



**Condensed Interim Financial Statements of  
Brionor Resources Inc.**

**For the three and nine months ended  
May 31, 2016 and May 31, 2015**  
(Expressed in Canadian Dollars)

## **RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The accompanying unaudited interim financial statements for Brionor Resources Inc. (the "Company") have been prepared by management in accordance with International Financial Reporting Standards consistently applied ("IFRS"). These financial statements have been prepared on a historical cost basis with the exception of financial instruments classified as fair value through profit and loss. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

## **NOTICE OF NO AUDITOR REVIEW OF 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 unaudited condensed 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 condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor 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.

# Brionor Resources Inc.

## Unaudited Condensed Interim Statements of Financial Position

(Canadian dollars)

As at	May 31 2016 \$	August 31 2015 \$
<b>ASSETS</b>		
<b>Current</b>		
Cash	3,452	159
Accounts receivable (note 3)	7,381	9,832
Advances receivable (note 4)	60,000	-
Short term investment (note 5)	1,723,999	42,373
	<b>1,794,832</b>	<b>52,364</b>
<b>Non-current</b>		
Exploration and evaluation assets (note 6)	5,721	519,722
	<b>1,800,553</b>	<b>572,086</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Trade and other payables (note 11)	107,157	173,408
Due to related party (note 8)	-	42,325
	<b>107,157</b>	<b>215,733</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital, warrants and share based payments (note 7)	4,826,894	4,832,274
Deficit	(3,133,498)	(4,475,921)
	<b>1,693,396</b>	<b>356,353</b>
	<b>1,880,553</b>	<b>572,086</b>

*The accompanying notes are an integral part of these financial statements.  
Nature of operations and going concern (notes 1 and 2)*

Approved on behalf of the board:

(signed) "Lew Lawrick"  
Director

(signed) "Robert Ayotte"  
Director

# Brionor Resources Inc.

## Unaudited Condensed Interim Statements of Loss and Comprehensive Loss

(Canadian dollars)

	For the three months ended		For the nine months ended	
	May 31 2016	May 31 2015	May 31 2016	May 31 2015
	\$	\$	\$	\$
<b>Property option income</b>	<b>736,000</b>	-	<b>736,000</b>	-
<b>Expenses</b>				
Professional fees	39,088	4,404	52,598	20,648
General and administrative	20,826	(373)	49,363	67,641
Management fees	12,000	-	12,000	-
Realized loss on short term investment (note 6)	-	-	16,222	-
Unrealized (gain) loss on short term investment (note 6)	(723,999)	-	(731,626)	-
	<b>(664,085)</b>	4,031	<b>(601,043)</b>	88,289
<b>Income (loss) and comprehensive income (loss) for the period</b>	<b>1,400,085</b>	(4,031)	<b>1,337,043</b>	(88,289)
<b>Income (loss) and comprehensive income (loss) per share basic and diluted</b>	<b>0.03</b>	(0.00)	<b>0.03</b>	(0.00)
<b>Weighted average number of shares outstanding basic and diluted</b>	<b>48,312,465</b>	48,312,465	<b>48,312,465</b>	48,312,465

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

# Brionor Resources Inc.

## Unaudited Condensed Interim Statements of Cash Flows

(Canadian dollars)

	For the nine months ended	
	May 31	May 31
	2016	2015
	\$	\$
<b>Operating activities</b>		
Comprehensive income (loss) for the period	(1,337,043)	(88,289)
Adjustment for non-cash items:		
Realized loss on short-term investment	16,622	
Proceeds from sale of mineral property	1,000,000	
Unrealized gain on short-term investment	(731,626)	-
Net change in non-cash working capital balances related to operating activities:		
Accounts receivable	2,451	(8,609)
Due from related party	(45,325)	35,225
Trade and other payables	(66,252)	24,432
Net cash provided from (used in) operating activities	(484,087)	(37,241)
<b>Investing activities</b>		
Proceeds from sale of short-term investment	33,379	-
Additions (disposals) of exploration and evaluation assets	514,001	(47,827)
Advances receivable	(60,000)	-
Net cash provided from (used in) investing activities	487,380	(47,827)
<b>Net (decrease) increase in cash</b>	<b>3,293</b>	<b>(85,068)</b>
Cash, beginning of the period	159	85,158
<b>Cash, end of the period</b>	<b>3,452</b>	<b>90</b>

