

**ALCHEMIST MINING INC.**

**Financial Statements**

**Three Months Ended July 31, 2015**

**Expressed in Canadian Dollars**

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

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

The Company's independent auditor Smythe Ratcliffe LLP has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

September 25, 2015

**ALCHEMIST MINING INC.**  
**Condensed Interim Statements of Financial Position**  
**(Unaudited – Expressed in Canadian Dollars)**

	July 31, 2015	April 30, 2015
<b>Assets</b>		
<b>Current</b>		
Cash	\$ -	\$ 39,731
Amounts receivable	3,004	483
Share subscriptions receivable	5,000	25,000
Prepaid expenses	3,675	-
Cash advanced for plan of arrangement (note 9)	-	45,000
	<b>11,679</b>	110,214
<b>Equipment</b> (note 7)	<b>1,135</b>	1,232
<b>Exploration and Evaluation Assets</b> (note 8)	<b>11,000</b>	11,000
	<b>\$ 23,814</b>	<b>\$ 122,446</b>
<b>Liabilities</b>		
<b>Current</b>		
Cheques issued in excess of funds on deposit	\$ 57	\$ -
Accounts payable and accrued liabilities	38,011	39,584
Notes payable (note 9)	126,711	41,300
	<b>164,779</b>	80,884
<b>Shareholders' Equity (Deficiency)</b>		
<b>Share Capital</b> (note 10)	<b>1,361,873</b>	1,493,873
<b>Reserves</b>	<b>124,000</b>	125,097
<b>Deficit</b>	<b>(1,626,838)</b>	(1,577,408)
	<b>(140,965)</b>	41,562
	<b>\$ 23,814</b>	<b>\$ 122,446</b>

Approved on behalf of the Board:

*"Keith Anderson"*

..... Director  
 Keith Anderson

*"Dal Brynelsen"*

..... Director  
 Dal Brynelsen

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

**ALCHEMIST MINING INC.**  
**Condensed Interim Statements of Operations and Comprehensive Loss**  
**(Unaudited – Expressed in Canadian Dollars)**

	<b>Three Months Ended</b>	
	<b>July 31, 2015</b>	<b>July 31, 2014</b>
<b>Expenses</b>		
Accounting, legal and audit (note 11)	\$ 241	\$ 5,152
Amortization	97	174
Consulting fees	10,500	27,000
Filing fees and shareholder information	8,101	6,641
Management fees (note 11)	31,500	31,500
Office and general	88	83
<b>Net Loss and Comprehensive Loss for the Period</b>	<b>\$ 50,527</b>	<b>\$ 70,550</b>
<b>Basic and Diluted Loss Per Share</b>	<b>\$ (0.00)</b>	<b>\$ (0.02)</b>
<b>Weighted Average Number of Common Shares Outstanding – Basic and Diluted</b>	<b>14,389,100</b>	<b>4,721,400</b>

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

**ALCHEMIST MINING INC.**  
**Condensed Interim Statements of Changes in Shareholders' Equity (Deficiency)**  
**(Unaudited – Expressed in Canadian Dollars)**

