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**ROCKSHIELD CAPITAL CORP.**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED  
AUGUST 31, 2016

*(Unaudited - Expressed in Canadian Dollars)*

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**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

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

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**ROCKSHIELD CAPITAL CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
*(Unaudited - Expressed in Canadian Dollars)*

	Note	August 31, 2016 \$	November 30, 2015 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		1,402,393	2,039,722
Amounts receivable		1,922	1,752
GST receivable		8,492	995
Prepaid expenses		10,375	6,500
Investments	3	<u>2,902,458</u>	<u>3,316,105</u>
<b>Total current assets</b>		<u>4,325,640</u>	<u>5,365,074</u>
<b>Non-current assets</b>			
Investment in and advances to associated company	4	<u>1,079,881</u>	<u>1,088,326</u>
<b>Total non-current assets</b>		<u>1,079,881</u>	<u>1,088,326</u>
<b>TOTAL ASSETS</b>		<u>5,405,521</u>	<u>6,453,400</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	6	<u>10,351</u>	<u>63,425</u>
<b>TOTAL LIABILITIES</b>		<u>10,351</u>	<u>63,425</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	5	25,226,795	25,226,795
Share-based payments reserve		3,525,049	3,525,049
Deficit		<u>(23,356,674)</u>	<u>(22,361,869)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>5,395,170</u>	<u>6,389,975</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>5,405,521</u>	<u>6,453,400</u>

Nature of Operations - See Note 1

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on October 28, 2016 and are signed on its behalf by:

/s/ Dave Doherty  
 Dave Doherty  
 Director

/s/ Nick DeMare  
 Nick DeMare  
 Director

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

**ROCKSHIELD CAPITAL CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
*(Unaudited - Expressed in Canadian Dollars)*

	Note	Three Months Ended		Nine Months Ended	
		August 31, 2016 \$	August 31, 2015 \$	August 31, 2016 \$	August 31, 2015 \$
<b>Expenses</b>					
Accounting and administration	6	7,873	15,225	38,484	49,663
Audit fees		-	-	38,250	30,600
Depreciation		-	2,215	-	10,909
Foreign value added tax		369	352	1,199	1,722
General and administrative expenses		4,330	19,105	21,017	33,860
Legal fees		1,068	614	4,711	10,079
Officer and director compensation	6	49,152	41,689	153,558	107,782
Professional fees		8,007	1,507	29,562	27,163
Regulatory fees		1,500	1,721	7,188	9,109
Rent	6	-	4,750	4,756	13,177
Salaries and benefits		-	19,322	23,610	25,762
Telephone, website and internet costs		1,265	2,728	6,100	10,032
Transfer agent		739	1,250	2,872	3,500
Travel and related		-	14,747	3,265	40,964
		<u>74,303</u>	<u>125,225</u>	<u>334,572</u>	<u>374,322</u>
<b>Loss before other items</b>		<u>(74,303)</u>	<u>(125,225)</u>	<u>(334,572)</u>	<u>(374,322)</u>
<b>Other items</b>					
Realized loss on sale of investments	3	(40,412)	(501)	(197,834)	(113,114)
Unrealized gain (loss) on investments	3	323,212	(3,934,655)	(494,254)	(3,705,551)
Equity loss in associated company	4	(165,902)	(287,859)	(95,096)	(1,397,143)
Equity gain on associated company share issuances	4	-	470,045	-	470,045
Gain on sale of equipment		-	7,537	-	7,537
Interest and other income		50,457	35,699	127,949	82,466
Foreign exchange (loss) gain		(133)	3,195	(998)	19,060
		<u>167,222</u>	<u>(3,706,539)</u>	<u>(660,233)</u>	<u>(4,636,700)</u>
<b>Net income (loss) and comprehensive income (loss) for the period</b>		<u>92,919</u>	<u>(3,831,764)</u>	<u>(994,805)</u>	<u>(5,011,022)</u>
<b>(Loss) income per share - basic and diluted</b>		<u>\$0.00</u>	<u>\$(0.08)</u>	<u>\$(0.02)</u>	<u>\$(0.11)</u>
<b>Weighted average number of common shares outstanding - basic and diluted</b>		<u>45,527,855</u>	<u>45,527,855</u>	<u>45,527,855</u>	<u>45,527,855</u>

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

**ROCKSHIELD CAPITAL CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
*(Unaudited - Expressed in Canadian Dollars)*