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

# Brionor Resources Inc.

## Unaudited Condensed Interim Statements of Changes in Equity

(Canadian dollars)

	Share capital		Share based payments	Share capital and share based payments	Deficit	Total
	#	\$	\$	\$	\$	\$
<b>Balance, August 31, 2014</b>	<b>48,312,465</b>	<b>4,794,134</b>	<b>196,184</b>	<b>4,990,318</b>	<b>(4,336,559)</b>	<b>653,759</b>
Expiry of options	-	-	(172,592)	(172,592)	172,592	-
Net loss for the period	-	-	-	-	(88,289)	(88,289)
<b>Balance, May 31, 2015</b>	<b>48,312,465</b>	<b>4,794,134</b>	<b>23,592</b>	<b>4,817,726</b>	<b>(4,252,256)</b>	<b>565,470</b>
Net loss for the period	-	-	-	-	(209,117)	(209,117)
<b>Balance, August 31, 2015</b>	<b>48,312,465</b>	<b>4,794,134</b>	<b>38,140</b>	<b>4,817,726</b>	<b>(4,461,373)</b>	<b>356,353</b>
Expiry of options	-	-	(5,380)	(5,380)	5,380	-
Net income for the period	-	-	-	-	1,337,043	1,337,043
<b>Balance, May 31, 2016</b>	<b>48,312,465</b>	<b>4,794,134</b>	<b>32,760</b>	<b>4,812,346</b>	<b>(3,118,950)</b>	<b>1,693,396</b>

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

# **Brionor Resources Inc.**

Notes to the financial statements

For the three and nine months ended May 31, 2016 and May 31, 2015

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## **1. Nature of operations**

Brionor Resources Inc. ("Brionor" or the "Company") is incorporated under the *Canada Business Corporations Act*, and is involved in the acquisition, exploration and development of mining properties in Canada and previously Argentina (see note 7). Substantially all of the Company's efforts are devoted to financing and developing these properties.

Its stock is listed on the TSX Venture Exchange under the symbol BNR. The address of the Company and its registered office is located at 800 Place Victoria, Bureau 3700, Montréal, Québec H4Z 1E9. Its operating office is located at 150 York Street, Suite 410, Toronto, Ontario, M5H 3S5.

## **2. Going concern**

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes 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. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than in the normal course of business and at amounts that may differ from those shown in these financial statements.

For the nine months ended May 31, 2016, the Company had net income of \$1,337,043 (for the nine months ended May 31, 2015 incurred a loss of \$88,289), had used cash from operations of \$484,087 (for the nine months ended May 31, 2015 - used \$37,241), and as at May 31, 2016, had an accumulated deficit of \$3,133,498 (August 31, 2015 - \$4,475,921) and a working capital surplus of \$1,687,675 (August 31, 2015 – a deficit of \$163,369).

To date there has been no determination whether the Company's interests in mineral exploration properties contain mineral reserves, which are economically recoverable. The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves and the achievement of profitable operations; and the ability of the Company to raise alternative financing; or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

## **Statement of compliance**

The Company's condensed interim financial statements, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting. The condensed interim financial statements do not include all financial risk management information and disclosures as required in the audited annual financial statements. The condensed interim financial statements should be read in conjunction with the audited annual financial statements for the year ended August 31, 2015, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies and methods of computation remain the same as presented in the audited financial statements for the year ended August 31, 2015.

There are no new IFRS and/or International Financial Reporting Interpretations Committee ("IFRIC") pronouncements that are effective for the first time for this interim period that would be expected to have a material effect on the Company.