	Number of Shares	Share Capital	Reserves		Accumulated Other Comprehensive Income	Deficit	Total
			Share-based Payments	Warrants			
<b>Balance, April 30, 2014</b>	<b>4,721,400</b>	<b>\$ 1,100,307</b>	<b>\$ 101,081</b>	<b>\$ 51,097</b>	<b>\$ 8,822</b>	<b>\$ (1,205,800)</b>	<b>\$ 55,507</b>
Expiry of warrants	-	-	-	(50,000)	-	50,000	-
Net loss and comprehensive for the period	-	-	-	-	(17,643)	(70,550)	(88,193)
<b>Balance, July 31, 2014</b>	<b>4,721,400</b>	<b>1,100,307</b>	<b>101,081</b>	<b>1,097</b>	<b>(8,821)</b>	<b>(1,226,350)</b>	<b>(32,686)</b>
Private placements	7,730,000	414,000	-	-	-	-	414,000
Share issuance costs	-	(45,519)	-	22,919	-	-	(22,600)
Shares issued for exploration and evaluation assets	100,000	5,500	-	-	-	-	5,500
Shares issued for debt settlement	1,837,700	107,585	-	-	-	-	107,585
Plan of arrangement (note 9)	-	(88,000)	-	-	-	-	(88,000)
Net loss and comprehensive loss for the period	-	-	-	-	8,821	(351,058)	(342,237)
<b>Balance, April 30, 2015</b>	<b>14,389,100</b>	<b>1,493,873</b>	<b>101,081</b>	<b>24,016</b>	<b>-</b>	<b>(1,577,408)</b>	<b>41,562</b>
Expiry of warrants	-	-	-	(1,097)	-	1,097	-
Plan of arrangement (note 9)	-	(132,000)	-	-	-	-	(132,000)
Net loss and comprehensive loss for the period	-	-	-	-	-	(50,527)	(50,527)
<b>Balance, July 31, 2015</b>	<b>14,389,100</b>	<b>\$ 1,361,873</b>	<b>\$ 101,081</b>	<b>\$ 22,919</b>	<b>\$ -</b>	<b>\$ (1,626,838)</b>	<b>\$ (140,965)</b>

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

**ALCHEMIST MINING INC.**  
**Condensed Interim Statements of Cash Flows**  
**For the Three Months Ended July 31,**  
**(Unaudited – Expressed in Canadian Dollars)**

	2015	2014
<b>Operating Activities</b>		
Net loss	\$ (50,527)	\$ (70,550)
Item not involving cash		
Amortization	97	174
	<b>(50,430)</b>	<b>(70,376)</b>
Changes in non-cash working capital		
Amounts receivable	(2,521)	(1,040)
Prepaid expenses	(3,675)	(750)
Accounts payable and accrued liabilities	(1,573)	72,731
<b>Cash Provided By (Used in) Operating Activities</b>	<b>(58,199)</b>	<b>565</b>
<b>Financing Activities</b>		
Repayment of notes payable	(1,589)	-
Share subscriptions received	20,000	-
<b>Cash Provided by Financing Activities</b>	<b>18,411</b>	<b>-</b>
<b>Increase (Decrease) in Cash</b>	<b>(39,788)</b>	<b>565</b>
<b>Cash, Beginning of Period</b>	<b>39,731</b>	<b>263</b>
<b>Cash (Cheques Issued in Excess of Funds on Deposit), End of Period</b>	<b>\$ (57)</b>	<b>\$ 828</b>

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

## **ALCHEMIST MINING INC.**

### **Notes to the Condensed Interim Financial Statements**

**For the Three Months Ended July 31, 2015**

**(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)**

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#### **1. NATURE OF OPERATIONS**

Alchemist Mining Inc. (the "Company") was incorporated as NY85 Capital Inc. under the *Business Corporations Act* on October 22, 2010 in the province of British Columbia. On October 1, 2012 the shareholders of the Company approved the name change from NY85 Capital Inc. to Alchemist Mining Inc. at the Annual General and Special Meeting of the Company. On August 20, 2014, the Company de-listed from the TSX-V and commenced trading on the Canadian Securities Exchange ("CSE"). The common shares of the Company are listed for trading on the CSE under the symbol AMS. The Company operates in a single business segment focusing on mineral exploration in Canada.

The principal business office of the Company is located at 1288 Steeple Drive, Coquitlam, British Columbia, V3E 1K2.

#### **2. GOING CONCERN UNCERTAINTY**

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several adverse conditions cast significant doubt on the validity of this assumption. For the three months ended July 31, 2015, the Company incurred a net loss of \$50,527 (2014 - \$70,550), and as at July 31, 2015, has an accumulated deficit of \$1,626,838 (April 30, 2015 - \$1,577,408), has limited resources, no sources of operating cash flow and no assurances that sufficient funding will be available to continue operations for an extended period of time. The Company is in the exploration stage, and accordingly, has not yet commenced revenue-producing operations.

