

EXPEDITION MINING INC.
CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2015
and
September 30, 2014
(Expressed in Canadian Dollars)

Corporate Head Office
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Expedition Mining Inc.,

We have audited the accompanying consolidated financial statements of Expedition Mining Inc. which comprise the consolidated statements of financial position as at September 30, 2015 and 2014 and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, 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 as issued by the International Accounting Standards Board, 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.

Auditors' 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 whether the consolidated financial statements are free of 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 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 Expedition Mining Inc. as at September 30, 2015 and 2014 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company has limited working capital, losses since inception and is dependent upon its ability to secure new sources of financing. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.



CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada

January 25, 2016

EXPEDITION MINING INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30, 2015	September 30, 2014
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents (Note 3)	29,494	272,376
Receivables and prepaids (Notes 4 and 6)	5,151	7,692
Security deposits	5,750	5,750
	40,395	285,818
Equipment (Note 5)	1,102	1,574
Reclamation bond	-	13,541
Exploration and evaluation assets (Notes 6 and 9)	1	1
	41,498	300,934
LIABILITIES & SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Notes 7 and 8)	217,488	74,167
Shareholders' equity		
Share capital (Note 9)	25,527,873	25,527,873
Share-based payment reserve (Note 9e)	3,919,385	3,919,385
Deficit	(29,623,248)	(29,220,491)
	(175,990)	226,767
	41,498	300,934
Nature and continuance operations (Note 1)		
Basis of presentation (Note 2)		

Approved on behalf of the Board of Directors:

“Bill Galine”, Director

“Steve Chan”, Director

See notes to consolidated financial statements

EXPEDITION MINING INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the Years Ended September 30

	2015	2014
	\$	\$
General and administrative expenses:		
Bank charges and interest	951	943
Consulting fees	1,675	-
Corporate and administration fees	12,154	9,293
Directors' fees (Note 8)	11,500	21,750
Filing and transfer agent fees	29,359	22,238
General exploration expenses	12,832	-
Legal and accounting fees (Note 8)	124,745	90,034
Management fees (Note 8)	138,820	211,191
Office, rent and insurance	42,291	44,868
Property investigation (Note 8)	-	125,000
Property storage fees	2,154	-
Shareholders' communication, and promotion	12,665	17,975
Travel, meals and entertainment	15,113	7,305
	(404,259)	(550,597)
Other items:		
Amortization	(472)	(12,226)
Interest income	943	7,973
Foreign exchange gain (loss)	1,031	(145)
Write-down of exploration and evaluation assets	-	(998,256)
Write-off of exploration and evaluation assets	-	(454,633)
Share-based payments (Note 9e)	-	(6,476)
	(402,757)	(2,014,360)
Net loss and comprehensive loss	(402,757)	(2,014,360)
Basic and diluted loss per share	(0.10)	(0.52)
Weighted average – number of shares outstanding	3,889,113	3,889,113

See notes to consolidated financial statements

EXPEDITION MINING INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended September 30

	2015	2014
	\$	\$
Cash provided by (used for):		
Operating activities		
Net loss for the year	(402,757)	(2,014,360)
Adjustments which do not affect cash:		
Amortization	472	12,226
Share based payments	-	6,476
Write-down of exploration and evaluation assets	-	998,256
Write-off of exploration and evaluation assets	-	454,633
	(402,285)	(542,769)
Net changes in non-cash working capital items:		
Receivables and prepaids	2,541	65,433
Accounts payable and accrued liabilities	143,321	20,952
	(256,423)	(456,384)
Investing activities		
Exploration and evaluation assets	-	(200,201)
Reclamation bond	13,541	(8,781)
	13,541	(208,982)
Decrease in cash	(242,882)	(665,366)
Cash and cash equivalents - beginning of year	272,376	937,742
Cash and cash equivalents - end of year	29,494	272,376
<u>Supplementary disclosures:</u>		
Interest income received	943	7,973
Note 10 – Non-cash transactions		

