GRAPHITE ONE RESOURCES INC.

Consolidated Financial Statements

September 30, 2015

January 22, 2016

Independent Auditor's Report

To the Shareholders of Graphite One Resources Inc.

We have audited the accompanying consolidated financial statements of Graphite One Resources Inc., which comprise the consolidated statement of financial position as at September 30, 2015 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year then ended, and the related notes, which comprise 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.

Auditor's responsibility

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

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

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

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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Graphite One Resources Inc. as at September 30, 2015 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of matter
Without qualifying our opinion, we draw attention to note 2 in the consolidated financial statements which discloses conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Graphite One Resources Inc.'s ability to continue as a going concern.

Other Matter
The financial statements of Graphite One Resources Inc. for the year ended September 30, 2014 were audited by other auditors who expressed an opinion on those statements in their report dated January 27, 2015. Their opinion was without reservation.

signed "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

GRAPHITE ONE RESOURCES INC.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at September 30,	Note		2015		2014
ASSETS	**Note**				
Current assets					
Cash		$	998,937	$	2,954,924
Cash in trust	5		279,225		766,067
Prepayments and deposits			75,124		266,248
Amounts receivable	6		46,668		48,027
Total current assets			1,399,954		4,035,266
Non-current assets					
Equipment			56,316		94,514
Exploration and evaluation property	7		10,002,322		7,387,334
Total non-current assets			10,058,638		7,481,848
Total assets		$	11,458,592	$	11,517,114
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other accounts payable		$	806,516	$	593,368
Total liabilities			806,516		593,368
Equity					
Share capital			23,711,242		22,217,062
Share option reserve			4,522,930		3,861,029
Deficit			(17,582,096)		(15,154,345)
Total equity			10,652,076		10,923,746
Total equity and liabilities		$	11,458,592	$	11,517,114
Going concern	2				
Subsequent events	8				

Approved by the Board of Directors:

"Anthony Huston"
Director

"Douglas Smith"
Director

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

GRAPHITE ONE RESOURCES INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

For the year ended September 30,		2015	2014
Expenses	**Note**		
Management fees and salaries		$ 551,311	$ 740,068
Marketing and investor relations		887,805	677,312
Office and administration		222,397	246,558
Professional fees		199,205	128,945
Share-based payments	8	540,673	209,924
		2,401,391	2,002,807
Other income (expenses)			
Foreign exchange loss		(35,370)	(27,783)
Interest income		9,010	5,184
Write-down of investment		-	(20,000)
		(26,360)	(42,599)
Net loss and comprehensive loss for the year		$ 2,427,751	$ 2,045,406
Basic and diluted loss per common share		$ 0.01	$ 0.02
Weighted average number of common shares oustanding		168,167,836	125,193,352

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

GRAPHITE ONE RESOURCES INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

For the year ended September 30,	2015	2014
CASH DERIVED FROM (USED IN)		
OPERATING ACTIVITIES		
Loss for the period	$ (2,427,751)	$ (2,045,406)
Items not involving cash:		
Share-based payments	540,673	209,924
Write-down of investment	-	20,000
Changes in non-cash working capital items		
Amounts receivable	1,359	(31,353)
Prepayments and deposits	166,549	(167,432)
Trade and other accounts payable	224,099	17,469
	(1,495,071)	(1,996,798)
FINANCING ACTIVITIES		
Issuance of shares	1,359,235	6,336,962
Share issuance costs	(131,519)	(391,643)
Decrease/(increase) in cash in trust	392,016	(671,241)
	1,619,732	5,274,078
INVESTING ACTIVITIES		
Exploration and evaluation property	(2,200,049)	(1,675,869)
Decrease/(increase) in cash in trust	94,826	(94,826)
Changes in non-cash working capital items		
Prepayments and deposits	24,575	(64,517)
	(2,080,648)	(1,835,212)
(Decrease) increase in cash	(1,955,987)	1,442,068
Cash at beginning of period	2,954,924	1,512,856
Cash at end of period	$ 998,937	$ 2,954,924
Supplemental cash flow information:		
Non-cash transactions eliminated from the consolidated statements of cash flows:		
Depreciation capitalized to exploration and evaluation property	$ 38,198	$ 110,662
Change in Accounts payable related to financing activities	$ 49,030	$ 46,831
Change in Accounts payable related to investing activities	$ (59,981)	$ 40,755
Shares issued on purchase of claims and royalty extension	$ 327,692	$ -
Share-based payments capitalized to exploration and evaluation property	$ 60,000	$ -
Non-cash share issuance costs	$ 61,228	$ 198,729
	$ 476,167	$ 396,977

