

# **Augustine Ventures Inc.**

Condensed Interim Financial Statements

For the Three Months Period Ended February 28, 2015

(Unaudited and Expressed in Canadian dollars)

# Augustine Ventures Inc.

Condensed Interim Financial Statements  
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(Unaudited and Expressed in Canadian dollars)

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## NOTICE TO READERS

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

The accompanying unaudited condensed interim financial statements of the Corporation 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 unaudited condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim financial statements by an entity's auditor.

**Augustine Ventures Inc.**  
Condensed Interim Statements of Financial Position  
As At February 28, 2015 and November 30, 2014  
(Unaudited and Expressed in Canadian Dollars)

	Note	As at	
		February 28, 2015	November 30, 2014
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 62,411	\$ 2,375
Sundry receivables	4	93,069	28,571
Prepaid expenses		693	10,935
<b>Total current assets</b>		<u>156,173</u>	<u>41,881</u>
<b>Non-current assets</b>			
Restricted cash	5	10,000	10,000
Property and equipment	6	10,197	64,795
Exploration and evaluation assets	7	3,192,324	3,114,326
<b>Total non-current assets</b>		<u>3,212,521</u>	<u>3,189,121</u>
<b>Total assets</b>		<u>\$ 3,368,694</u>	<u>\$ 3,231,002</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables		\$ 637,845	\$ 703,525
Due to related parties	8	247,432	852,131
<b>Total liabilities</b>		<u>885,277</u>	<u>1,555,656</u>
<b>Shareholders' equity</b>			
Share capital	9	4,028,375	3,536,940
Reserves for warrants	10	824,362	375,018
Reserves for share based payments	10	3,196,943	3,144,335
Deficit		(5,566,263)	(5,380,947)
<b>Total shareholders' equity</b>		<u>2,483,417</u>	<u>1,675,346</u>
<b>Total liabilities and shareholders' equity</b>		<u>\$ 3,368,694</u>	<u>\$ 3,231,002</u>

Going concern (Note 1)  
Commitments (Note 15)  
Related party transactions (Note 8)

Approved on April 24, 2015 by a committee of the Board of Directors for issuance.

“Robert Dodds”  
\_\_\_\_\_  
Director

“John Sadowski”  
\_\_\_\_\_  
Director

**Augustine Ventures Inc.**

## Condensed Interim Statements of Comprehensive Loss

For the three months periods ended February 28, 2015 and 2014

(Unaudited and Expressed in Canadian Dollars)

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		For the three months periods ended February 28,	
	Note	2015	2014
<b>Expenses</b>			
Depreciation	6	\$ 1,749	\$ 4,979
Directors fees	8	12,500	12,500
General and administrative		20,394	8,748
Interest expense	8	4,675	5,368
Management fees	8	12,000	30,000
Professional fees		30,425	8,200
Rent and occupancy costs		17,625	22,031
Salaries and benefits		-	12,096
Shareholder services and public company costs		29,261	26,350
<b>Loss before under noted items</b>		<u>(128,629)</u>	<u>(130,272)</u>
Loss on disposal of assets	6	52,449	-
Foreign exchange loss		4,238	-
<b>Total comprehensive loss for the period</b>		<u>\$ (185,316)</u>	<u>\$ (130,272)</u>
Weighted average number of common shares outstanding:			
Basic and diluted	11	<u>52,523,688</u>	<u>42,026,790</u>
Loss per common share (basic and diluted)	11	<u>\$ (0.004)</u>	<u>\$ (0.003)</u>

**Augustine Ventures Inc.**

## Condensed Interim Statements of Changes in Shareholders' Equity

For the three months period ended February 28, 2015

(Unaudited and Expressed in Canadian Dollars)

	Note	Share Capital		Reserves			Total Shareholders' equity
		Shares	Amount	Share based payments	Warrants	Deficit	
<b>Balances, December 1, 2013</b>		42,026,790	\$ 3,425,106	\$ 1,097,538	\$ 1,950,114	\$ (4,527,574)	\$ 1,945,184
Private placements	9	5,250,000	262,500				262,500
Warrant valuation	10		(111,619)		111,619		-
Costs of issue - cash	9		(21,000)				(21,000)
Costs of issue - compensation warrants	9		(18,047)	18,047			-
Share based payments	10			342,035			342,035
Expiry of warrants	10			1,686,715	(1,686,715)		-
Net loss for the year						(853,373)	(853,373)
<b>Balances, November 30, 2014</b>		47,276,790	3,536,940	3,144,335	375,018	(5,380,947)	1,675,346
Private placements	9	19,653,066	1,014,171				1,014,171
Warrant valuation	10		(492,744)		492,744		-
Costs of issue - cash	9		(20,784)				(20,784)
Costs of issue - compensation warrants	9		(9,208)	9,208			-
Expiry of warrants	10			43,400	(43,400)		-
Net loss for the period						(172,066)	(172,066)
<b>Balances, February 28, 2015</b>		66,929,856	\$ 4,028,375	\$ 3,196,943	\$ 824,362	\$ (5,553,013)	\$ 2,496,667