See notes to consolidated financial statements

EXPEDITION MINING INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Issued Share Capital		Share- Based Payment Reserve \$	Deficit \$	Total \$
	Number of Shares	Amount \$			
Balance, September 30, 2013	3,885,780	25,526,873	3,912,909	(27,206,131)	2,233,651
Issued pursuant to property agreement	3,333	1,000	-	-	1,000
Fair-value of options granted	-	-	6,476	-	6,476
Loss for the year	-	-	-	(2,014,360)	(2,014,360)
Balance, September 30, 2014	3,889,113	25,527,873	3,919,385	(29,220,491)	226,767
Loss for the year	-	-	-	(402,757)	(402,757)
Balance, September 30, 2015	3,889,113	25,527,873	3,919,385	(29,623,248)	(175,990)

See notes to consolidated financial statements

EXPEDITION MINING INC.

CONSOLIDATED STATEMENTS OF EXPLORATION AND EVALUATION ASSETS

For the Years Ended September 30, 2015 and September 30, 2014

	Balance October 1, 2013	Additions	Write-off/ Write- down	Balance September 30, 2014	Additions	Write-off/ Write-down	Balance September 30, 2015
	\$	\$	\$	\$	\$	\$	\$
Mt. Mervyn Property (Yukon)							
Acquisition costs	360,000	-	(359,999)	1	-	-	1
Exploration costs:							
Camp	18,748	-	(18,748)	-	-	-	-
Consulting - geology	10,296	-	(10,296)	-	-	-	-
Data acquisition	105,570	-	(105,570)	-	-	-	-
Fieldwork and supplies	57,421	-	(57,421)	-	-	-	-
Geochem and geophysics	146,242	-	(146,242)	-	-	-	-
Helicopter	100,191	-	(100,191)	-	-	-	-
Legal	11,361	-	(11,361)	-	-	-	-
Mobilization	43,355	-	(43,355)	-	-	-	-
Soil sampling, trenching and assays	145,073	-	(145,073)	-	-	-	-
	998,257	-	(998,256)	1	-	-	1
Jenny Hill Project (Nevada)							
Acquisition costs	48,521	-	(48,521)	-	-	-	-
Exploration costs:							
Assays	38,036	-	(38,036)	-	-	-	-
Claims maintenance	24,585	-	(24,585)	-	-	-	-
Consulting - geology	25,489	-	(25,489)	-	-	-	-
Maps and reports	806	-	(806)	-	-	-	-
Site visits	3,239	-	(3,239)	-	-	-	-
Soil sampling and trenching	34,041	-	(34,041)	-	-	-	-
	174,717	-	(174,717)	-	-	-	-
Long Canyon (Nevada)							
Acquisition costs	17,530	22,498	(40,028)	-	-	-	-
Exploration costs:							
Assays	14,317	19,810	(34,127)	-	-	-	-
Claims maintenance	6,017	7,731	(13,748)	-	-	-	-
Consulting - geology	28,104	29,500	(57,604)	-	-	-	-
Drilling	-	99,271	(99,271)	-	-	-	-
Field supplies	-	822	(822)	-	-	-	-
Legal	441	-	(441)	-	-	-	-
Maps and reports	3,169	7,132	(10,301)	-	-	-	-
Site visits	9,137	14,437	(23,574)	-	-	-	-
	78,715	201,201	(279,916)	-	-	-	-
TOTALS	1,251,689	201,201	(1,452,889)	1	-	-	1

See notes to consolidated financial statements

EXPEDITION MINING INC.
Notes to the Consolidated Financial Statements
For the years ended September 30, 2015 and 2014

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company is incorporated in the Province of British Columbia and its principal business activity is the acquisition and exploration of resource properties. The Company is currently in the exploration stage of developing its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable.

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and has an accumulated operating deficit of \$29,623,248 at September 30, 2015 (\$29,220,491 at September 30, 2014). The ability of the Company to continue as a going-concern depends upon its capacity in the near-term to raise additional equity financing and ultimately to develop profitable commercial operations.

There can be no assurance that the Company will be able to continue to raise funds in the future in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statement of financial position.

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company's consolidated financial statements, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee.

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of **January 25, 2016**, the date the Board of Directors approved the consolidated financial statements.

These consolidated financial statements are presented in the Company's reporting currency on a historical cost basis.