## Brionor Resources Inc.

Notes to the financial statements

For the three and nine months ended May 31, 2016 and May 31, 2015

### 3. Accounts receivable

	May 31 2016 \$	August 31 2015 \$
Government taxes receivable		
HST Recoverable	5,688	6,955
QST Recoverable	1,693	2,877
	<b>7,381</b>	<b>9,832</b>

### 4. Advances to Atala Resources Inc.

	May 31 2016 \$	August 31 2015 \$
Advances to Atala Resources Inc. (note 7)	257,252	197,252
Less write down	(197,252)	(197,252)
	<b>60,000</b>	<b>-</b>

The advances are non-interest bearing, due on demand with no fix terms of repayment. These advances are secured by a general security agreement covering all current and future assets of Atala Resources Inc. There is a common director between Atala and the Company.

### 5. Short term investment

On August 10, 2015, the Company received 211,865 common shares of Wealth Minerals Inc. ("Wealth") as part of the option agreement with Wealth as described below. As at May 31, 2016 the Company sold all of the Wealth shares for proceeds of \$33,278.

On April 28, 2016 the Company received 2,535,293 common shares of First Mining Finance Corp. ("First Mining") as part of the option agreement with First Mining as described below. As at May 31, 2016 the Company holds 2,535,293 First Mining shares with a quoted market price of \$1,723,999. There is a hold period on the shares until August 28, 2016.

### 6. Exploration and evaluation assets

The Company holds interests in the following exploration properties.

Properties	Interest %	Balance as at August 31 2015 \$	Sale of mining property \$	Expenditures \$	Write down / reclassification \$	Balance as at May 31 2016 \$
<b>Quebec</b>						
Verneuil	50	1,630	-	-	-	1,630
Noyell	100	352	-	-	-	352
Pitt Gold	100	514,000	(514,000)	-	-	-
Matchi-Manitou	29	3,740	-	-	-	3,740
		<b>519,722</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,722</b>

## Brionor Resources Inc.

Notes to the financial statements

For the three and nine months ended May 31, 2016 and May 31, 2015

Properties	Interest %	Balance as at August 31 2014 \$	Option of mining property \$	Expenditures \$	Write down / reclassification \$	Balance as at August 31 2015 \$
<b>Argentina</b>						
Meridiano Covadonga El Monte and Gertudis	0	205,091	61,377	-	266,468	-
<b>Quebec</b>						
Verneuil	50	1,630	-	-	-	1,630
Noyell	100	352	-	-	-	352
Pitt Gold	100	514,000	-	-	-	514,000
Matchi-Manitou	29	3,464	-	276	-	3,740
		<b>724,537</b>	<b>61,377</b>	<b>276</b>	<b>266,468</b>	<b>519,722</b>

Note: Write down/reclassification includes a write down of exploration and evaluation assets of \$68,517 and a reclassification of \$197,952 Atala advances as receivable, which was written off in 2015.

### Verneuil

The Company holds a 50% interest (SOQUEM 50%) in 34 claims located approximately 15 km to the east of the Lebel-sur-Quevillon, district of Abitibi. A 2% net smelter return royalty on future production is attached to the property. During the 2015 exploration season (ending January 2016) SOQUEM proposed an exploration work budget of \$550,000, on the property. SOQUEM spent approximately 16.5% or \$90,636 of the agreed upon budget. The executed program consisted of 3D - inversion analysis of previous induced polarization geophysical surveys conducted on the property, followed by sampling and mapping of the resultant targets.

### Noyell

The Company holds a 100% interest in 49 claims located approximately 25 km south of Matagami, along the Douay-Cameron Corridor adjacent to the Vezza deposit, district of Abitibi.

On July 27, 2015 the Company announced that it has executed a Definitive Option / Joint Venture Agreement ("the Agreement") with Wealth Minerals Limited ("Wealth"), granting Wealth the exclusive option to acquire up to 100% of the Noyell Property (the "Property" or "Noyell"), in three phases, through issuance to Brionor of Wealth common shares valued at \$850,000 over four years.