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its mineral property interests, the attainment of profitable mining operations or the receipt of proceeds from the disposition of its mineral property interests. Management is actively engaged in the review and due diligence on opportunities of merit in the mining sector and will require and is seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management's plan will be successful. If the going concern assumption were not appropriate for these consolidated financial statements then adjustments may be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

#### **3. BASIS OF PRESENTATION**

##### **Approval of the financial statements**

The financial statements of the Company for the three months ended July 31, 2015, were reviewed by the Audit Committee and approved and authorized for issue on September 25, 2015 by the Board of Directors of the Company.

**ALCHEMIST MINING INC.**  
**Notes to the Condensed Interim Financial Statements**  
**For the Three Months Ended July 31, 2015**  
**(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)**

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**3. BASIS OF PRESENTATION (Continued)**

**Statement of compliance**

The condensed interim financial statements of the Company have been prepared in accordance with IAS 34 Interim Financial Reporting.

The condensed interim financial statements of the Company should be read in conjunction with the Company's 2015 annual financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

**Basis of preparation**

The financial statements are presented in Canadian dollars, which is also the Company's functional currency. The financial statements of the Company have been prepared on an accrual basis except for cash flow information, and are based on historical costs, except for certain financial instruments, which are stated at their fair values.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The condensed interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in Note 4 to the audited financial statements for the year ended April 30, 2015.

**5. FINANCIAL INSTRUMENTS**

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified as financial assets at FVTPL; and cheques issued in excess of funds on deposit, accounts payable and accrued liabilities and notes payable, as other financial liabilities, which are measured at amortized cost. The carrying values of these instruments approximate their fair values due to their short term to maturity.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

**Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing cash at major Canadian financial institutions. The Company has minimal credit risk.

**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's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of July 31, 2015 equal \$164,722 (April 30, 2015 - \$80,884). All of the liabilities presented as accounts payable are due within 90 days of July 31, 2015.



**ALCHEMIST MINING INC.**  
**Notes to the Condensed Interim Financial Statements**  
**For the Three Months Ended July 31, 2015**  
**(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)**

**5. FINANCIAL INSTRUMENTS (Continued)**

**Market risk**

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

As at July 31, 2015, the Company is not exposed to significant market risk.

**6. MARKETABLE SECURITIES**

The Company received 882,140 common shares of Weststar Resources Corp. ("WER") on March 3, 2014, a company related through common officers and directors. The common shares received were in settlement of amounts due to the Company of \$44,107. The fair value of the common shares of WER based on their trading price was \$26,464. Accordingly, the Company realized a bad debt expense of \$17,643. The common shares of WER are subject to a four-month hold period.

On June 9, 2014, WER consolidated its shares on a one new share for two old shares basis. The Company's holdings were adjusted to 441,070 common shares of WER.

During the year ended April 30, 2015, the Company sold 441,070 common shares of WER for proceeds of \$11,955, resulting in a realized loss of \$14,509.

**7. EQUIPMENT**

	Computer Equipment	Furniture & Fixtures	Total
<b>Cost</b>			
Balance, April 30, 2014 and 2015 and July 31, 2015	\$ 2,724	\$ 2,032	\$ 4,756
<b>Amortization</b>			
Balance, April 30, 2014	\$ 1,835	\$ 992	\$ 2,827
Amortization	489	208	697
Balance, April 30, 2015	2,324	1,200	3,524
Amortization	55	42	97
Balance, July 31, 2015	\$ 2,379	\$ 1,242	\$ 3,621
<b>Net Book Value</b>			
April 30, 2015	\$ 400	\$ 832	\$ 1,232
July 31, 2015	\$ 345	\$ 790	\$ 1,135

## **ALCHEMIST MINING INC.**

### **Notes to the Condensed Interim Financial Statements**

**For the Three Months Ended July 31, 2015**

**(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)**

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#### **8. EXPLORATION AND EVALUATION ASSETS**

##### **Tchentlo Lake Property**

On June 24, 2014, the Company entered into an option agreement to acquire up to an 80% interest in the Tchentlo Lake Property ("Tchentlo"), consisting of six mineral claims in British Columbia. Payment terms of the agreement were amended on August 6, 2015 and again on August 25, 2015.