Financial instruments

(i) Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

EXPEDITION MINING INC.
Notes to the Consolidated Financial Statements
For the years ended September 30, 2015 and 2014

2. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss and comprehensive loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized through profit or loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

The Company has classified its cash and cash equivalents, security deposits and reclamation bond at fair value through profit and loss. The Company's accounts receivable are classified as loans and receivables.

(ii) Financial liabilities

The Company classifies its financial liabilities in the following categories:

Other financial liabilities - Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

Derivative financial liabilities - Derivative financial liabilities are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting period with changes in the fair value recognized in profit or loss. Derivative financial liabilities include warrants issued by the Company denominated in a currency other than the Company's functional currency.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Expedition Mining USA Inc. All significant inter-company transactions and balances have been eliminated.

Equipment

Equipment is carried at cost, less accumulated amortization and accumulated impairment losses.

Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use, along with the future cost of dismantling and removing the asset.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

EXPEDITION MINING INC.
Notes to the Consolidated Financial Statements
For the years ended September 30, 2015 and 2014

2. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Equipment (continued)

The cost of major overhauls of parts of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of equipment are recognized in profit or loss as incurred.

Equipment is amortized using the declining-balance method at a rate of 20% per annum for office equipment and 30% per annum for computer equipment.

Foreign currency translation

The reporting currency of the Company is the Canadian dollar.

The functional currency of each of the parent Company and its subsidiary is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency. The functional currency of the subsidiary is the Canadian dollar.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of loss and comprehensive loss in the period in which they arise.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of loss and comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Exploration and evaluation assets

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and evaluation assets.

Exploration expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Management reviews the carrying value of capitalized exploration costs at least annually. In the case of undeveloped projects, there may be only inferred resources to form a basis for the impairment review. The review is based on a status report regarding the Company's intentions for development of the undeveloped property. In some cases, the undeveloped properties are regarded as successors to ore bodies currently in production. Where this is the case, it is intended that these will be developed and go into production when the current source of minerals is exhausted or to replace the reduced output.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress within property, plant and equipment.

2. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Exploration and evaluation assets *(continued)*

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If put into production, the costs of acquisition and exploration will be amortized over the life of the property, based on estimated economic reserves. If a project does not prove viable, all irrecoverable costs associated with the project net of any impairment provisions are written off.

Decommissioning provision

The Company records a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate and the liability is recognized at the time environmental disturbance occurs. The resulting costs are capitalized to the corresponding asset. The provision for closure and reclamation liabilities is estimated using expected cash flows, based on engineering and environmental reports prepared by third party industry specialists, discounted at a pre-tax rate specific to the liability. The capitalized amount is amortized on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgements and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows.

Changes in closure and reclamation estimates are accounted for as a change in the corresponding capitalized cost.

Costs of rehabilitation projects for which a provision has been recorded are recorded directly against the provision as incurred, most of which are incurred at the end of the life of mine.

As at September 30, 2015, the Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

Loss per share

The Company uses the treasury stock method of calculating diluted per share amounts whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. The assumed conversion of outstanding common share options and warrants has an anti-dilutive impact in 2015 and 2014. Basic loss per share is calculated using the weighted-average number of shares outstanding during the period.

Share capital

The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company.

Commissions paid to underwriters, and other related share issue costs, such as legal, auditing, and printing, on the issue of the Company's shares are charged directly to share capital.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements is considered to be the more easily measurable component and the common share are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

EXPEDITION MINING INC.
Notes to the Consolidated Financial Statements
For the years ended September 30, 2015 and 2014

2. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Income taxes

The Company uses the balance sheet method of accounting for income taxes. Under the balance sheet method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Share-based payments

The Company accounts for stock options granted to directors, officers, employees and non-employees at fair value. Accordingly, the fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model and stock-based compensation is recorded and charged to operations, with an offsetting credit to the share-based payment reserve, over the vesting periods. The fair value of stock options granted to non-employees is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is charged or credited to operations upon re-measurement. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Critical accounting estimates and judgments

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) The determination that the Company will continue as a going concern for the next year..