If Wealth exercises the first option and acquires the initial 49% interest but thereafter elects not to exercise the second option for 26%, then the Option will terminate and Brionor will have an option (the "Re-Purchase Option") to acquire Wealth's 49% interest through the issuance of Brionor common shares valued at \$75,000 (50% of the value paid by Wealth to exercise the first option). If Brionor does not exercise the Re-Purchase Option, Wealth and Brionor will be deemed to have formed a 49:51 joint venture.

If Wealth exercises both the first and second options and thereby acquires an aggregate 75% interest but does not exercise the third option to acquire the balance of Brionor's interest, then the Option will terminate and Wealth and Brionor will be deemed to have been formed a 75:25 joint venture. There is an existing 3% NSR royalty on the Noyell property payable to a third party.

**Table 1: Acquisition Terms**

		Stock	Ownership
Phase I	TSXV Acceptance	\$50,000*	49%
	One Year Anniversary	\$50,000	
	Two Year Anniversary	\$50,000	

## Brionor Resources Inc.

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For the three and nine months ended May 31, 2016 and May 31, 2015

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Phase II	Three Year Anniversary	\$200,000	26%
Phase III	Four Year Anniversary	\$500,000	25%
		<b>\$850,000</b>	<b>100%</b>

\* The stock issuance upon TSX-V acceptance is a firm commitment. All other stock issuances are optional. Value is based upon the 20 day VWAP on the TSXV prior to the date of issuance.

On July 27, 2016, Wealth gave notice to the Company of its intent to terminate the Agreement.

### Pitt Gold

The Company holds a 100% interest in 24 mining claims located approximately 35 km north of Rouyn-Noranda, district of Abitibi. A 4% net smelter return royalty on future production is attached to the property.

On April 27, 2016 the Company completed the sale of the Pitt Gold Property to First Mining for an aggregate purchase price of \$1,250,000 of which \$1,000,000 of the purchase price was satisfied through the issuance of 2,535,293 common shares of First Mining, based on the 20-day VWAP and the remaining \$250,000 was paid in cash.

### Matchi-Manitou

The Company holds a 29% interest in 29 claims located in Tavernier and Pershing townships, district of Abitibi. A 1% net smelter return royalty on future production is attached to the property. In accordance with this joint venture agreement on a 29/71% basis, each partner has to contribute its share, failing which; its interest would be diluted.

### Meridiano, Covadonga, El Monte and Gertudis

On February 20, 2013, the Company entered into a letter agreement (the "Letter Agreement") with Atala Resources Inc. ("Atala"), a private Ontario mining exploration company which holds mining rights in Argentina, and the shareholders of Atala (the "Atala Shareholders") whereby Brionor proposed to acquire (the "Acquisition") all of the issued and outstanding shares of Atala (each an "Atala Share") for an aggregate purchase price of \$300,000 (the "Purchase Price") payable by the issuance of common shares of Brionor (each a "Brionor Share") at a deemed price of \$0.05 per Brionor Share. Under the Letter Agreement, each Atala Shareholder shall receive 0.4655373 of a Brionor Share for each Atala Share held, for a total of 6,000,000 Brionor Shares.

On November 15, 2013, the Letter Agreement was amended to extend the closing date to May 31, 2014 and in addition the aggregate purchase price was increased to \$600,000 and the number of shares of Brionor to be issued was increased to 12,000,000. On March 17, 2014, the Letter Agreement was amended further to extend the closing date to April 30, 2014, which was further extended to December 31, 2014 and to August 31, 2015. On August 31, 2015 the Letter Agreement was allowed to lapse. The Company has converted the cash advances to Atala into a loan receivable and then provided for the advances receivable by recording a write-down of advances receivable. The other acquisition costs have been written off.

The Company and Atala continue to evaluate alternatives for a revised transaction, but at this time no agreement is pending.

## 7. Shareholders' equity

### Authorized share capital

The Company is authorized to issue an unlimited number of common shares.

On April 25, the shareholders of the Company approved the consolidation of its issued and outstanding common shares on the basis of one (1) post-consolidation share for not more than four (4) pre-

## Brionor Resources Inc.

Notes to the financial statements

For the three and nine months ended May 31, 2016 and May 31, 2015

consolidation common shares. The timing of the consolidation dependent on the decision of the board of directors.