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

**Augustine Ventures Inc.**

## Condensed Interim Statements of Cash Flows

For the three months periods ended February 28, 2015 and 2014

(Unaudited and Expressed in Canadian Dollars)

	For the three months periods ended February 28,	
	2015	2014
<b>Cash provided by (used in) operating activities</b>		
Net loss for the period	\$ (185,316)	\$ (130,272)
Depreciation	1,749	4,979
Loss on disposal of assets	52,449	-
Debts settled through issuance of common shares	615,597	-
Changes in non-cash working capital items		
Sundry receivables	(64,498)	5,078
Prepaid expenses	10,242	5,492
Trade and other payables	(65,680)	76,636
Due to related parties	(604,699)	34,367
	<u>(240,156)</u>	<u>(3,720)</u>
<b>Cash provided by (used in) investing activities</b>		
Proceeds on disposal of assets	400	-
Exploration and evaluation assets	(77,998)	(81,203)
	<u>(77,598)</u>	<u>(81,203)</u>
<b>Cash provided by (used in) financing activities</b>		
Issuance of share capital	398,574	-
Share issue costs	(20,784)	-
	<u>377,790</u>	<u>-</u>
Increase (decrease) in cash and cash equivalents	<u>60,036</u>	<u>(84,923)</u>
Cash and cash equivalents, beginning of the period	<u>2,375</u>	<u>153,189</u>
<b>Cash and cash equivalents, end of the period</b>	<u>\$ 62,411</u>	<u>\$ 68,266</u>

## **Augustine Ventures Inc.**

### Notes to the Condensed Interim Financial Statements

For the three months periods ended February 28, 2015 and 2014

(Unaudited and Expressed in Canadian Dollars)

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#### **1. Nature of operations and going concern**

Augustine Ventures Inc. (“Augustine” or the “Company”) was established on May 7, 1997 as Black Mountain Minerals Inc. by statutory amalgamation of Triangle Capital Energy Corp. and Per-X Minerals Inc. pursuant to the provisions of the *Business Corporations Act* (Ontario). The Company engages in the exploration and evaluation of mining properties in Canada. To date, the Company has not earned any revenues from its mining properties and is considered to be in the exploration and evaluation stage. The Company is listed on the Canadian Securities Exchange (“CSE”) under the symbol WAW. The primary office of the Company is located at 130 King Street West, Suite 720, Toronto, Ontario, Canada, M5X 1A6 as at November 30, 2014 and moved to 141 Adelaide Street West, Suite 520, Toronto, Ontario, Canada, M5H 3L5 on February 1, 2015 (see note 16).

The Company is in the exploration stage and has not yet determined whether its mineral properties contain reserves that are economically recoverable. The continued operations of the Company and the recoverability of amounts shown for exploration and evaluation assets is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral properties, and if they are proven successful, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company’s ability to dispose of its interest on an advantageous basis; all of which are uncertain.

The amount shown for exploration and evaluation assets does not necessarily represent its present or future value. Changes in future conditions could require a material change in the amount recorded for exploration and evaluation assets. These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has a working capital deficiency as at February 28, 2015 of \$715,854 (November 30, 2014 - \$1,513,775) and will need to raise additional capital in the near term to fund its ongoing operations and exploration activities. As a result of these circumstances, there are material uncertainties which cast significant doubts as to the appropriateness of the going concern presumption. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and classifications in the statement of financial position that may be necessary were the Company unable to continue as a going concern and these adjustments could be material.

#### **2. Basis of preparation and summary of significant accounting policies**

##### ***Statement of compliance and basis of preparation***

These condensed interim financial statements for the three months period ended February 28, 2015 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”) under International Financial Reporting Standards (“IFRS”) and using the accounting policies the Company disclosed in its financial statements for the year ended November 30, 2014. These condensed interim financial statements do not include all information and disclosures required for annual financial statements, and should be read in conjunction with the Company’s annual financial statements as of November 30, 2014.

These condensed interim financial statements are unaudited. Financial information in this report reflects any adjustments (consisting of normal recurring adjustments) that are, in the opinion of management, necessary to a fair statement of results for the interim periods in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

##### ***Basis of measurement***

These financial statements have been prepared on a historical cost basis, with the exception of cash and cash equivalents which are measured at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

## **Augustine Ventures Inc.**

### Notes to the Condensed Interim Financial Statements

For the three months periods ended February 28, 2015 and 2014

(Unaudited and Expressed in Canadian Dollars)

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## **2. Basis of preparation and summary of significant accounting policies - continued**

### *Functional currency*

These condensed interim financial statements have been prepared in Canadian dollars, which is the Company's functional and presentation currency.

