FLINDERS RESOURCES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
OCTOBER 31, 2015 AND 2014

(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of Flinders Resources Limited

We have audited the accompanying consolidated financial statements of Flinders Resources Limited, which comprise the consolidated statements of financial position as at October 31, 2015 and October 31, 2014, and the consolidated statements of comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended October 31, 2015 and October 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Flinders Resources Limited as at October 31, 2015 and October 31, 2014, and its financial performance and its cash flows for the years ended October 31, 2015 and October 31, 2014 in accordance with International Financial Reporting Standards.

Emphasis of Matter

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

"D&H Group LLP"

Vancouver, B.C.
February 26, 2016

Chartered Professional Accountants

FLINDERS RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	October 31, 2015 $	October 31, 2014 $
ASSETS			
Current assets			
Cash		3,214,185	6,506,217
GST/VAT receivables		35,319	153,283
Amounts receivable		16,032	254
Prepaid expenses		7,577	33,053
Inventory		95,583	-
Plant stores and supplies		96,088	155,656
Total current assets		3,464,784	6,848,463
Non-current assets			
Exploration and evaluation assets	4	19,616	-
Property, plant and equipment	5	15,439,874	14,248,310
Reclamation deposit	6	81,112	80,925
Total non-current assets		15,540,602	14,329,235
TOTAL ASSETS		19,005,386	21,177,698
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		231,142	583,817
Non-current liabilities			
Provision for site restoration	6	5,638,374	4,766,580
Property acquisition obligation	4	513,033	433,314
Total non-current liabilities		6,151,407	5,199,894
TOTAL LIABILITIES		6,382,549	5,783,711
SHAREHOLDERS' EQUITY			
Share capital	7	25,763,144	25,763,144
Share-based payments reserve		3,152,810	3,135,810
Deficit		(16,293,117)	(13,504,967)
TOTAL SHAREHOLDERS' EQUITY		12,622,837	15,393,987
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		19,005,386	21,177,698

Nature of Operations and Going Concern - Note 1

Event after the Reporting Period - Note 13

These consolidated financial statements were approved for issue by the Board of Directors on February 26, 2016 and are signed on its behalf by:

/s/ ***Blair Way***	/s/ ***Nick DeMare***
Blair Way	Nick DeMare
Director	Director

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

FLINDERS RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note	Year Ended October 31, 2015 $	Year Ended October 31, 2014 $
Expenses			
Accounting and administration	8(b)(ii)	93,466	102,244
Accretion of property acquisition obligation	4	77,465	71,543
Accretion of provision for site restoration	6	56,587	89,772
Audit		41,098	54,948
Bank charges		4,114	4,495
Consulting	8	391,520	284,328
Corporate development		52,703	76,448
Depreciation		183,530	45,830
Equipment rentals and related		45,445	76,758
Fuel, electricity and utilities		147,937	99,930
Insurance		23,979	33,150
Investor relations		23,800	70,600
Legal		34,182	73,572
Management fees	8(a)	199,992	199,992
Office		59,645	77,549
Plant maintenance		92,384	117,090
Plant supplies and consumables		125,264	98,846
Regulatory		10,617	11,939
Relocation costs	8(a)	64,111	5,768
Rent	8(b)(ii)	4,020	4,020
Repairs and maintenance		11,276	32,497
Salaries, compensation and benefits		934,089	510,307
Share-based compensation	7(d)	17,000	345,183
Shareholder costs		8,494	13,569
Transfer agent		11,710	11,630
Travel		139,681	164,850
		2,854,109	2,676,858
Loss before other items		(2,854,109)	(2,676,858)
Other items			
Interest and other income		56,438	121,494
Foreign exchange		24,732	(41,183)
Due diligence		(15,211)	(139,827)
		65,959	(59,516)
Net loss and comprehensive loss		(2,788,150)	(2,736,374)
Loss per share - basic and diluted		$(0.06)	$(0.06)
Weighted average number of common shares outstanding - basic and diluted		46,820,730	46,320,819

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

FLINDERS RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Year Ended October 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 year	-	-	-	(2,788,150)	(2,788,150)
Balance at October 31, 2015	46,820,730	25,763,144	3,152,810	(16,293,117)	12,622,837