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

GRAPHITE ONE RESOURCES INC.
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Common Shares		Share Option		Total
	Number	Amount	Reserve	Deficit	Equity
October 1, 2013	117,674,684	$16,458,376	$3,464,471	($13,108,939)	$6,813,908
Shares issued on private placement	38,286,085	4,977,446	-	-	4,977,446
Shares issued on broker warrant exercise	195,180	31,612	(12,095)	-	19,517
Shares issued on warrant exercise	10,720,000	1,340,000	-	-	1,340,000
Cost of share issuance	-	(590,372)	198,729	-	(391,643)
Share-based payments	-	-	209,924	-	209,924
Net loss for the year	-	-	-	(2,045,406)	(2,045,406)
September 30, 2014	166,875,949	$22,217,062	$3,861,029	($15,154,345)	$10,923,746
October 1, 2014	166,875,949	$22,217,062	$3,861,029	($15,154,345)	$10,923,746
Shares issued on private placement	19,417,642	1,359,235	-	-	1,359,235
Shares issued on extension of royalty purchase option	769,231	57,692	-	-	57,692
Shares issued on purchase of mineral claims	3,000,000	270,000	-	-	270,000
Cost of share issuance	-	(192,747)	61,228	-	(131,519)
Share-based payments	-	-	600,673	-	600,673
Net loss for the year	-	-	-	(2,427,751)	(2,427,751)
September 30, 2015	190,062,822	$23,711,242	$4,522,930	($17,582,096)	$10,652,076

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

1. NATURE OF OPERATIONS

Graphite One Resources Inc. ("Graphite One" or the "Company") was incorporated in Alberta under the name Cedar Mountain Exploration Inc. ("Cedar Mountain") and commenced operations on March 16, 2006. On March 23, 2012, Cedar Mountain changed its name to Graphite One and adopted the symbol GPH on the TSX-V effective March 27, 2012. Graphite One is the parent company of its consolidated group. In September 2014, the Company moved its corporate jurisdiction from Alberta to British Columbia and in December 2014, the Company's head office was relocated to 510 - 700 West Pender Street, Vancouver, British Columbia, V6C 1G8.

Graphite One is in the business of acquiring and exploring exploration and evaluation properties. Through its 100% owned subsidiary, Graphite One (Alaska) Inc., the Company is focussed on the Graphite Creek property near Nome, Alaska. The Company has not yet determined whether its properties contain mineral reserves that are economically recoverable and the Company is presently carrying out, or is planning to carry out exploration efforts and evaluation activities on all of its exploration and evaluation properties. The recoverability of the amounts shown for exploration and evaluation properties is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to complete the development, and ultimately upon future profitable production or proceeds from disposition of the mineral properties.

2. GOING CONCERN

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

As at September 30, 2015, the company had a cash balance of $998,937 and cash in trust of $279,225 and working capital of $593,438. Current liabilities as at September 30, 2015 totalled $806,516. The Company has incurred losses since inception and does not generate any cash inflows from operations. In the year ended September 30, 2015, cash used in operating activities totalled $1,424,716.

Subsequent to year end, the Company raised gross proceeds of $634,161 in October 2015 and $434,090 in January 2016, in private placements (see Note 8).

2. GOING CONCERN (cont'd…)

The Company's ability to continue to meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and on securing additional financing. There is, however, no assurance that any such initiatives will be sufficient and, as a result, there is significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

3. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been authorized for issue by the Board of Directors of the Company on January 22, 2016.

3.1 Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis. The statements are presented in Canadian dollars unless otherwise noted.

3.2 Significant judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Judgments

Exploration and evaluation property: The Company is required to make significant judgments regarding the capitalization of exploration and evaluation property expenditures. The Company is also required to make significant judgments on the ongoing feasibility of mineral exploration, and whether there are indicators of impairment such as the right to explore the specific area has or will expire, that further exploration and evaluation plans have changed, or whether development of a specific area is unlikely to recover existing exploration and evaluation property costs. If any of these indicators are present, management would need to assess whether the exploration and evaluation property should be impaired.

3. BASIS OF PRESENTATION (cont'd…)

Estimates and assumptions

Share-based payments: Share-based payments are determined using the Black-Scholes Option Pricing Model based on estimated fair values of all share-based awards at the date of grant and is expensed to the statement of loss and comprehensive loss over each award's vesting period. The Black-Scholes Option Pricing Model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

The Company applies the fair value method of accounting for all stock option awards to employees and others providing similar services. Under this method the Company recognizes a compensating expense for all share options awards based on the fair value of the options on the date of grant. The fair value is determined by using a Black-Scholes option pricing model. The fair value of all share options granted, and estimated to eventually vest, is recorded, over the vesting period, as a charge to the statement of income (loss) and a credit to contributed surplus. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of original estimates, if any, is charged to the statement of income (loss) such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus. Consideration paid on exercise of share options in addition to the fair value attributed to stock options granted is credited to share capital.

4. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Graphite One (Alaska) Inc., incorporated in Alaska, USA. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when we have existing rights that give us the ability to direct the activities that significantly affect the investee's returns. The financial statement of subsidiaries are included in the consolidated financial statement from the date that control commences until the date that control ceases.

Foreign Currency Translation

The consolidated financial statements are presented in Canadian dollars which is also the functional currency of the Company and its subsidiary. Transactions in foreign currencies are translated to the appropriate functional currency at foreign exchange rates that approximate those on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Foreign exchange gains and losses are included in profit and loss.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Cash

Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash within ninety days of purchase.