Impairment of long-lived assets

Management evaluates non-current assets at least annually for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the level of a cash generating unit (CGU), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in income to the extent that the carrying amount exceeds the recoverable amount.

Exploration tax credits

The Company recognizes exploration tax credit amounts when the Company's application is approved by the taxation authorities or when the amount to be received can be reasonably estimated and collection is reasonably assured. The amount of the exploration tax credits reduces the Company's deferred exploration costs through a credit to recoveries.

EXPEDITION MINING INC.
Notes to the Consolidated Financial Statements
For the years ended September 30, 2015 and 2014

2. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Flow-through shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included in profit or loss at the same time the qualifying expenditures are made.

Cash and cash equivalents

Cash and cash equivalents include cash in accounts and securities that on acquisition are convertible to cash within three months. These investments are highly liquid marketable securities.

New standards amendments and interpretations to existing standards not yet effective

Effective for annual reporting periods beginning on or after January 1, 2016

- IFRS 9, Financial Instruments
- IAS 1, Presentation of Financial Statements

The Company has not early adopted these new and amended standards and is currently assessing the impact that these standards will have on the Company's financial statements.

3. **CASH AND CASH EQUIVALENTS**

	September 30, 2015	September 30, 2014
	\$	\$
Canadian chartered bank		
- Deposits	29,494	25,769
- Investments (GIC)	-	246,607
	<u>29,494</u>	<u>272,376</u>

4. **RECEIVABLES AND PREPAIDS**

	September 30, 2015	September 30, 2014
	\$	\$
GST receivable	2,472	1,503
Interest receivable	232	189
Prepays	2,447	6,000
	<u>5,151</u>	<u>7,692</u>

EXPEDITION MINING INC.
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5. **EQUIPMENT**

	Computer Equipment \$	Office Equipment \$	Total \$
Cost			
As at October 1, 2013	44,325	49,020	93,345
As at September 30, 2014	44,325	49,020	93,345
As at September 30, 2015	44,325	49,020	93,345
Accumulated amortization			
As at October 30, 2013	38,603	40,942	79,545
Amortization during the year	4,148	8,078	12,226
As at September 30, 2014	42,751	49,020	91,771
Amortization during the year	472	-	472
As at September 30, 2015	43,223	49,020	92,243
Net book value			
As at October 1, 2013	5,722	8,078	13,800
As at September 30, 2014	1,574	-	1,574
As at September 30, 2015	1,102	-	1,102

6. **EXPLORATION AND EVALUATION ASSETS**

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral property interests. The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, title to all of its properties are in good standing.

Mt. Mervyn Property
Yukon Territory, Canada

In April 2011, the Company entered into an option agreement to acquire a 100% interest in the Mt. Mervyn gold property. The Mt. Mervyn property is located in the Mayo Mining District of central Yukon and is comprised of 314 unpatented mining claims.

In order to exercise its option, the Company must make payments and issue shares as set below.

Cash:

\$75,000 within five business days after Exchange Acceptance Date (paid)

\$75,000 on or before June 1, 2011 (paid)

Common Shares:

16,667 (post-consolidation) within five business days after Exchange Acceptance Date (issued)

16,667 (post-consolidation) on or before June 1, 2011 (issued)

16,667 (post-consolidation) on or before October 1, 2011 (issued)

16,667 (post-consolidation) on or before March 31, 2012 (issued)

Net Smelter Return (“NSR”) Royalty:

The optionor has a 2% NSR royalty on the property. The NSR may be reduced to 1% by the payment of \$1 million to the optionor.

EXPEDITION MINING INC.
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For the years ended September 30, 2015 and 2014

6. **EXPLORATION AND EVALUATION ASSETS** *(continued)*

Mt. Mervyn Property *(continued)*
Yukon Territory, Canada

The Company has met the cash requirements of \$150,000 and has issued an aggregate of 83,333 (post-consolidation) shares to the vendor of the property, thereby completing the acquisition of a 100% interest in the Mt. Mervyn Property.

During the previous year ended September 30, 2014, due to the inability to finance the property, the Company wrote-down the property to a nominal amount of \$1.