In consideration for earning a 51% interest in Tchentlo, the Company must make payments and issue common shares as follows:

- \$5,500 in cash (paid) and 100,000 common shares of the Company (issued and valued at \$5,500);
- \$10,000 in cash on or before September 8, 2015 (paid subsequent to July 31, 2015);
- \$20,000 in cash and 250,000 common shares of the Company on or before August 20, 2016; and
- \$25,000 in cash on or before August 20, 2017.

The Company must also incur \$255,000 in exploration expenditures on Tchentlo by August 20, 2017.

The vendor will retain a 2% net smelter royalty on Tchentlo of which the Company can buy back 1% on or before August 20, 2021 for \$500,000.

The Company can earn an additional 29% interest in Tchentlo (total of 80%) by making the following payments and issuing common shares as follows:

- \$25,000 in cash and 250,000 common shares of the Company on or before August 20, 2018; and
- \$50,000 in cash and 250,000 common shares of the Company on or before August 20, 2019.

##### **Mondatta Property**

On July 30, 2013, the Company acquired a 100% interest in the Mondatta Property ("Mondatta"), comprising 16 mineral claim units in the Porcupine Mining Division of Ontario. In consideration, the Company paid \$15,000 in cash and issued 300,000 common shares of the Company (with a fair value of \$90,000).

During the year ended April 30, 2015, Management determined that they would no longer focus exploration efforts on Mondatta and impaired Mondatta to \$nil.

##### **Environmental**

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and the expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

**ALCHEMIST MINING INC.****Notes to the Condensed Interim Financial Statements****For the Three Months Ended July 31, 2015****(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)****8. EXPLORATION AND EVALUATION ASSETS (Continued)****Title to exploration and evaluation interests**

Although the Company has taken steps to verify the title to mineral property interests in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects.

	<b>Tchentlo</b>	<b>Mondatta</b>	<b>Total</b>
<b>Balance, April 30, 2014</b>	<b>\$ -</b>	<b>\$ 105,000</b>	<b>\$ 105,000</b>
<b>Acquisition Costs</b>			
Cash	5,500	-	5,500
Shares	5,500	-	5,500
<b>Total Acquisition Costs</b>	<b>11,000</b>	<b>-</b>	<b>11,000</b>
<b>Impairment</b>	<b>-</b>	<b>(105,000)</b>	<b>(105,000)</b>
<b>Balance, April 30, 2015 and July 31, 2015</b>	<b>\$ 11,000</b>	<b>\$ -</b>	<b>\$ 11,000</b>

**9. PLANS OF ARRANGEMENT***December 30, 2014*

Effective December 30, 2014, the Company entered into a Plan of Arrangement (the "Arrangement"). Pursuant to the Arrangement, the Company exchanged all of its issued and outstanding common shares for one New Common Share, one Class 1 Reorganization Share and one Class 2 Reorganization Share of the Company.

All of the Class 1 Reorganization Shares were transferred by shareholders to a wholly-owned subsidiary of the Company, Boomer Financial Inc. ("Spinco1"), a private British Columbia company, in exchange for 2,200,000 common shares of Spinco1 issued to shareholders on a pro rata basis. The Company redeemed all of the Class 1 Reorganization Shares by the transfer to Spinco1 of \$22,000 of working capital and a promissory note in the principal amount of \$22,000.

Further, all of the Class 2 Reorganization Shares were transferred by shareholders to a wholly-owned subsidiary of the Company, Vanrocco Financial Inc. ("Spinco2"), in exchange for 2,200,000 shares of Spinco2 issued to shareholders on a pro rata basis. The Company redeemed all of the Class 2 Reorganization Shares by the transfer to Spinco2 of \$22,000 of working capital and a promissory note in the principal amount of \$22,000.

The promissory notes are without interest or stated terms of repayment. During the three months ended July 31, 2015, \$2,700 (year ended April 30, 2015 - \$2,700) was repaid on the notes payable.

Subsequent to the closing of the Arrangement, the shareholders of the Company owned shares of both Spinco1 and Spinco2 directly.