Equipment

Equipment is recorded at cost and carried net of accumulated depreciation and accumulated impairment losses. The cost of additions and improvements are capitalized. An item of equipment is derecognized upon disposal, or impaired when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss on disposal of the asset, determined as the difference between the proceeds and the carrying amount of the asset is recognized in profit or loss.

	Depreciation Rate
Analytical equipment	20%
Mobile equipment	20%
Sample preparation lab	50%

The Company provides for depreciation using the straight line method at rates designed to depreciate the cost of individual items over their estimated useful lives, less any residual value. Depreciation on operating assets is included in the statements of net loss as a component of office and administrative expenses. Depreciation of assets utilized in mineral exploration activities is capitalized as a cost of mineral properties.

Exploration and Evaluation Properties

(i) Pre-license costs:
Costs incurred before the Company has obtained the legal right to explore are expensed as incurred.

(ii) Exploration and evaluation costs:
Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized as incurred, unless future economic benefit is not expected to be realized. The Company capitalizes the costs of acquiring, maintaining its interest in, exploring and evaluating mineral properties until such time as the lease expires, the property is abandoned, sold or considered impaired in value, on a property by property basis. Indirect administrative costs are expensed as incurred. Exploration and evaluation properties are not amortized during the exploration and evaluation stage.

Recovery of capitalized costs is dependent on successful development of economic mining operations or the disposition of the related exploration and evaluation property.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)…

Although the Company has taken steps to verify title to exploration and evaluation properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, non-compliance with regulatory requirements or title may be affected by undetected defects.

Decommissioning and Restoration

The Company is subject to various governmental laws and regulations relating to the protection of the environment. The environmental regulations are continually changing and are generally becoming more restrictive.

Decommissioning and restoration obligations encompass legal, statutory, contractual or constructive obligations associated with the retirement of a long-lived tangible asset (for example, mine reclamation costs) that results from the acquisition, construction, development and/or normal operation of a long-lived asset. The retirement of a long-lived asset is reflected by an other-than-temporary removal from service, including sale of the asset, abandonment or disposal in some other manner.

A liability for decommissioning and restoration is recorded in the period in which the obligation first arises. The Company records the estimated present value of future cash flows associated with site closure and reclamation as a long-term liability and increases the carrying value of the related assets for that amount. Over time, the liability is increased to reflect an interest element in the estimated future cash flows (accretion expense) considered in the initial measurement of fair value. The capitalized cost is amortized on either the unit-of-production basis or the straight-line basis, as appropriate. The Company's estimates of provisions for decommissioning and restoration obligations could change as a result of changes in regulations, changes to the current market-based discount rate, the extent of environmental remediation required, and the means of reclamation or cost estimates. Changes in estimates are accounted for in the period in which these estimates are revised.

As at September 30, 2015 and September 30, 2014 the Company has determined that it does not have any decommissioning and restoration obligations related to its operations.

Impairment

The carrying values of the Company's long lived assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)…

An impairment loss is recognized if the carrying value amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

Provisions

Liabilities are recognized when the Company has a present legal or constructive obligation that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense.

Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects taxable profit or accounting profit. Deferred tax liabilities on temporary differences associated with shares in subsidiaries are not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)…

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, carryforward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Changes in deferred tax assets or liabilities are recognized as a component of tax recovery or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Share-based Payments

Share-based payment arrangements in which the Company receives goods or services from consultants are accounted for as equity-settled transactions and, when determinable, are recorded at the value of the goods and services received. If the value of the goods and services received are not determinable, then the fair value of the share-based payment is used.

The Company uses a fair value based method (Black-Scholes Option Pricing Model) for all share options granted to directors, employees and certain consultants. For directors and employees, the fair value of the share options is measured at the date of grant. For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)…

The fair value of share-based payments is charged either to profit or loss, or exploration and evaluation property, with the offsetting credit to share option reserve. The fair value of the share options is recognized over the vesting period based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. If options vest immediately, the expense is recognized when the options are granted. For non-employees, the share options are recognized over the related service period. When share options are exercised, the amounts previously recognized in share option reserve are transferred to share capital.

In the event share options are forfeited prior to vesting, the associated fair value recorded to date is reversed in the period of forfeiture. The fair value of any vested share options that expire remain in share option reserve.

Share capital

When the Company issues private placement units, the shares and warrants are measured using the residual method. This method allocates value first to the more easily measureable component based on fair value and the residual to the less easily measureable component, if any. The Company considers the fair value of its shares to be the more easily measureable component and is valued with reference to the market price. The residual value is attributed to the warrants, if any, is recorded as a separate component of equity.

Earnings (Loss) per Share

Basic earnings (loss) per share are computed by dividing net earnings (loss) (the numerator) by the weighted average number of outstanding common shares for the period (denominator). In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments.

In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive, therefore, basic and diluted loss per share are the same. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

During the years ended September 30, 2015 and September 30, 2014, all the outstanding share options, warrants and broker warrants were anti-dilutive.