<b>Nine Months Ended August 31, 2016</b>					
<b>Share Capital</b>		<b>Share-Based Payments Reserve \$</b>	<b>Deficit \$</b>	<b>Total Equity \$</b>	
<b>Number of Shares</b>	<b>Amount \$</b>				
<b>Balance at November 30, 2015</b>	45,527,855	25,226,795	3,525,049	(22,361,869)	6,389,975
Net loss for the period	-	-	-	(994,805)	(994,805)
<b>Balance at August 31, 2016</b>	<u>45,527,855</u>	<u>25,226,795</u>	<u>3,525,049</u>	<u>(23,356,674)</u>	<u>5,395,170</u>

<b>Nine Months Ended August 31, 2015</b>					
<b>Share Capital</b>		<b>Share-Based Payments Reserve \$</b>	<b>Deficit \$</b>	<b>Total Equity \$</b>	
<b>Number of Shares</b>	<b>Amount \$</b>				
<b>Balance at November 30, 2014</b>	45,527,855	25,226,795	3,525,049	(17,889,068)	10,862,776
Net loss for the period	-	-	-	(5,011,022)	(5,011,022)
<b>Balance at August 31, 2015</b>	<u>45,527,855</u>	<u>25,226,795</u>	<u>3,525,049</u>	<u>(22,900,090)</u>	<u>5,851,754</u>

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

**ROCKSHIELD CAPITAL CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
*(Unaudited - Expressed in Canadian Dollars)*

	Nine Months Ended	
	August 31	
	2016	2015
	\$	\$
<b>Operating activities</b>		
Net (loss) income for the period	(994,805)	(5,011,022)
Adjustments for:		
Depreciation	-	10,909
Realized loss on sale of investments	197,834	113,114
Unrealized loss on investments held	494,254	3,705,551
Equity loss in associated company	95,096	1,397,143
Equity gain on associated company share issuances	-	(470,045)
Gain on sale of equipment	-	(7,537)
Interest income	(106,066)	(56,003)
Changes in non-cash working capital items:		
Amounts receivable	(170)	249
GST receivable	(7,497)	50,030
Prepaid expenses	(3,875)	(1,575)
Accounts payable and accrued liabilities	(53,074)	1,120
<b>Net cash used in operating activities</b>	<u>(378,303)</u>	<u>(268,066)</u>
<b>Investing activities</b>		
Proceeds from sale of investments	205,764	553,405
Investment purchases	(464,790)	(969,211)
Investment in and advances to associated company	-	(921,207)
Expenditures on exploration and evaluation assets	-	(2,002)
Proceeds from sale of equipment	-	18,655
<b>Net cash used in investing activities</b>	<u>(259,026)</u>	<u>(1,320,360)</u>
<b>Net change in cash</b>	(637,329)	(1,588,426)
<b>Cash at beginning of period</b>	<u>2,039,722</u>	<u>3,857,602</u>
<b>Cash at end of period</b>	<u>1,402,393</u>	<u>2,269,176</u>
<b>Cash comprises:</b>		
Cash	161,715	747,549
Short-term investments	1,240,678	1,521,627
	<u>1,402,393</u>	<u>2,269,176</u>

**Supplemental cash flow information - See Note 9**

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

**ROCKSHIELD CAPITAL CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED AUGUST 31, 2016**  
*(Unaudited - Expressed in Canadian Dollars)*

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**1. Nature of Operations**

The Company's common shares trade on the Canadian Securities Exchange ("CSE") under the trading symbol "RKS". The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

Historically, the Company has been a mineral exploration company. On May 6, 2014 the Company announced its intention to become a diversified company and carried on business both as an investment company and a resource company. During fiscal 2015 the Company determined to discontinue the application process on its remaining mineral exploration property, the Pelaya Project. At this time the Company conducts business primarily as an investment company.

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future. The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain the necessary financing to develop properties and to establish future profitable production. To date the Company has not generated significant revenues from operations. The Company's operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. Management considers the Company has adequate resources to maintain operations and investment activities for the next twelve months.

**2. Basis of Preparation**

***Statement of Compliance***

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"), and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended November 30, 2015, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company's consolidated financial statements for the year ended November 30, 2015.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards, ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

***Basis of Measurement***

The Company's condensed consolidated interim financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value.

