay project in 2011. An amount totaling $390,000 was loaned to North Country effective September 18, 2015 and was placed in escrow until the discontinuances of claim were received from the plaintiffs. As at September 30, 2015, the amount was included in prepaid expenses and deposits.

c) On November 2, 2015, a total of 1,250 stock options were exercised for gross proceeds of $638.