(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)…

Financial Instruments - Recognition and Measurement

Financial instruments are classified into one of five categories, and, depending on the category, will either be measured at amortized cost using the effective interest method or at fair value. Held to maturity investments, loans and receivables, and other financial liabilities are measured at amortized cost. Financial assets and liabilities classified as fair value through profit or loss and available for sale financial assets are carried on the consolidated statement of financial position at their fair values where such fair value is determinable.

The Company classifies cash, cash in trust, amounts receivable and deposits as loans and receivables. Trade and other accounts payable are classified as other financial liabilities.

The Company assesses whether there is evidence that a financial asset or a group of assets is impaired at each reporting date. Evidence of impairment may include indication that a counterparty is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and when indicators suggest that there are measurable decreases in the estimated future cash flows.

Changes in Accounting Standards

The Company has reviewed the new and proposed accounting pronouncements issued by the IASB relevant to the year ended September 30, 2015 and subsequently, and none were considered to have a significant impact on the Company's current operations or financial statements.

5. CASH IN TRUST

The Company has $279,225 Cash in trust as at September 30, 2015 (September 30, 2014 - $766,067) which relates to a share issuance in September 2015 and is held in a trust account by the Company's legal counsel. The balance at September 30, 2015 was released from the trust account in October 2015. The balance at September 30, 2014 includes $94,826 that relates to a deposit held in an escrow account as required by a drilling contract entered into in September 2014 and $671,241 relates to a share issuance in September 2014 and was held in a trust account by the Company's legal counsel. The Cash in trust related to the share issuance was released from escrow in October 2014 and the deposit related to the drilling contract was released from escrow in February 2015.

6. AMOUNTS RECEIVABLE

	2015	**2014**
Share subscriptions receivable	35,000	-
Government of Canada	8,458	48,027
State of Alaska	3,210	-
	46,668	48,027

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION PROPERTY

The following table summarizes the capitalized costs associated with the Company's exploration and evaluation property:

		Graphite Creek
Balance, September 30, 2013	$	5,513,217
Acquisition		333,261
Analysis		44,132
Geological consulting		351,518
Fieldwork		1,145,206
Balance, September 30, 2014	$	7,387,334
Acquisition		473,272
Analysis		272,960
Geological consulting		531,593
Fieldwork		1,216,023
Engineering		121,140
Balance, September 30, 2015	$	10,002,322
Summary		
Acquisition	$	598,444
Exploration		6,788,890
Balance, September 30, 2014	$	7,387,334
Acquisition	$	1,071,716
Exploration		8,809,466
Evaluation		121,140
Balance, September 30, 2015	$	10,002,322

Graphite Creek Property Summary

The Graphite Creek Property consists of the following mining claims:

- Twenty-four Federal mining claims (the "GC Option Property");
- Fifty-six Alaska state mining claims (the "GC Purchased Property"); and
- One hundred and twenty located Alaska state mining claims around the GC Option Property (the "GC Staked Property").

7. EXPLORATION AND EVALUATION PROPERTY (cont'd)…

On January 17, 2012, the Company announced that it had entered into an option agreement (the "GC Option Agreement") with an arm's length party Kougarok LLC ,("Kougarok") to earn a 100% interest in the GC Option Property. The GC Option Property is an early stage exploration property.

To complete the GC Option Agreement, the Company was obligated to incur exploration expenditures on the GC Option Property totaling United States dollars ("US$") 1,525,000 over three years, and make aggregate cash payments to Kougarok totaling US$425,000. The payments included US$25,000 upon entering into the GC Creek Option Agreement, US$50,000 due March 1, 2012, US$100,000 due March 1, 2013 and US$250,000 on March 1, 2014. On March 3, 2014, the Company announced that it had satisfied all of the obligations under the GC Option Agreement and earned the right to enter into a lease agreement.

In May 2015, the Company executed a long-term lease agreement with Kougarok LLC, commencing effective January 1, 2014 with an initial term of twenty years, and with provisions to extend the lease for two successive twenty year periods and ultimately for as long as production continues from the property. An advance royalty in the amount of US$30,000 was paid upon execution of the agreement, with annual payments of US$30,000 due each year until January 2019, and then increasing by US$10,000 each year until production commences. The production royalties are to be calculated as follows: 5% from lands in the 4 federal claims that were originally located in 1943, 2.5% from lands within the other 20 federal claims, 5% from lands within state claims staked by the Company within the area of interest and 2.5% from state claims acquired by the Company within the area of interest. All advance royalties paid may be recouped from production royalties. The Company has the option to reduce the production royalties by up to 2% by paying US$2 million for each 1% reduction of the Graphite Creek Royalty.

On January 24, 2012, the Company purchased from a private individual (the "Seller") one half of the GC Purchased Property (28 Alaska state mining claims) for $20,000 and a 2% production royalty on future production from the GC Purchased Property. The Company had the right to purchase the production royalty for $1 million until January 24, 2015 (the "Royalty Purchase Option"). The Company and the Seller entered into an extension agreement effective January 24, 2015 (the "Extension Agreement") whereby the Royalty Purchase Option may be exercised at any time on or before the earlier of (i) January 24, 2017, or (ii) the date that is six (6) months after the release by the Company of a feasibility study on the Graphite Creek Property. In connection with the Extension Agreement, the Company has issued to the Seller, 769,231 common shares of the Company at a fair value of $57,692.