	Year Ended October 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	542,500	270,000	-	-	270,000
- exercise of warrants	80,000	60,000	-	-	60,000
Transfer on exercise of share options	-	204,956	(204,956)	-	-
Share-based compensation	-	-	345,183	-	345,183
Net loss for the year	-	-	-	(2,736,374)	(2,736,374)
Balance at October 31, 2014	46,820,730	25,763,144	3,135,810	(13,504,967)	15,393,987

FLINDERS RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended October 31, 2015 $	2014 $
Operating activities		
Net loss for the year	(2,788,150)	(2,736,374)
Adjustments for:		
Accretion of property acquisition obligation	77,465	71,543
Accretion of provision for site restoration	56,587	89,772
Depreciation	183,530	45,830
Foreign exchange	2,067	(20,580)
Share-based compensation	17,000	345,183
Changes in non-cash working capital items:		
Amounts receivable	(15,778)	27,077
GST/VAT receivables	117,964	(47,142)
Prepaid expenses	25,476	17,344
Inventory	(95,583)	-
Plant stores and supplies	59,568	(155,656)
Accounts payable and accrued liabilities	(67,506)	(214,433)
Net cash used in operating activities	(2,427,360)	(2,577,436)
Investing activities		
Additions to property, plant and equipment	(845,056)	(2,600,291)
Expenditures on exploration and evaluation assets	(19,616)	(84,609)
Net cash used in investing activities	(864,672)	(2,684,900)
Financing activity		
Issuance of common shares	-	330,000
Net cash provided by financing activity	-	330,000
Net change in cash	(3,292,032)	(4,932,336)
Cash at beginning of year	6,506,217	11,438,553
Cash at end of year	3,214,185	6,506,217

Supplemental cash flow information - See Note 11

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

1. Nature of Operations and Going Concern

The Company is a junior exploration company currently engaged in the operation 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.

During fiscal 2015 the Company recorded a net loss of $2,788,150 and, as at October 31, 2015, the Company had an accumulated deficit of $16,293,117 and working capital of $3,233,642. During fiscal 2014 and 2015 the Company conducted the refurbishment of the Woxna Graphite Mine. Effective August 1, 2015 the Company determined that the refurbishment and commissioning of the Woxna Graphite Mine was complete. However, the Company has not sold any graphite concentrate due to low demand and the resultant poor pricing of graphite concentrates. The Woxna Graphite Mine is currently not operating and will not commence meaningful production until market conditions improve. The Company is currently reviewing opportunities to produce higher specialty products such as high purity graphite for battery and other specialty end uses. The Company has implemented cost reduction procedures at its Woxna Graphite Mine on a "production-ready" basis to minimize costs. Although the Company has sufficient funding to meet anticipated levels of corporate administration and overheads for the ensuing twelve months it anticipates that it may need additional capital to recommence operations at the Woxna Graphite Mine and/or modernizing the plant to produce value added production. There is no assurance such additional capital will be available to the Company on acceptable terms or at all. In the longer term the recoverability of the carrying value of the Company's long-lived assets is dependent upon the Company's ability to preserve its interest in the underlying mineral property interests, the discovery of economically recoverable reserves, the achievement of profitable operations and the ability of the Company to obtain financing to support its ongoing exploration programs and mining operations. Whether the Company can generate positive cash flow and, ultimately, achieve profitability is uncertain. These uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") appropriate for a going concern. The going concern basis of accounting assumes the Company will continue to realize the value of its assets and discharge its liabilities and other obligations in the ordinary course of business. Should the Company be required to realize the value of its assets in other than the ordinary course of business, the net realizable value of its assets may be materially less than the amounts shown in the consolidated financial statements. These consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that may be necessary should the Company be unable to repay its liabilities and meet its other obligations in the ordinary course of business or continue operations.

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 consolidated financial statements are audited and have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Measurement

The Company's consolidated 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 consolidated financial statements are presented in Canadian dollars unless otherwise noted.

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2. Basis of Preparation (continued)

Details of the Group

In addition to the Company, the consolidated financial statements include its 100% owned subsidiaries, Flinders Holdings Limited ("Flinders Holdings"), which is incorporated in British Columbia, and Woxna Graphite AB ("Woxna"), which is incorporated and operated in Sweden. Subsidiaries are considered by the Company to include all corporations over which the Company is able, directly or indirectly, to control the financial and operating policies, which is the authority usually connected with holding majority voting rights.

Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

3. Significant Accounting Policies

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

(i) The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

(ii) Management is required to assess the functional currency of each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

(iii) As noted in Note 1, management was required to assess impairment of exploration and evaluation assets before reclassification to property, plant and equipment in fiscal 2014. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of the project and the future plans toward finding commercial reserves.

Management determined that there were no triggering events present on reclassification for the exploration and evaluation assets and as such, no impairment test was performed.

(iv) Management is required to assess impairment in respect of property, plant and equipment. The triggering events are defined in IAS 36. In making the assessment, management is required to make judgments on the status of the project and the future plans toward finding commercial reserves to which the property, plant and equipment relate to.

3. Significant Accounting Policies (continued)

Management has determined that there were no triggering events present as at October 31, 2015, as defined in lAS 36, for property, plant and equipment and as such, no impairment test was performed.

(v) Although the Company takes steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

(vi) The determination of the date on which a mine enters the production stage is a significant judgment since capitalization of certain costs ceases upon entering production. Effective August 1, 2015 the Company had determined that the refurbishment and commissioning of the Woxna Graphite Mine was complete and is in the condition and available for use in the manner intended by management.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

(i) Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

(ii) Depreciation and depletion expenses are allocated based on assumed asset lives and depletion/depreciation rates. Should the asset life or depletion/depreciation rate differ from the initial estimate, an adjustment would be made in the statement of operations.

(iii) The cost estimates are updated periodically during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Cash and Cash Equivalents

Cash includes cash in bank and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company is not exposed to significant credit or interest rate risk although cash is held in excess of federally insured limits with a major financial institution. At October 31, 2015 and 2014 the Company did not have any cash equivalents.

Amounts Receivable

Receivables are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method, less provision for impairment. Receivables are classified as loans and receivables. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

3. Significant Accounting Policies (continued)

Inventory

Processed graphite inventory is valued at the lower of cost and net realizable value. Cost is determined as the average production cost of saleable graphite and net realizable value is determined as the calculated selling price less selling costs.

Plant Stores and Supplies

Plant stores and supplies are valued at the lower of cost and replacement cost.

Accounts Payable and Accrued Liabilities

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Payables are classified as other financial liabilities and are initially measured at fair value and are subsequently measured at amortized cost using the effective interest method.

Exploration and Evaluation Assets

The Company follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties and crediting all proceeds received against the cost of the related properties. Such costs include, but are not exclusive to, geological and geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mineral property acquisition and development costs, a component of property, plant and equipment.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations.

Property, Plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

3. Significant Accounting Policies (continued)

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the condensed consolidated statement of comprehensive loss.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized. Property, plant and equipment are depreciated annually on a straight-line basis or on a unit of production basis over the estimated useful life of the assets commencing when the related asset is available for use as follows:

Vehicles	20%
Equipment and tools	20%
Building	5% to 10%
Manufacturing and processing facility	20% or on a unit of production basis
Mineral property acquisition and development costs	Unit of production basis

Depreciation of assets commence when the plant and equipment are available for use and in the condition necessary for them to be operating in the manner intended by management.

Impairment of Assets

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provision for Site Restoration

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral interest by or on behalf of the Company. Costs for restoration of site damage which is created on an ongoing basis during exploration and evaluation are provided for at their net present values and charged against profits in the period such exploration and evaluation occurs. Discount rates using a risk free rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current risk free discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Financial Instruments

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

3. Significant Accounting Policies (continued)

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through comprehensive loss. Cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. Amounts receivable and reclamation deposit are classified as loans and receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive loss except for losses in value that are considered other than temporary. As at October 31, 2015 and 2014 the Company has not classified any financial assets as available-for-sale.

Transaction costs associated with FVTPL are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are measured at amortized cost. Accounts payable and accrued liabilities and property acquisition obligation are classified as other financial liabilities.

Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized through comprehensive loss. At October 31, 2015 and 2014 the Company has not classified any financial liabilities as FVTPL.