Jenny Hill and Black Hills Project
Nevada, USA

In March 2012, the Company entered into a lease and option agreement for the Jenny Hills (“JH”) and Black Hills (“BH”) properties. In respect of this agreement, the Company paid a total of \$40,000, and issued a total of 6,666 common shares (post-consolidation).

During the previous year ended September 30, 2014, the Company terminated the mining lease agreement without completing all of the terms of the agreement. The Company wrote-off all of the acquisition and exploration expenditures (\$174,717) related to the JH and BH properties.

Long Canyon Project
Nevada, USA

In December 2012, the Company entered into a lease and option agreement for the Long Canyon property. In respect of this agreement, the Company paid a total of \$35,000, and issued a total of 33,334 common shares (post-consolidation).

During the previous year ended September 30, 2014, the Company terminated the mining lease agreement without completing all of the terms of the agreement. The Company wrote-off all of the acquisition and exploration expenditures (\$279,916) related to the Long Canyon property.

7. **ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	September 30, 2015	September 30, 2014
	\$	\$
Trade accounts payable	53,972	11,181
Accrued liabilities	30,282	25,000
Due to related parties	133,234	37,986
	<u>217,488</u>	<u>74,167</u>

8. **RELATED PARTY TRANSACTIONS**

During the year ended September 30, 2015, the Company paid or accrued \$210,320 (2014- \$323,596) to current and former directors and officers or companies controlled by current and former directors and officers of the Company, for management, accounting, geological fees, and directors fees incurred by the Company. The Company did not grant any employee stock options for the year ended September 30, 2015 (2014 - granted 36,667 options with exercise price of \$0.165 post-consolidation). The fair value of the options granted in 2014 was \$0.165 for total share-based payment of \$6,039. Included in accounts payable and accrued liabilities are directors fees payable of \$133,234 (2014 - \$37,986), which are non-interest bearing, unsecured, and payable on demand. Fair value cannot be reliably determined.

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8. **RELATED PARTY TRANSACTIONS** *(continued)*

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. **SHARE CAPITAL**

a) Authorized: Unlimited number of common shares

b) Issued and outstanding:

During the year ended September 30, 2015, the Company did not issue any common shares.

On June 19, 2015, the TSX Venture Exchange approved the consolidation of the Company's share capital on the basis of every three (3) shares of the Company being consolidated to one share effective June 17, 2015. The Company currently has 3,889,113 shares issued and outstanding.

During the year ended September 30, 2014, the Company issued the following shares:

- 3,333 (post-consolidation) shares with a fair value of \$0.30 per share with respect to the Long Canyon property agreement.

c) Stock options:

The continuity of share purchase options (post-consolidation) is as follows:

Expiry Date	Exercise Price	30-Sep-14	Granted	Exercised	Expired/ Cancelled	30-Sep-15
15-Oct-14	2.25	3,333	-	-	(3,333)	-
10-Jun-15	1.50	26,667	-	-	(26,667)	-
28-Jul-15	1.50	23,667	-	-	(23,667)	-
21-Sep-15	2.25	3,333	-	-	(3,333)	-
30-Sep-15	6.00	10,000	-	-	(10,000)	-
30-Sep-15	2.25	6,667	-	-	(6,667)	-
30-Sep-15	1.50	23,334	-	-	(23,334)	-
30-Sep-15	0.165	6,667	-	-	(6,667)	-
14-Feb-16	6.00	20,000	-	-	-	20,000
14-Feb-16	2.25	6,667	-	-	-	6,667
14-Feb-16	1.50	23,331	-	-	-	23,331
14-Feb-16	0.165	6,666	-	-	-	6,666
21-Apr-16	6.00	51,001	-	-	-	51,001
11-Jul-16	6.00	6,667	-	-	-	6,667
12-Jan-17	2.25	3,333	-	-	-	3,333
20-Mar-17	2.25	11,666	-	-	-	11,666
23-May-17	1.50	39,001	-	-	-	39,001
14-Dec-17	1.50	23,334	-	-	-	23,334
15-May-18	1.50	32,333	-	-	-	32,333
23-Jul-19	0.165	26,000	-	-	-	26,000
		353,667	-	-	(103,668)	249,999
Weighted average exercise price		\$ 2.54	-	-	\$ 1.94	\$ 2.79