During June 2015, the Company purchased from another private individual the balance of the GC Purchased Property (28 Alaska state mining claims covering the same lands as the 28 Alaska state mining claims acquired in January 2012) for US$50,000, the issuance of 3 million common shares of the Company at a fair value of $270,000 and a royalty interest equal to 1% of the Net Smelter Returns received by the Company on production from the claims. The Company has the right to purchase the royalty for US$500,000 at any time within 36 months following the start of mine production.

7. EXPLORATION AND EVALUATION PROPERTY (cont'd)…

Seventy-seven of the Alaska state mining claims comprising the GC Staked Property were located in 2011 and 2012 and eight were located in June 2015. In November 2015, an additional 35 claims were staked.

8. SHARE CAPITAL

8.1 Authorized

Unlimited number of common shares with no par value.

8.2 Shares Issued

The following share transactions occurred during the year ended September 30, 2015:

On September 30, 2015, the Company completed a private placement for total gross proceeds of $1,359,235. Pursuant to this private placement, the Company issued a total of 19,417,642 units (the "2015-1 Units") at a price of C$0.07 per 2015-1 Unit. Each 2015-1 Unit consists of one common share and one transferable common share purchase warrant (a "2015-1 Warrant"). Each 2015-1 Warrant entitles the holder to purchase one additional common share of the Company at a purchase price of $0.10 per share during the 36 months from the date of issuance. Based on the residual valuation method, negligible value was attributed to the warrants. The Company paid finders' fees in the aggregate amount of $85,710 and issued 1,224,434 transferrable broker warrants, each such warrant entitling the holder to acquire one additional common share of the Company at the same price as the 2015-1 Warrants described above.

In June 2015, the Company issued 3,000,000 common shares at a fair value of $270,000 in connection with the acquisition of mining claims (see Note 7).

In February 2015, the Company issued 769,231 common shares at a fair value of $57,692 in connection with an agreement to extend the Company's right to purchase a net smelter return royalty (see Note 7).

Subsequent to year end, on October 30, 2015, the Company completed a private placement for total gross proceeds of $634,161. Pursuant to this private placement, the Company issued a total of 9,059,449 units (the "2015-2 Units") at a price of C$0.07 per 2015-2 Unit. Each 2015-2 Unit consists of one common share and one transferable common share purchase warrant (a "2015-2 Warrant"). Each 2015-2 Warrant entitles the holder to purchase one additional common share of the Company at a purchase price of $0.10 per share during the 36 months from the date of issuance. Based on the residual valuation method, negligible value was attributed to the warrants. The Company paid finders' fees in the aggregate amount of $20,384 and issued 291,200 transferrable broker warrants, each such warrant entitling the holder to acquire one additional common share of the Company at the same price as the 2015-2 Warrants described above.

8. SHARE CAPITAL (cont'd)…

Also subsequent to year end, on January 18, 2016, the Company completed a private placement for total gross proceeds of $434,090. Pursuant to this private placement, the Company issued a total of 4,823,222 units (the "2016-1 Units") at a price of C$0.09 per 2016-1 Unit. Each 2016-1 Unit consists of one common share and one transferable common share purchase warrant (a "2016-1 Warrant"). Each 2016-1 Warrant entitles the holder to purchase one additional common share of the Company at a purchase price of $0.12 per share during the 36 months from the date of issuance. Based on the residual valuation method, negligible value was attributed to the warrants. The Company paid finders' fees in the aggregate amount of $324 and issued 3,600 transferrable broker warrants, each such warrant entitling the holder to acquire one additional common share of the Company at the same price as the 2016-1 Warrants described above.

The following share transactions occurred during the year ended September 30, 2014:

On August 26, 2014, the Company completed a private placement for total gross proceeds of $2,027,890. Pursuant to this private placement, the Company issued a total of 15,599,160 units (the "2014-1 Units") at a price of C$0.13 per 2014-1 Unit. Each 2014-1 Unit consists of one common share and one non-transferable common share purchase warrant (a "2014-1 Warrant"). Each 2014-1 Warrant entitles the holder to purchase one additional common share of the Company at a purchase price of $0.20 per share during the first two years from the date of issuance and at a price of $0.25 per share during years three and four from the date of issuance. Based on the residual valuation method, negligible value was attributed to the warrants. The Company paid finders' fees in the aggregate amount of $120,887 and issued 929,902 non-transferrable broker warrants, each such warrant entitling the holder to acquire one additional common share of the Company at the same price as the 2014-1 Warrants described above.