***Basis of Presentation***

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

**ROCKSHIELD CAPITAL CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED AUGUST 31, 2016**  
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**3. Investments**

The Company's investments in marketable securities include common shares and other equity instruments of Canadian and U.S. companies that are listed on various Canadian stock exchanges or the OTCQB. The majority of the marketable securities instruments are shares of companies in the mining, oil and gas, media technology and medical technology industries.

Management has designated its investments in common shares and warrants of publicly traded companies as "investments in equity instruments" with the change in fair value recognized in profit or loss. The carrying values of the common shares have been directly referenced to published price quotations in an active market. The carrying values of the warrants are valued at fair value using the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of 0.45% - 0.55%; estimated volatility of 71.53% - 179.79%; expected life of 0.10 years - 1.92 years; expected dividend yield of 0%; and expected forfeiture rate of 0%. During the nine months ended August 31, 2016 the Company recorded an unrealized loss of \$494,254 (2015 - \$3,705,551) on investments held.

During the nine months ended August 31, 2016 the Company made additional investments totalling \$464,790 and sold certain of its investments for proceeds of \$205,764 (2015 - \$553,405) recognizing a loss of \$82,596 (2015 - \$113,114). The Company also recorded a further realized loss of \$115,238 relating to the write-off of principal and accrued interest on a debenture held.

**4. Investment in and Advances to Associated Company**

In fiscal 2014 the Company, together with a third-party industry management and investment group, identified a business opportunity in northern Ontario, Canada, to purchase the assets of a previously operating hardwood plywood mill. The mill went into bankruptcy in May 2014 and the Company and the third party group worked to purchase the key mill equipment to enable operations to resume. As at November 30, 2014 the Company had advanced or incurred \$1,240,935 in deposits, equipment and costs towards its investment in the newly formed company, Rockshield Engineered Wood Products ULC ("REWP"). During fiscal 2015 the Company incurred \$240,972 additional amounts on behalf of REWP and advanced a total of \$400,000 to REWP. On February 18, 2015 REWP issued 2,076,079 Class A common shares, representing an initial 59.32% ownership, for \$1,500,000, and an initial note for the principal amount of \$381,907 to the Company. During fiscal 2015, additional advances were made by the Company and REWP issued additional notes for \$216,596.

Although the Company owned an initial 59.32% interest in REWP upon its initial capitalization the Company held a minority position on the Board of REWP and did not control operational decisions. Furthermore, REWP subsequently completed a number of equity financings which have diluted the Company's ownership interest in REWP to 33.72% as at November 30, 2015 and August 31, 2016. The Company anticipates that it will receive distributions of net income and the Company also anticipates to realize proceeds from the ultimate disposition of its ownership interest in REWP. The Company's judgment is that it has significant influence, but not control of REWP. Accordingly the investment in REWP is accounted for under the equity method.

The notes bear interest at an interest rate of 18% per annum, compounded monthly. During the nine months ended August 31, 2016 the Company recorded \$86,651 (2015 - \$49,919) of interest income attributed to the notes. The notes are due and payable within 30 days from the date that the Company demands payment.



**ROCKSHIELD CAPITAL CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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*(Unaudited - Expressed in Canadian Dollars)*

**4. Investment in and Advances to Associated Company** (continued)

As at August 31, 2016 the Company's investment in and advances to REWP are as follows:

	\$
Investment in REWP	
Common shares owned	1,500,000
Equity loss in REWP	(1,767,636)
Equity gain on REWP share issuances	<u>575,837</u>
	<u>308,201</u>
Notes issued by REWP	
Principal amounts	598,503
Accrued interest	<u>173,177</u>
	<u>771,680</u>
	<u>1,079,881</u>

REWP's aggregate assets, aggregate liabilities as at August 31, 2016 and total comprehensive loss for the period ended August 31, 2016 are as follows:

	\$
Current assets	4,693,000
Non-current assets	3,361,000
Current liabilities	5,737,000
Non-current liabilities	1,403,000
Revenue	21,704,000
Total comprehensive loss	(281,000)

**5. Share Capital**

(a) *Authorized Share Capital*

The Company's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Equity Financings*

No financings were conducted by the Company during the nine months ended August 31, 2016 or during fiscal 2015.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at August 31, 2016 and 2015 and the changes for the nine months ended on those dates is as follows:

	<u>2016</u>		<u>2015</u>	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of period	15,847,059	0.11	15,847,059	0.11
Expired	<u>(847,059)</u>	0.11	<u>-</u>	-
Balance, end of period	<u>15,000,000</u>	0.11	<u>15,847,059</u>	0.11

**ROCKSHIELD CAPITAL CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED AUGUST 31, 2016**  
*(Unaudited - Expressed in Canadian Dollars)*

**5. Share Capital (continued)**

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at August 31, 2016:

Number	Exercise Price \$	Expiry Date
13,352,947	0.11	June 20, 2017
<u>1,647,053</u>	0.11	July 10, 2017
<u>15,000,000</u>		

(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 ten years.