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9. **SHARE CAPITAL** (continued)

c) Stock options (continued):

Expiry Date	Exercise Price	30-Sep-13	Granted	Exercised	Expired/ Cancelled	30-Sep-14
29-Apr-14	2.25	35,000	-	-	(35,000)	-
15-Oct-14	2.25	3,333	-	-	-	3,333
10-Jun-15	1.50	26,667	-	-	-	26,667
28-Jul-15	1.50	23,667	-	-	-	23,667
21-Sep-15	2.25	3,333	-	-	-	3,333
21-Apr-16	6.00	81,000	-	-	-	81,000
11-Jul-16	6.00	6,667	-	-	-	6,667
12-Jan-17	2.25	13,333	-	-	(10,000)	3,333
20-Mar-17	2.25	25,000	-	-	-	25,000
23-May-17	1.50	59,000	-	-	(6,667)	52,333
14-Dec-17	1.50	43,333	-	-	(6,667)	36,666
15-May-18	1.50	55,667	-	-	(3,332)	52,335
23-Jul-19	0.165	-	39,333	-	-	39,333
		376,000	39,333	-	(61,666)	353,667
Weighted average exercise price		\$ 2.70	\$ 0.165	-	\$ 2.04	\$ 2.54

The weighted average remaining contractual life of the above stock options as of September 30, 2015 was 1.5 years (2014 – 2.5 years).

During the year ended September 30, 2015, the Company did not grant stock options to directors and consultants (39,333 post-consolidation– September 30, 2014). The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions and resulting values:

	September 30, 2015	September 30, 2014
	Total or Average	Total or Average
Number of options	-	39,333
Risk-free interest rate	-	1.54%
Expected life	-	5.0
Vesting period	-	-
Share price at date of grant	-	\$0.06
Option exercise price	-	\$0.165
Expected volatility	-	150.4%
Option fair value	-	\$0.0549
Compensation costs	-	\$6,476

d) Share purchase warrants:

There were no outstanding share purchase warrants as at the years ended September 30, 2015 and 2014.

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10. **NON CASH TRANSACATIONS**

The following non-cash transactions were recorded:

	September 30, 2015	September 30, 2014
Investing activity		
Shares issued for exploration and evaluation assets	\$ -	\$ 1,000

11. **INCOME TAXES**

A reconciliation of Canadian income taxes at statutory rates is as follows:

	2015 \$	2014 \$
Net loss for the year	(402,757)	(2,014,360)
Expected income tax recovery	(104,717)	(523,734)
Net adjustment for amortization and non-deductible amounts	(2,556)	376,894
Unrecognized benefit of non-capital losses	107,273	146,840
Total income taxes	-	-

The Company's deductible temporary differences and unused tax losses consist of the following amounts:

	2015 \$	2014 \$
Deferred income tax assets:		
Mineral properties	12,794,250	12,781,417
Non-capital loss carry-forwards	3,954,637	3,543,617
Share issue costs	-	22,564
Equipment	94,357	93,884
Capital loss carry-forwards	1,553,720	1,553,720
	18,396,964	17,995,202

The Company did not recognize the deferred tax assets for the years ended September 30, 2015 and September 30, 2014 as future taxable profits are uncertain.

The Company has non-capital losses of approximately \$4 million which may be carried forward and applied against taxable income in future years. These losses, if not utilized, will expire through to 2035. Subject to certain restrictions, the Company also has mineral property expenditures of approximately \$12.8 million available to reduce taxable income in future years. Future tax benefits which may arise as a result of these losses and resource deductions have not been recognized in these financial statements and have been offset by a valuation allowance.

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11. **INCOME TAXES** (continued)

Year of Origin	Year of Expiry	Non Capital Losses
		\$
2007	2027	2,000
2008	2028	-
2009	2029	793,000
2010	2030	677,000
2011	2031	609,000
2012	2032	519,000
2013	2033	379,000
2014	2034	563,000
2015	2035	413,000
		<u>3,955,000</u>

12. **CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS**

(a) Capital Management Objectives

The Company's primary objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders, and to have sufficient liquidity available to fund suitable business opportunities as they arise.