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Equity Financing

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Company has adopted the residual value method with respect to the allocation of proceeds received on sale of units to the underlying common shares and share purchase warrants issued as private placement units. The fair value of the common shares issued in private placements is determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached share purchase warrants.

Share-Based Payment Transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

For employees the fair value is measured at grant date and each tranche is recognized separately on a straight line basis over the period during which the share options vest. The fair value of the share options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share options were granted. Expected volatility is based on available historical volume of the Company's share price. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

3. Significant Accounting Policies (continued)

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Current and Deferred Income Taxes

Income tax expense comprises current and deferred income tax. Income tax is recognized in the statement of comprehensive loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the income tax is also recognized in other comprehensive income or directly in equity, respectively.

Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Income Tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Loss per Share

Basic loss per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share.

3. Significant Accounting Policies (continued)

Foreign Currency Translation

Functional and Presentation Currency

The financial statements of the Company's foreign subsidiary are prepared in Swedish Kronors ("SEK"), the local currency of its home jurisdiction. Consolidation of the subsidiary includes re-measurement from the local currency to the subsidiary's functional currency. The subsidiary's functional currency, being the currency of the primary economic environment in which the subsidiary operates, is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars.

Exchange rates published by the Bank of Canada were used to translate subsidiary financial statements into the consolidated financial statements. Income and expenses for each statement of comprehensive loss presented are translated using the rates prevailing on the transaction dates. All resulting foreign exchange differences are recognized in comprehensive loss.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in comprehensive loss.

Comparative Figures

Certain of the prior fiscal year's comparative figures have been reclassified to conform with the current fiscal year's presentation.

Accounting Standards and Interpretations Issued but Not Yet Adopted

As at the date of these financial statements, the following standards have not been applied in these financial statements:

(i) IFRS 9 Financial Instruments; tentatively effective for annual periods beginning on or after January 1, 2018. IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 prohibits reclassifications except in rare circumstances when the entity's business model changes. The new standard removes the requirement to separate embedded derivatives from financial asset hosts. It requires a hybrid contract to be classified in its entirety at either amortized cost or fair value.

(ii) IFRS 15 Revenue from Contracts with Customers; is effective for annual periods beginning on or after January 1, 2018. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. The new standard will apply to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts.

Management is currently assessing the impact of these new standards on the Company's accounting policies and financial statement presentation.

(Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets

	As at October 31, 2015			As at October 31, 2014		
	Acquisition Costs $	Deferred Exploration Costs $	Total $	Acquisition Costs $	Deferred Exploration Costs $	Total $
Sweden						
Other Projects	14,910	4,706	19,616	-	-	-

	$
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
	5,891,334
Reclassification to property, plant and equipment (Note 5)	(5,891,334)
Balance at October 31, 2014	-
Exploration costs:	
Assay sampling	2,879
Consulting	1,827
	4,706
Acquisition costs:	
Mining rights	14,910
Balance at October 31, 2015	19,616

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.

(Expressed in Canadian Dollars)

4. 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 October 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.

During fiscal 2014 the technical feasibility and commercial viability of the Kringelgruven concession and the Woxna Graphite Mine was demonstrated, transitioning the Kringelgruven concession to the development stage of mining. Accordingly the costs on the exploration and evaluation assets attributed to the Kringelgruven concession and the Woxna Graphite Mine were reclassified to property, plant and equipment. See also Note 5.

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	77,465
Foreign exchange adjustment	2,254
Balance at October 31, 2015	513,033

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.

5. 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 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	14,582	3,839	167,987	224,933	452,223
Pre-production costs, net of recoveries	-	-	-	-	107,664	107,664
Adjustment to site restoration	-	-	-	-	815,207	815,207
Balance at October 31, 2015	163,133	264,699	344,139	7,567,878	7,452,361	15,792,210

(Expressed in Canadian Dollars)

5. 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	(26,958)	(131,152)	(5,470)	(19,950)	-	(183,530)
Balance at October 31, 2015	(84,822)	(182,155)	(5,470)	(79,889)	-	(352,336)
Carrying Value:						
Balance at October 31, 2014	64,387	199,114	340,300	7,339,952	6,304,557	14,248,310
Balance at October 31, 2015	78,311	82,544	338,669	7,487,989	7,452,361	15,439,874

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.