During the nine months ended August 31, 2016 and 2015 the Company did not grant any share options.

A summary of the Company's share options at August 31, 2016 and 2015 and the changes for the nine months ended on those dates, is as follows:

	2016		2015	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	635,000	1.46	785,000	1.37
Expired	<u>(635,000)</u>	1.46	<u>(150,000)</u>	1.00
Balance, end of period	<u>-</u>	-	<u>635,000</u>	1.46

**6. Related Party Disclosures**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and executive officers.

(i) During the nine months ended August 31, 2016 and 2015 the following compensation amounts were incurred:

	2016 \$	2015 \$
Frank Taggart <sup>(1)</sup>	59,406	50,282
Dave Doherty <sup>(2)</sup>	34,152	22,500
Nick DeMare	22,500	22,500
Marc Cernovitch	22,500	22,500
Luke Norman	<u>15,000</u>	<u>-</u>
	<u>153,558</u>	<u>117,782</u>

(1) Mr. Taggart incurred these amounts for performing his duties as CEO and President of the Company. Effective June 1, 2016 Mr. Taggart resigned as CEO and President of the Company but remains a director of the Company.

(2) Effective June 1, 2016 Mr. Doherty, a director of the Company, was appointed the CEO and President of the Company.

**ROCKSHIELD CAPITAL CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**6. Related Party Disclosures**

During the nine months ended August 31, 2016 \$153,558 (2015 - \$107,782) of the above amounts was expensed to officer and director compensation and \$nil (2015 - \$10,000) was capitalized to investment in associated company. As at August 31, 2016, \$nil (November 30, 2015 - \$2,500) remained unpaid and has been included in accounts payable and accrued liabilities.

- (ii) During the nine months ended August 31, 2016 the Company was billed \$4,756 (2015 - \$13,177) by Mr. Taggart for office rent in Panama. As at August 31, 2016, \$nil (November 30, 2015 - \$9,096) remained unpaid and has been included in accounts payable and accrued liabilities.
- (iii) During the nine months ended August 31, 2016 the Company incurred a total of \$31,650 (2015 - \$41,450) by Chase Management Ltd. ("Chase"), a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. As at August 31, 2016, \$5,000 (November 30, 2015 - \$6,200) remained unpaid and has been included in accounts payable and accrued liabilities.

**7. Segmented Information**

Information on reportable segments is as follows:

	<b>August 31, 2016</b>			
	<b>Corporate \$</b>	<b>Investments \$</b>	<b>Investment in and Advances to Associated Company \$</b>	<b>Total \$</b>
Interest and other income	21,883	19,415	86,651	127,949
Loss on sale of investments	-	(197,834)	-	(197,834)
Unrealized loss on investments	-	(494,254)	-	(494,254)
Equity loss in associated company	-	-	(95,096)	(95,096)
Segment loss	(313,687)	(672,673)	(8,445)	(994,805)
Segment assets	1,423,182	2,902,458	1,079,881	5,405,521

  

	<b>November 30, 2015</b>				
	<b>Corporate \$</b>	<b>Investments \$</b>	<b>Investment in and Advances to Associated Company \$</b>	<b>Exploration and Evaluation Assets \$</b>	<b>Total \$</b>
Interest income	33,963	9,238	86,526	-	129,727
Loss on sale of investments	-	(209,611)	-	-	(209,611)
Unrealized loss on investments	-	(2,672,391)	-	-	(2,672,391)
Equity loss in associated company	-	-	(1,672,540)	-	(1,672,540)
Equity gain on associated company share issuances	-	-	575,837	-	575,837
Segment profit (loss)	(414,986)	(2,872,764)	(1,010,177)	(174,874)	(4,472,801)
Segment assets	2,046,124	3,316,105	1,088,326	2,845	6,453,400