**ALCHEMIST MINING INC.**  
**Notes to the Condensed Interim Financial Statements**  
**For the Three Months Ended July 31, 2015**  
**(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)**

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**9. PLANS OF ARRANGEMENT (Continued)**

July 16, 2015

Effective July 16, 2015, the Company entered into a second Plan of Arrangement (the "Second Arrangement"). Pursuant to the Second Arrangement, the Company exchanged all of its issued and outstanding common shares for one New Common Share, one Class 1 Reorganization Share, one Class 2 Reorganization Share and one Class 3 Reorganization Share of the Company.

All of the Class 1 Reorganization Shares were transferred by shareholders to a wholly-owned subsidiary of the Company, Alexis Financial Inc. ("Spinco3"), a private British Columbia company, in exchange for 2,200,000 common shares of Spinco3 issued to shareholders on a pro rata basis. The Company redeemed all of the Class 1 Reorganization Shares by the transfer to Spinco3 of \$15,000 of cash and a promissory note in the principal amount of \$29,000.

Further, all of the Class 2 Reorganization Shares were transferred by shareholders to a wholly-owned subsidiary of the Company, ChiChi Financial Inc. ("Spinco4"), in exchange for 2,200,000 shares of Spinco4 issued to shareholders on a pro rata basis. The Company redeemed all of the Class 2 Reorganization Shares by the transfer to Spinco4 of \$15,000 of cash and a promissory note in the principal amount of \$29,000.

Further, all of the Class 3 Reorganization Shares were transferred by shareholders to a wholly-owned subsidiary of the Company, SYD Financial Inc. ("Spinco5"), in exchange for 2,200,000 shares of Spinco5 issued to shareholders on a pro rata basis. The Company redeemed all of the Class 3 Reorganization Shares by the transfer to Spinco5 of \$15,000 of cash and a promissory note in the principal amount of \$29,000.

\$45,000 was advanced to the Spinco's prior to April 30, 2015. Upon court approval received May 19, 2015, the \$45,000 was transferred from a cash advance to equity.

Subsequent to the closing of the Second Arrangement, the shareholders of the Company owned shares of Spinco3, Spinco4 and Spinco5.

**10. SHARE CAPITAL**

**Authorized**

Unlimited number of common shares without par value

**Issued**

*For the three months ended July 31, 2015:*

Share subscriptions receivable of \$20,000 were collected.

**ALCHEMIST MINING INC.**  
**Notes to the Condensed Interim Financial Statements**  
**For the Three Months Ended July 31, 2015**  
**(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)**

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**10. SHARE CAPITAL (Continued)**

*For the year ended April 30, 2015*

On August 20, 2014, the Company closed a non-brokered private placement and raised \$302,500 through the issuance of 5,500,000 units at a price of \$0.055 per unit. Each unit consists of one common share and one share purchase warrant. Each whole warrant is exercisable by the holder to acquire an additional common share of the Company for a period of two years from issuance at an exercise price of \$0.10 in the first year and \$0.20 in the second year. The warrants are subject to a 30-day forced exercise provision if the closing price of the Company's shares is \$0.20 or higher in the first year for ten consecutive days and \$0.30 or higher in the second year for ten consecutive days. The Company paid a finder's fee of \$18,700 in cash and 340,000 finder's warrants valued at \$19,585. Each finder's warrant has the same terms as the warrants issued in the private placement. Other share issue costs of \$750 were incurred.

On August 20, 2014, the Company issued 785,000 common shares as settlement of \$43,175 in accounts payable. The fair value of the common shares issued according to the trading price was \$54,950. Accordingly, the Company realized a loss on settlement of debts of \$11,775.

On August 20, 2014, the Company issued 100,000 common shares valued at \$5,500 for mineral property acquisitions (note 8).