6. 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 0.66% (2014 - 1.20%) and an inflation factor of 0.10% (2014 - negative 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	56,587
Revision of estimates	799,919
Foreign exchange adjustment	15,288
Balance at October 31, 2015	5,638,374

(Expressed in Canadian Dollars)

6. Provision for Site Restoration (continued)

As at October 31, 2015 a reclamation deposit of $81,112 (SEK 530,332) 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 October 31, 2015 the Mattsmyra, Gropabo and Mansberg concessions remain undeveloped and there are no property restoration obligations relating to these concessions.

7. 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) *Equity Financing*

No equity financing was conducted by the Company during fiscal 2015 or 2014.

(c) *Warrants*

During fiscal 2014 the Company extended the expiry date of the 9,570,000 warrants from February 22, 2014 to February 22, 2015 and during fiscal 2015 the Company extended the expiry date of the warrants for a further one year term, to expire February 22, 2016.

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

	2015		2014	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance beginning of year	9,570,000	0.75	14,574,287	1.22
Exercised	-	-	(80,000)	0.75
Expired	-	-	(4,924,287)	2.15
Balance end of year	9,570,000	0.75	9,570,000	0.75

As at October 31, 2015 warrants to purchase 9,570,000 common shares at an exercise price of $0.75 per share were outstanding and exercisable with an expiry date of February 22, 2016. See also Note 13.

(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 fiscal 2015 the Company did not grant any share options. During fiscal 2014 the Company granted 805,000 share options and recorded compensation expense of $289,400.

(Expressed in Canadian Dollars)

7. Share Capital (continued)

During fiscal 2015 the Company recorded compensation expense of $17,000 (2014 - $55,783) on the vesting of share options previously granted.

The fair value of share options granted and vested during fiscal 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	3 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 fiscal 2015 was $0.17 (2014 - $0.43) 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 October 31, 2015 and 2014 and the changes for the years 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 year	2,390,000	0.59	2,927,500	0.62
Granted	-	-	805,000	0.51
Exercised	-	-	(542,500)	0.50
Expired	(540,000)	0.85	(800,000)	0.69
Balance end of year	1,850,000	0.51	2,390,000	0.59

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

Number	Exercise Price $	Expiry Date
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
1,850,000		

(Expressed in Canadian Dollars)

8. 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 fiscal 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	199,992	199,992
Relocation reimbursement costs - President	64,111	5,768
Consulting fees - CFO	46,000	10,000
	310,103	215,760

As at October 31, 2015, $nil (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 October 31, 2015 the amount payable under the agreement would be $199,992.

(b) *Transactions with other Related Parties*

(i) During fiscal 2015 and 2014 the following amounts were incurred with respect to non-management directors of the Company:

	2015 $	2014 $
Consulting fees	72,000	24,000

As at October 31, 2015, $16,000 (2014 - $8,000) 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 fiscal 2015 the Company incurred $36,550 (2014 - $26,450) for services provided by Chase personnel, exclusive of the CFO, and $4,020 (2014 - $4,020) for rent. As at October 31, 2015, $5,270 (2014 - $2,670) remained unpaid and has been included in accounts payable and accrued liabilities.

(iii) During fiscal 2015 the Company incurred $12,184 (2014 - $10,858) for shared administration costs with public companies with common directors and officers. As at October 31, 2015, $338 (2014 - $1,350) remained unpaid and has been included in accounts payable and accrued liabilities.

(Expressed in Canadian Dollars)

9. Income Taxes

Deferred income tax assets are as follows:

	2015 $	2014 $
Deferred income tax assets (liabilities):		
Losses carried forward	2,766,300	2,040,500
Other	100,500	180,300
	2,866,800	2,220,800
Valuation allowance	(2,866,800)	(2,220,800)
Deferred income tax asset	-	-

The recovery of income taxes shown in the consolidated statements of comprehensive loss differ from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	2015 $	2014 $
Income tax rate reconciliation		
Combined federal and provincial income tax rate	26.0%	26.0%
Expected income tax recovery	725,000	711,500
Effect of income tax rate changes	-	37,800
Foreign income tax rate difference	(64,500)	(21,100)
Non-deductible share-based compensation	(4,400)	(89,800)
Other	78,100	82,400
Unrecognized benefit of income tax losses	(734,200)	(720,800)
Actual income tax recovery	-	-