On September 30, 2014, the Company completed a private placement for total gross proceeds of $2,949,300. Pursuant to this private placement, the Company issued a total of 22,686,925 units (the "2014-2 Units") at a price of C$0.13 per 2014-2 Unit. Each 2014-2 Unit consists of one common share and one non-transferable common share purchase warrant (a "2014-2 Warrant"). Each 2014-2 Warrant entitles the holder to purchase one additional common share of the Company at a purchase price of $0.20 per share during the first two years from the date of issuance and at a price of $0.25 per share during years three and four from the date of issuance. Based on the residual valuation method, negligible value was attributed to the warrants. The Company paid finders' fees in the aggregate amount of $166,166 and issued 1,290,200 non-transferrable broker warrants, each such warrant entitling the holder to acquire one additional common share of the Company at the same price as the 2014-2 Warrants described above.

During the year ended September 30, 2014, the Company issued 10,720,000 common shares resulting from the exercise of 10,720,000 share purchase warrants for total proceeds of $1,340,000. In addition, the Company issued 195,180 broker warrants for proceeds of $19,518.

(Expressed in Canadian dollars)

8. SHARE CAPITAL (cont'd)…

8.3 Share based compensation

Pursuant to a stock option plan (the "Plan") for directors, officers, employees and consultants, the Company may reserve a maximum of 10% of the issued and outstanding listed common shares, the exercise price to be determined on the date of issuance of the options. The options are non-transferable and will expire, if not exercised, 90 days following the date the optionee ceases to be a director, officer, employee or consultant of the Company for reasons other than death, one year after the death of an optionee or on the fifth anniversary of the date the option was granted. Options granted under the plan may not exceed five years and vest at terms to be determined by the board of directors at the time of the grant, but shall not be less than the higher of the price determined by policy or policies of the stock exchange(s) on which the Company's common shares are then listed, or $0.10 per share. Occasionally, the Company issues stock options to agents in accordance with the Plan.

The following table summarizes activity related to stock options:

	Options		Weighted Average Exercise Price
Balance, September 30, 2013	10,225,000	$	0.23
Issued	900,000	$	0.17
Expired	(150,000)	$	0.15
Forfeited	(300,000)	$	0.28
Balance, September 30, 2014	10,675,000	$	0.22
Issued	6,850,000	$	0.13
Expired	(750,000)	$	0.30
Forfeited	(4,375,000)	$	0.22
Balance, September 30, 2015	12,400,000	$	0.17

During the year ended September 30, 2015, 6,850,000 options (September 30, 2014 - 900,000) were granted to directors, officers, consultants of the Company. Each option has an exercise price of $0.13 and all options vested immediately. 5,850,000 options expire 5 years from the date of grant and 1,000,000 options expire 3 years from date of grant. Of the 900,000 options granted in the year ended September 30, 2014, 300,000 options had an exercise price of $0.165 and vested immediately. The balance had an exercise price of $0.17 and vested over a one year period from date of grant. All options expire 5 years from the date of grant. With respect to the options granted in the year ended September 30, 2015, $540,673 (2014 - $209,924) was recorded in share based payments and $60,000 was capitalized to exploration and evaluation property. Options are cancelled in accordance with the Plan, when the optionees are no longer associated with the Company.

(Expressed in Canadian dollars)

8. SHARE CAPITAL (cont'd)…

The fair value of the share options granted in the years ended September 30, 2015 and 2014 was estimated on the date of grant using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	Year ended ended September 30, 2015	Year ended September 30, 2014
Exercise price	$0.13	$0.17
Market price	$0.12 - $0.075	$0.165 - $0.17
Risk free interest rate	1.52% - 0.62%	1.73% - 1.89%
Expected option life	3-5 years	5 years
Expected stock price volatility	116% - 92%	104% - 130%
Dividend payments during life of option	Nil	Nil
Expected forfeiture rate	Nil	Nil
Average fair value per option	$0.09	$0.14

The expected life is based on current expectations. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends.

Stock options outstanding:

As at September 30, 2015				As at September 30, 2014			
Number of options outstanding #	Number of vested options #	Weighted average exercise price $	Weighted average remaining contractual life years	Number of options outstanding #	Number of vested options #	Weighted average exercise price $	Weighted average remaining contractual life years
-	-	-	-	950,000	950,000	0.150	0.8
200,000	200,000	0.300	0.4	200,000	200,000	0.300	1.2
300,000	300,000	0.280	0.6	300,000	300,000	0.280	1.4
300,000	300,000	0.270	0.8	1,300,000	1,300,000	0.270	1.6
1,575,000	1,575,000	0.280	1.6	2,975,000	2,975,000	0.280	2.4
100,000	100,000	0.280	1.9	175,000	175,000	0.280	2.7
525,000	525,000	0.200	2.3	1,275,000	1,275,000	0.200	3.1
1,050,000	1,050,000	0.165	3.1	2,000,000	2,000,000	0.165	4.0
600,000	600,000	0.175	3.2	600,000	600,000	0.175	4.0
600,000	600,000	0.170	3.2	600,000	450,000	0.170	4.0
300,000	300,000	0.170	3.3	300,000	300,000	0.170	4.2
5,350,000	5,350,000	0.130	4.3	-	-	-	-
500,000	500,000	0.130	4.7	-	-	-	-
1,000,000	1,000,000	0.130	2.9	-	-	-	-
12,400,000	12,400,000	0.171	3.3	10,675,000	10,525,000	0.221	2.7