On April 2, 2015, the Company closed a non-brokered private placement and raised \$111,500 through the issuance of 2,230,000 units at a price of \$0.05 per unit. Each unit consists of one common share and one share purchase warrant. Each whole warrant is exercisable by the holder to acquire an additional common share of the Company for a period of two years from issuance at an exercise price of \$0.10 per share. The warrants are subject to a 30-day forced exercise provision if the closing price of the Company's shares is \$0.20 or higher in the first year for ten consecutive days and \$0.30 or higher in the second year for ten consecutive days. The Company paid a finder's fee of \$3,150 in cash and 63,000 finder's warrants valued at \$3,334. Each finder's warrant has the same terms as the warrants issued in the private placement.

On April 2, 2015, the Company issued 1,052,700 common shares as settlement of \$52,635 in accounts payable.

**Escrow Shares**

On October 22, 2010, the Company issued 400,000 common shares at \$0.25 per share for total proceeds of \$100,000. These common shares are to be held in escrow. Upon issuance of the Final Exchange Bulletin pursuant to the completion of the qualifying transaction ("QT"), 10% of the common shares were released from escrow and an additional 15% is to be released every six months thereafter. While in escrow, the escrow shares may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the consent of the regulatory authorities.

During the year ended April 30, 2013, the QT was completed and the first 10% and an additional 15% of the common shares were released from escrow. During the year ended April 30, 2014, an additional 30% of the common shares were released from escrow. During the year ended April 30, 2015, an additional 30% of the common shares were released from escrow. During the three months ended July 31, 2015, the final 60,000 common shares were released from escrow. As at July 31, 2015, the balance of escrow shares was nil (April 30, 2015 - 60,000).

**ALCHEMIST MINING INC.****Notes to the Condensed Interim Financial Statements****For the Three Months Ended July 31, 2015****(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)****10. SHARE CAPITAL (Continued)****Share Options**

The Company has adopted a share option plan pursuant to which the Board of Directors of the Company may, from time to time, in its discretion, and in accordance with the CSE requirements, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the time of grant and exercisable for a period of up to ten years from the date of grant. The number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised within 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, employment or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

The changes in share options during the three months ended July 31, 2015 and the year ended April 30, 2015 are summarized as follows:

	July 31, 2015		April 30, 2015	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning and end of period	188,000	\$ 0.10	188,000	\$ 0.10

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

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Options Outstanding	Options Exercisable
July 9, 2017	1.94	\$ 0.10	168,000	168,000
February 13, 2018	2.54	\$ 0.10	20,000	20,000
	2.01	\$ 0.10	188,000	188,000

*For the three months ended July 31, 2015 and the year ended April 30, 2015:*

No share options were issued, exercised or expired.

**ALCHEMIST MINING INC.**  
**Notes to the Condensed Interim Financial Statements**  
**For the Three Months Ended July 31, 2015**  
**(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)**

**10. SHARE CAPITAL (Continued)**

**Warrants**

The changes in warrants during the three months ended July 31, 2015 and the year ended April 30, 2015 are summarized as follows:

	July 31, 2015		April 30, 2015	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	8,453,000	\$ 0.12	1,800,000	\$ 0.20
Issued	-	-	8,133,000	\$ 0.10
Expired	(320,000)	\$ 0.50	(1,480,000)	\$ 0.17
Outstanding, end of period	8,133,000	\$ 0.07**	8,453,000	\$ 0.12

\*\* On July 24, 2015, the Company amended the terms of 7,730,000 share purchase warrants by reducing the exercise price to \$0.065.

A summary of warrants outstanding at July 31, 2015 is as follows:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Warrants Outstanding
August 20, 2016	1.06	\$ 0.065	5,500,000
August 20, 2016	1.06	\$ 0.20	340,000
April 2, 2017	1.67	\$ 0.065	2,230,000
April 2, 2017	1.67	\$ 0.20	63,000
	1.43	\$ 0.12	8,133,000

*For the three months ended July 31, 2015:*

On June 7, 2015, 260,000 share purchase warrants expired unexercised. An additional 20,000 agent's warrants expired unexercised for which the Company transferred \$1,097 to deficit from warrants reserve.

On July 24, 2015, the Company amended the terms of 7,730,000 share purchase warrants by reducing the exercise price to \$0.065. The share purchase warrants amended were the 5,500,000 share purchase warrants granted on August 20, 2014 to subscribers and the 2,230,000 share purchase warrants granted on April 2, 2015 to subscribers. The terms of the agents warrants granted on the same dates were not amended.