### Share based payments

The Company adopted a fixed stock option plan (the "Plan") whereby the Board of Directors may grant to employees, officers, directors, management consultants and external consultants of the Company or of its subsidiary thereof, options to acquire common shares in such numbers, for such terms and at such exercise prices as may be determined by the Board. The exercise price of each option may not be lower than the market price of the common shares at the time of the grant of the options. The options are vested at the date of the grant unless additional restrictions on the vesting of the options are imposed by the Board of Directors except for the consultants working in investor relations, whose options are vested in quarterly installments over a twelve-month period from grant. The option period is a period of time fixed by the Board of Directors but cannot exceed 5 years.

At May 31, 2016, the Company had 4,181,247 options available for issuance under the Plan.

	Options #	Weighted average exercise price \$
<b>Outstanding, August 31, 2014</b>	<b>2,000,000</b>	<b>0.13</b>
Expired	(1,150,000)	0.15
<b>Outstanding, August 31, 2015</b>	<b>2,000,000</b>	<b>0.13</b>
Expired	(200,000)	0.15
<b>Balance, May 31, 2016</b>	<b>650,000</b>	<b>0.10</b>
<b>Options exercisable at May 31, 2016</b>	<b>650,000</b>	<b>0.10</b>

A summary of the outstanding stock options is presented below:

Date of grant	Remaining life	Number of options #	Exercise price \$
April 18, 2012	0.33 years	650,000	0.10
		<b>650,000</b>	

On June 28, 2016, the Company granted 1,900,000 stock options with an exercise price of \$0.05 and expiring on June 28, 2021.

### 8. Key management compensation and related party transactions

The Company defines its key management as the Chairman of the Board, Chief Executive Officer and Chief Financial Officer. For the nine months ended May 31, 2016, \$20,000 was paid as management compensation (for the nine months ended May 31, 2015 – \$nil).

### 9. Financial instrument risk management

#### a) Fair value of financial instruments

The carrying value of cash, trade and other payables and due to related party approximates fair value due to the short-term nature of these financial instruments.

The Company's financial instruments consist of the following:

## Brionor Resources Inc.

Notes to the financial statements

For the three and nine months ended May 31, 2016 and May 31, 2015

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<b>Financial assets:</b>	<b>Classification:</b>
Cash	FVTPL
Short term investment	FVTPL
<b>Financial liabilities:</b>	<b>Classification:</b>
Trade and other payables	Other financial liabilities
Due to related party	Other financial liabilities

As of May 31, 2016, except for cash and short term investments, none of the Company's financial instruments are recorded at fair value in the statement of financial position. Cash and short term investment are classified as level 1 fair value. Short term investment is based on exchange trading price.

### b) Risk management

#### Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company is exposed to credit risk with respect to its cash and advances to Atala. To minimize this risk, cash has been placed with major Canadian financial institutions.

#### Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. The Company ensures that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets, against cash. As at May 31, 2016, the Company has \$3,452 in cash to settle current liabilities of \$107,157. However, the Company has taxes receivable and short term investments with a market value of \$1,731,380. As the Company does not have operating cash flow, the Company has and will continue to rely primarily on equity financing to meet its capital requirements.

### 10. Capital risk management

The Company's objective when managing capital is to raise sufficient funds to execute its exploration plan and to meet its ongoing administrative costs. At May 31, 2016, the Company's capital consists of equity, which is comprised of share capital, share based payments and deficit, in the amount of \$1,693,396 (August 31, 2015 - \$356,353).

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

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 does not have any externally imposed capital requirements or covenants.

### 11. Trade and other payables

As at	<b>May 31</b>	<b>August 31</b>
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Trade payables	<b>56,811</b>	125,308
Accruals	<b>61,100</b>	48,100
	<b>107,157</b>	173,408

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**Brionor Resources Inc.**

Notes to the financial statements

For the three and nine months ended May 31, 2016 and May 31, 2015

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The standard maturity terms of the Company's trade and other payables are 30 – 60 days.