The Company considers the components of shareholders' equity, as well as its cash and equivalents as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk of characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue equity, sell assets, or return capital to shareholders as well as issue or repay debt. The Board of Directors has not established quantitative capital structure criteria management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the company, is reasonable.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets, which are updated as necessary and are reviewed and approved by the Company's Board of Directors. In addition, the Company may issue new equity, incur additional debt, or dispose of certain assets. When applicable, the Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

There were no changes in the Company's approach to capital management during the year ended September 30, 2015.

(b) Carrying Amounts and Fair Values of Financial Instruments

The fair value of a financial instrument is the price at which a party would accept the rights and/or obligations of the financial instruments from an independent third party. Given the varying influencing factors, the reported fair values are only indicators of the prices that may actually be realized for these financial instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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12. **CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS** (continued)

(b) Carrying Amounts and Fair Values of Financial Instruments (continued)

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities;
 Level 2—Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
 Level 3—Inputs that are not based on observable market data

The following table illustrates the classification of the Company’s financial instruments within the fair value hierarchy as at September 30, 2015.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash and cash equivalents	29,494	–	–	29,494
Security deposits	5,750	–	–	5,750

The following table illustrates the classification of the Company’s financial instruments within the fair value hierarchy as at September 30, 2014.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash and cash equivalents	272,376	–	–	272,376
Security deposits	5,750	–	–	5,750
Reclamation bond	13,541	–	–	13,541

13. **SUBSEQUENT EVENTS**

On September 30, 2015, the Company signed a definitive agreement with BSS Life Sciences (“BSS”) (the “Share Exchange Agreement”), whereby the Company will acquire all of the outstanding securities of BSS in an all-share transaction. BSS is a private Vancouver-based company that holds the intellectual property rights to a proprietary imaging technology developed for extremely accurate visualization of cancers. The transaction can be considered a “related party transaction” in that the President and CEO of the Company is a minority shareholder of BSS.

The Share Exchange Agreement provides for the Company to acquire all of the outstanding securities of BSS. Upon closing of the transaction, the Company will issue the following securities in exchange for all of the issued and outstanding securities of BSS, with the transaction resulting in a reverse take-over:

- 21,500,000 common shares of the Company to the shareholders of BSS;
- 5,000,000 “performance” common shares to four BSS shareholders, which shares will be held in escrow, to be released upon the completion of a beta prototype endoscopic product utilizing the technology, which demonstrates the commercial viability of products based on the technology; and
- 10,000,000 warrants to the holders of BSS warrants, each warrant entitling the holder to acquire one common share of the Company for a period of 24 months following the closing date of the transaction, at a price of \$0.15 per share.

The transaction is subject to the approval of the Canadian Securities Exchange (“CSE”) and the shareholders of the Company.

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13. **SUBSEQUENT EVENTS** *(continued)*

Concurrent with the completion of the transaction, the Share Exchange Agreement requires the Company to complete a private placement of a minimum of \$1,000,000. The Company will conduct a non-brokered private placement of a minimum of 6,666,667 units at a price of \$0.15 per unit. Each unit will consist of one common share of the Company and one share purchase warrant. Each warrant will entitle the holder to purchase one additional common share of the Company at a price of \$0.25 for the first year and at \$0.35 for the second year. The Company may choose to accelerate the expiry date of the warrants if the Company's shares close at a minimum of \$0.50 for a period of 20 consecutive days.

On November 18, 2015, the Company finalized and mailed out its notice and information circular to its shareholders, for the special meeting of shareholders scheduled for December 8, 2015, at which the Company will seek shareholders' approval to the proposed acquisition of BSS. In addition, the Company filed initial documentation with the CSE to obtain regulatory approval for the transaction with BSS.

Upon receipt of the required approvals, the Transaction will result in a reverse take-over of the Company, in accordance with accounting practices and CSE policies. The Transaction also represents a change of business for the Company and is a "fundamental change" under CSE policies. Upon closing of the Transaction, the Company will terminate and write off all of its mineral interests and will no longer carry on any business in the mineral exploration industry.