On July 29, 2015, 40,000 share purchase warrants expired unexercised.

**ALCHEMIST MINING INC.**  
**Notes to the Condensed Interim Financial Statements**  
**For the Three Months Ended July 31, 2015**  
**(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)**

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**10. SHARE CAPITAL (Continued)**

**Warrants (continued)**

*For the year ended April 30, 2015*

On August 20, 2014, the Company closed a non-brokered private placement and raised \$302,500 through the issuance of 5,500,000 units at a price of \$0.055 per unit. Each unit consists of one common share and one share purchase warrant. Each whole warrant is exercisable by the holder to acquire an additional common share of the Company for a period of two years from issuance at an exercise price of \$0.10 in the first year and \$0.20 in the second year. The warrants are subject to a 30-day forced exercise provision if the closing price of the Company's shares is \$0.20 or higher in the first year for ten consecutive days and \$0.30 or higher in the second year for ten consecutive days. The Company paid a finder's fee of \$18,700 in cash and 340,000 finder's warrants valued at \$19,585. Each finder's warrant has the same terms as the warrants issued in the private placement. Other share issue costs of \$750 were incurred.

On April 2, 2015, the Company closed a non-brokered private placement and raised \$111,500 through the issuance of 2,230,000 units at a price of \$0.05 per unit. Each unit consists of one common share and one share purchase warrant. Each whole warrant is exercisable by the holder to acquire an additional common share of the Company for a period of two years from issuance at an exercise price of \$0.10 per share. The warrants are subject to a 30-day forced exercise provision if the closing price of the Company's shares is \$0.20 or higher in the first year for ten consecutive days and \$0.30 or higher in the second year for ten consecutive days. The Company paid a finder's fee of \$3,150 in cash and 63,000 finder's warrants valued at \$3,334. Each finder's warrant has the same terms as the warrants issued in the private placement.

During the year ended April 30, 2015, the Company transferred \$50,000 to deficit from warrants reserve on the expiry of 1,480,000 share purchase warrants.

**11. RELATED PARTY TRANSACTIONS**

Key management personnel compensation for the three months ended July 31, 2014 and 2013 is as follows:

	<b>July 31, 2015</b>	<b>July 31, 2014</b>
Short-term compensation	\$ 31,500	\$ 33,000

Of the \$31,500 recorded as short-term compensation for the three months ended July 31, 2015 (2014 - \$33,000), \$nil (2014 - \$1,500) was recorded as accounting, legal and audit fees and \$31,500 was recorded as management fees (2014 - \$31,500).

At July 31, 2015, \$8,925 of unpaid management fees was included in accounts payable and accrued liabilities (April 30, 2015 - \$nil).

At July 31, 2015, notes payable of \$126,711 (April 30, 2015 - \$41,300) from the plan of arrangement are held by companies with common directors.



**ALCHEMIST MINING INC.**  
**Notes to the Condensed Interim Financial Statements**  
**For the Three Months Ended July 31, 2015**  
**(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)**

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**12. CAPITAL MANAGEMENT**

The Company considers its capital to be comprised of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the three months ended July 31, 2015. The Company is not subject to external restrictions on its capital.

**13. SEGMENTED INFORMATION**

The Company operates in a single reportable operating segment, mineral exploration and development, and all of its operations are in Canada.

**14. COMMITMENTS**

On June 1, 2015, the Company entered into management services and consulting agreements expiring June 1, 2016 with total monthly commitments of \$12,500 to pay an officer and a consultant. On July 9, 2015, the Company entered into an additional management services agreement expiring July 9, 2016 with a monthly commitment of \$1,500. All the management services agreements can be terminated with 90 days' notice.

**15. EVENTS AFTER THE REPORTING DATE**

Subsequent to July 31, 2015, the remaining \$5,000 of share subscriptions receivable was collected.

On September 24, 2015, the Company received proceeds of \$9,750 on the exercise of 150,000 share purchase warrants.