**ROCKSHIELD CAPITAL CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED AUGUST 31, 2016**  
*(Unaudited - Expressed in Canadian Dollars)*

**8. Financial Instruments and Risk Management**

*Categories of Financial Assets and Financial Liabilities*

Financial instruments are classified into one of the following categories: 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	August 31, 2016 \$	November 30, 2015 \$
Cash	FVTPL	1,402,393	2,039,722
Amounts receivable	Loans and receivables	1,922	1,752
Investments	FVTPL	2,902,458	3,316,105
Advances	Held-to-maturity	771,680	685,029
Accounts payable and accrued liabilities	Other financial liabilities	(10,351)	(63,425)

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

*Fair Value*

The fair values of the Company's financial assets and liabilities approximates the carrying amounts either due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

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:

- 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 is an analysis of the Company's financial assets measured at fair value as at August 31, 2016 and November 30, 2015:

	August 31, 2016		
	Level 1 \$	Level 2 \$	Level 3 \$
Cash	1,402,393	-	-
Investments	<u>2,709,488</u>	<u>192,970</u>	-
	<u>4,111,881</u>	<u>192,970</u>	-
	November 30, 2015		
	Level 1 \$	Level 2 \$	Level 3 \$
Cash	2,039,722	-	-
Investments	<u>2,818,640</u>	<u>497,465</u>	-
	<u>4,858,362</u>	<u>497,465</u>	-

*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 and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and amounts receivable is remote.

**ROCKSHIELD CAPITAL CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED AUGUST 31, 2016**  
*(Unaudited - Expressed in Canadian Dollars)*

**8. Financial Instruments and Risk Management (continued)**

*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. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

<b>Contractual Maturity Analysis at August 31, 2016</b>					
	<b>Less than 3 Months \$</b>	<b>3 - 12 Months \$</b>	<b>1 - 5 Years \$</b>	<b>Over 5 Years \$</b>	<b>Total \$</b>
Cash	1,402,393	-	-	-	1,402,393
Amounts receivable	1,922	-	-	-	1,922
Investments	2,902,458	-	-	-	2,902,458
Investment in and advances to associated company	-	-	1,079,881	-	1,079,881
Accounts payable and accrued liabilities	(10,351)	-	-	-	(10,351)

  

<b>Contractual Maturity Analysis at November 30, 2015</b>					
	<b>Less than 3 Months \$</b>	<b>3 - 12 Months \$</b>	<b>1 - 5 Years \$</b>	<b>Over 5 Years \$</b>	<b>Total \$</b>
Cash	2,039,722	-	-	-	2,039,722
Amounts receivable	1,752	-	-	-	1,752
Investments	3,316,105	-	-	-	3,316,105
Investment in and advances to associated company	-	-	1,088,326	-	1,088,326
Accounts payable and accrued liabilities	(63,425)	-	-	-	(63,425)

*Market Risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash and demand deposits bear floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

(b) Equity Price Risk

The Company holds investments in publicly traded equity securities. Market prices for equity securities are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value.

(c) Concentration Risk

As at August 31, 2016, \$1,739,874 of the Company's portfolio of investments was held in one company. This investment represents 59.94% of the Company's total assets and poor performance in the market price of this investment could adversely affect the Company's results.

**ROCKSHIELD CAPITAL CORP.**  
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**FOR THE NINE MONTHS ENDED AUGUST 31, 2016**  
*(Unaudited - Expressed in Canadian Dollars)*

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**8. 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 its investment and resource activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital. The Company will continue to assess new investment and property acquisition opportunities as opportunities arise 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.

There have been no changes to the Company's approach to capital management during the nine months ended August 31, 2016. The Company is not subject to any externally imposed capital requirements.

**9. Supplemental Cash Flow Information**

Non-cash activities conducted by the Company during the nine months ended August 31, 2016 and 2015 are as follows:

	2016 \$	2015 \$
Operating activities		
Accounts payable and accrued liabilities related to exploration and evaluation assets	-	(2,002)
Accounts payable and accrued liabilities related to long term investment	-	(138,639)
	<u>-</u>	<u>(140,641)</u>
Investing activities		
Accounts payable and accrued liabilities related to exploration and evaluation assets	-	2,002
Accounts payable and accrued liabilities related to long term investment	-	138,639
	<u>-</u>	<u>140,641</u>