(Expressed in Canadian dollars)

8. SHARE CAPITAL (cont'd)…

8.4 Warrants

The following table summarizes activity related to warrants:

	Warrants	Weighted Average Exercise Price
Balance, September 30, 2013	47,960,785	$ 0.21
Issued	38,286,085	$ 0.20
Exercised	(10,720,000)	0.13
Expired	(16,175,000)	0.35
Balance, September 30, 2014	59,351,870	$ 0.18
Issued	19,417,642	$ 0.10
Balance, September 30, 2015	78,769,512	$ 0.16

Warrants outstanding:

As at September 30, 2015			**As at September 30, 2014**		
Number of warrants outstanding #	Weighted average exercise price $	Weighted average remaining contractual life years	Number of warrants outstanding #	Weighted average exercise price $	Weighted average remaining contractual life years
4,285,785	0.20	2.4	4,285,785	0.20	3.4
6,004,500	0.13	0.9	6,004,500	0.13	1.9
10,775,500	0.13	1.0	10,775,500	0.13	2.0
15,599,160	0.20	2.9	15,599,160	0.20	3.9
22,686,925	0.20	3.0	22,686,925	0.20	4.0
19,417,642	0.10	3.0	-	-	-
78,769,512	0.16	2.5	59,351,870	0.18	3.4

(Expressed in Canadian dollars)

8. SHARE CAPITAL (cont'd)…

8.5 Broker Warrants
The following table summarizes activity related to Broker Warrants:

	Warrants	Weighted Average Exercise Price
Balance, September 30, 2013	5,054,000	$ 0.16
Issued	2,220,102	$ 0.20
Exercised	(195,180)	0.10
Expired	(3,054,000)	0.20
Balance, September 30, 2014	4,024,922	$ 0.16
Issued	1,224,434	$ 0.10
Expired	(1,804,820)	0.10
Balance, September 30, 2015	3,444,536	$ 0.17

The fair value of the broker warrants granted in the year ended September 30, 2015 - $61,228 (September 30, 2014 - $198,729), was estimated on the date of grant using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	Year ended September 30, 2015	**Year ended September 30, 2014**
Strike price	$0.10	$0.20
Market price	$0.08	$0.135 - $0.14
Risk free interest rate	0.54%	1.54% - 1.63%
Expected warrant life	3 years	4 years
Expected stock price volatility	104%	97% - 109%
Dividend payments during life of warrant	nil	nil
Expected forfeiture rate	nil	nil
Fair value per warrant	$0.05	$0.09

The expected life is based on current expectations. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the warrants is indicative of future trends.

(Expressed in Canadian dollars)

8. SHARE CAPITAL (cont'd)…

Broker warrants outstanding:

As at September 30, 2015			As at September 30, 2014		
Number of warrants outstanding #	Weighted average exercise price $	Weighted average remaining contractual life years	Number of warrants outstanding #	Weighted average exercise price $	Weighted average remaining contractual life years
-	-	-	395,180	0.100	0.4
-	-	-	1,409,640	0.100	0.5
929,902	0.200	2.9	929,902	0.200	3.9
1,290,200	0.200	3.0	1,290,200	0.200	4.0
1,224,434	0.100	3.0	-	-	-
3,444,536	0.164	3.0	4,024,922	0.155	2.4

The share price on the date of exercise of the 195,180 broker warrants in the year ended September 30, 2014 was $0.21 (151,180) and $0.135 (44,000).

9. RELATED PARTY TRANSACTIONS AND BALANCES

Relationships	**Nature of the relationship**
Huston Financial Corp. ("Huston")	Huston Financial Corp. is a private company controlled by an officer and director of the Company which provides management services and IR Consulting to the Company.
DH Smith Resource Advisory Corp. ("Smith")	Smith is a private company controlled by a director of the Company which provides management services to the Company.
Ahlgren Consulting Inc. ("Ahlgren")	Ahlgren is a private company controlled by an officer of the Company which provides management services to the Company.
Anacortes Management Ltd. ("Anacortes")	Anacortes is a private company controlled by a director of the Company which provides director services to the Company.
Rockford Resources LLC ("Rockford")	Rockford is a private company controlled by a director of the Company which provides director services to the Company.
878160 Alberta Ltd. ("878160")	878160 is a private company controlled by a former officer and director of the Company which provided geological services to the Company.
CC Management Inc. ("CC")	CC is a private company controlled by a former officer and director of the Company which provided management services to the Company.

(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)…

9.1 Related party transactions

	Management Services and Directors' Fee	Investor Relations Consulting	Geological Services
For the year ended September 30, 2015			
Ahlgren Consulting Inc.	$ 105,000	$ -	$ -
DH Smith Resource Advisory Corp.	199,992	-	-
Huston Financial Corp.	137,496	112,500	-
Anacortes Management Ltd.	30,000	-	-
Rockford Resources, LLC	31,705	-	-
878160 Alberta Ltd.	-	-	25,000
For the year ended September 30, 2014			
DH Smith Resource Advisory Corp.	$ 133,328	$ -	$ -
Huston Financial Corp.	163,540	103,125	-
Anacortes Management Ltd.	27,500	-	-
CC Management Inc.	175,000	-	-
878160 Alberta Ltd.	102,500	-	122,500

The above transactions relate to consulting fees incurred by the Company. Management services expenses are included in Management fees and salaries and investor relations consulting expenses are included in Marketing and investor relations in the consolidated statements of financial position. Geological services are capitalized to Exploration and evaluation property in the consolidated statements of financial position.