As at October 31, 2015 the Company has non-capital losses of approximately $5,307,800 (2014 - $4,059,900) and cumulative pools of approximately $386,400 (2014 - $693,400) for Canadian income tax purposes and are available to reduce Canadian taxable income in future years. The non-capital losses expire commencing 2031 through 2035. The Company's subsidiary in Sweden has losses for income tax purposes of approximately $6,301,200 (2014 - $4,476,800) which may be carried forward indefinitely.

10. 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	October 31, 2015 $	October 31, 2014 $
Cash	FVTPL	3,214,185	6,506,217
Amounts receivable	Loans and receivables	16,032	254
Reclamation deposit	Loans and receivables	81,112	80,925
Accounts payable and accrued liabilities	Other financial liabilities	(231,142)	(583,817)
Property acquisition obligation	Other financial liabilities	(513,033)	(433,314)

(Expressed in Canadian Dollars)

10. Financial Instruments and Risk Management (continued)

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.

	Contractual Maturity Analysis at October 31, 2015				
	Carrying Amount $	Contractual Cash Flows $	Less than 3 Months $	1 - 5 Years $	Over 5 Years $
Cash	3,214,185	3,214,185	3,214,185	-	-
Amounts receivable	16,032	16,032	16,032	-	-
Reclamation deposit	81,112	81,112	-	-	81,112
Accounts payable and accrued liabilities	(231,142)	(231,142)	(231,142)	-	-
Property acquisition obligation	(513,033)	(611,784)	-	(611,784)	-

10. Financial Instruments and Risk Management (continued)

	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 October 31, 2015, 1 Canadian Dollar was equal to SEK 6.54.

Balances are as follows:

	SEK	CDN $ Equivalent
Cash	1,377,580	210,639
Amounts receivable	104,823	16,028
VAT receivable	59,209	9,053
Inventories	624,948	95,583
Plant stores and supplies	628,245	96,088
Reclamation deposit	530,332	81,112
Accounts payable and accrued liabilities	(1,249,170)	(191,005)
Property acquisition obligation	(3,354,339)	(513,033)
	(1,278,372)	(195,535)

Based on the net exposures as of October 31, 2015 and assuming that all other variables remain constant, a 10% fluctuation of the Canadian Dollar against the SEK would result in the Company's net loss being approximately $18,000 higher or lower.

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 October 31, 2015 the balance of US Dollars held by the Company was insignificant.

(Expressed in Canadian Dollars)

10. Financial Instruments and Risk Management (continued)

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.

11. Supplemental Cash Flow Information

During fiscal 2015 and 2014 non-cash activities were conducted by the Company as follows:

	2015 $	2014 $
Operating activities		
Depreciation	-	30,068
Provision for site restoration	815,207	-
Accounts payable and accrued liabilities	(285,169)	285,169
	530,038	315,237
Investing activities		
Revisions of estimates on property, plant and equipment	(815,207)	803,670
Property, plant and equipment	285,169	(489,520)
Exploration and evaluation assets	-	(629,387)
	(530,038)	(315,237)
Financing activities		
Issuance of common shares	-	204,956
Share-based payments reserve	-	(204,956)
	-	-

12. Segmented Information

As at October 31, 2015 and 2014 the Company was involved in the exploration and development of resource properties in Sweden, with corporate operations in Canada and accordingly, has no reportable segment revenues or operating results.

(Expressed in Canadian Dollars)

12. Segmented Information (continued)

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

	As a October 31, 2015		
	Corporate Canada $	Mineral Operations Sweden $	Total $
Current assets	3,037,330	427,454	3,464,784
Exploration and evaluation assets	-	19,616	19,616
Property, plant and equipment	-	15,439,874	15,439,874
Reclamation deposit	-	81,112	81,112
	3,037,330	15,968,056	19,005,386

	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

13. Event after the Reporting Period

Subsequent to October 31, 2015 warrants to purchase 9,570,000 common shares of the Company at an exercise price of $0.75 per share expired without exercise.