During 2014, the Company paid a company with former common directors for monthly office rent and general operating costs for an office in one of the Company's locations. With the departure from the board of the common directors, these expenditures are no longer related party transactions. The office rental and operating costs were shared between several companies, and the Company only paid its pro rata share of the total cost of the office rental and related costs. The Company's share of office rent and basic operating costs for the year ended September 30, 2014 was $71,034.

Amounts owing to related parties are non-interest bearing, unsecured and due on demand. The transactions were in the normal course of operations. At September 30, 2015, the Company owed $161,181 (2014 - $80,978) to related parties.

9.2 Key management compensation

Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the President, Chief Executive Officer, Directors, Chief Financial Officer, Vice President Exploration and General Manager, Operations. Compensation paid to key personnel was as follows:

(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)…

For the year ended September 30,	2015	2014
Consulting and director fees	$ 641,693	$ 827,493
Salary	216,745	95,536
Benefits	29,445	65,826
Stock-based compensation	415,000	39,000
	$ 1,302,883	$ 1,027,855

10. FINANCIAL RISK MANAGEMENT

10.1 Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a. Credit risk

Credit risk is the risk of potential loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash.

The Company has assessed its exposure to credit risk on its cash and has determined that such risk is minimal. The majority of the Company's cash is held with reputable financial institutions in Canada.

b. Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at September 30, 2015, the Company had working capital of $593,438, and it does not have any long term monetary liabilities. The Company will seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. See Note 2, Going Concern.

c. Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments.

The Company had $998,937 in Cash at September 30, 2015, on which it earns variable rates of interest, and may therefore be subject to a certain amount of risk, though this risk is considered by management to be immaterial.

The Company also had $279,225 Cash in trust, on which it did not earn any interest.

10. FINANCIAL RISK MANAGEMENT (cont'd)…

d. Foreign currency risk

Foreign currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company maintains the majority of its cash reserves in Canadian dollars. A portion of the Company's funds are held in United States dollars and are therefore subject to fluctuations in foreign exchange rates.

At September 30, 2015, the Company has certain monetary items denominated in United States dollars. Based on these net exposures at September 30, 2015 a 10% appreciation or depreciation of the Canadian Dollar against the United States dollar would result in an increase or decrease of $19,800 in the Company's net loss.

10.2 Fair Values

The carrying values of cash, cash in trust, deposits and amounts receivable and trade and other accounts payable approximate fair values due to their short-term to maturity nature or the ability to readily convert to cash.

11. INCOME TAXES

The income tax provision differs from the amount computed by applying the statutory rates to loss before income taxes. Income tax rates increased to 26.00% for the year ended September 30, 2015 from 25.00% for the year ended September 30, 2014. These differences result from the following:

Year ended September 30	**2015**	2014
Loss before income taxes	$ 2,427,751	2,045,406
Statutory rate	26.00%	25.00%
Expected tax recovery	631,215	511,352
Effect of tax rate changes and tax rates in foreign jurisdictions	15,860	-
Non-deductible expenses	-	40,235
Foreign exchange and other	(248,957)	-
Change in unrecognized deferred tax asset	(398,118)	(551,587)
Income tax recovery (expense)	$ -	$ -

(Expressed in Canadian dollars)

11. INCOME TAXES (cont'd)…

Unrecognized deferred tax asset is comprised of the following tax affected temporary differences:

Year ended September 30	**2015**	2014
Mineral properties	$ 31,004	$ 2,108,949
Non-capital losses carried forward	4,341,746	1,823,789
Equipment	834	8,275
Capital loss carried forward	84,244	81,004
Share issuance and incorporation costs	139,935	176,628
Unrecognized deferred tax asset	$ 4,596,763	$ 4,198,645

As at September 30, 2015 the Company had tax operating losses available of the following, which expire at various dates and amounts between 2025 and 2035.

Canada	$	9,475,357
United States	$	4,642,661

The Company has accumulated capital losses of $648,031 (September 30, 2014 - $648,031) which can be carried forward indefinitely to offset future capital gains.

Future use of U.S. loss carry-forwards is subject to certain limitations under provisions of the Internal Revenue Code including limitations subject to Section 382, which relates to a 50% change in control of ultimate shareholders over a three-year period, and are further dependent upon the Company attaining profitable operations. Ownership changes may occur in prior years for Graphite One Resources Inc. and the U.S. tax losses related to Graphite One (Alaska) Inc. may be subject to limitation under Section 382. Accordingly, the Company's ability to use these losses may be limited or may expire un-utilized. Losses incurred to date may be further limited if a subsequent change in control occurs.