## **3. Critical accounting estimates and judgments**

The preparation of these condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision 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 revision and future periods if the revision affects both the current and future periods.

The areas where the estimates and judgments applied by management most significantly affect the Company's condensed interim financial statements are impairment of assets, share-based payments and warrants valuation, provision for decommissioning liabilities, useful life of assets subject to depreciation, deferred income taxes and valuation allowances and assessment of the Company's going concern status.

### *Change in accounting policies*

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2014. Many are not applicable or do not have a significant impact on the Company and have been excluded from the table below.

*IAS 32 'Financial instruments, Presentation'* – In December 2011, effective for annual periods beginning on or after January 1, 2014, IAS 32 was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date.

Management has adopted the above standards in the Company's financial statements for the period beginning December 1, 2013, and has determined that there is no impact of the adoption of these standards or amendments on the financial statements of the Company.

### *Future accounting changes*

At the date of authorization of these Financial Statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted these standards, amendments and interpretations. However the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

*IFRS 9 'Financial Instruments: Classification and Measurement'* – effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.

## Augustine Ventures Inc.

### Notes to the Condensed Interim Financial Statements

For the three months periods ended February 28, 2015 and 2014

(Unaudited and Expressed in Canadian Dollars)

#### 4. Sundry receivables

	As at	
	February 28, 2015	November 30, 2014
Harmonized sales tax recoverable	\$ 40,206	\$ 17,944
Sundry receivables	52,863	10,627
	<u>\$ 93,069</u>	<u>\$ 28,571</u>

Both harmonized sales tax recoverable and sundry receivables are not past due.

#### 5. Restricted cash

The Company has one credit card with a major financial institution with an aggregate credit limit of \$10,000. The financial institution holds \$10,000 in a Guaranteed Investment Certificate as collateral on the credit amount as long as the credit card is active. The restricted cash amount would change if there were any change in the credit limit on the card.

#### 6. Property and equipment

	Furniture and equipment	Mining equipment	Computer equipment	Vehicles	Total
<u>Cost</u>					
<b>Balance, December 1, 2013</b>	\$ 65,500	\$ 5,000	\$ 33,358	\$ 25,545	\$ 129,403
Additions	-	-	-	-	-
<b>Balance, November 30, 2014</b>	65,500	5,000	33,358	25,545	129,403
Additions	-	-	-	-	-
Disposals <sup>1)</sup>	(65,500)	-	(33,358)	-	(98,858)
<b>Balance, February 28, 2015</b>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 25,545</u>	<u>\$ 30,545</u>
<u>Accumulated depreciation</u>					
<b>Balance, December 1, 2013</b>	\$ (14,410)	\$ (1,100)	\$ (14,811)	\$ (14,374)	\$ (44,695)
Depreciation for the year	(10,218)	(780)	(5,564)	(3,351)	(19,913)
<b>Balance, November 30, 2014</b>	(24,628)	(1,880)	(20,375)	(17,725)	(64,608)
Depreciation for the period	(681)	(156)	(325)	(587)	(1,749)
Disposals <sup>1)</sup>	25,309	-	20,700	-	46,009
<b>Balance, February 28, 2015</b>	<u>\$ -</u>	<u>\$ (2,036)</u>	<u>\$ -</u>	<u>\$ (18,312)</u>	<u>\$ (20,348)</u>
<b>Net book value, November 30, 2014</b>	<u>\$ 40,872</u>	<u>\$ 3,120</u>	<u>\$ 12,983</u>	<u>\$ 7,820</u>	<u>\$ 64,795</u>
<b>Net book value, February 28, 2015</b>	<u>\$ -</u>	<u>\$ 2,964</u>	<u>\$ -</u>	<u>\$ 7,233</u>	<u>\$ 10,197</u>

1) In accordance with the lease agreement, the landlord can give 90 day notice in the event that another longer term tenant desired the space. On September 29, 2014 the Company received a notice of lease termination from its prior landlord with termination effective date of January 28, 2014. The Company entered into a new lease agreement for a new office with much smaller space and had to leave the old office completely free of all furniture and ancillary equipment for which no buyers could be found other than \$400 proceeds received for small items. The Company donated redundant assets and recorded net disposal loss of \$52,449.

## Augustine Ventures Inc.

### Notes to the Condensed Interim Financial Statements

For the three months periods ended February 28, 2015 and 2014

(Unaudited and Expressed in Canadian Dollars)

#### 7. Exploration and evaluation assets

	Surluga	Oakley	Brackin	Total
<b>Balance, December 1, 2013</b>	\$ 2,394,466	\$ 478,150	\$ -	\$ 2,872,616
Exploration costs	241,710	-	-	241,710
<b>Balance, November 30, 2014</b>	2,636,176	478,150	-	3,114,326
Acquisition costs	21,706	-	-	21,706
Exploration costs	56,292	-	-	56,292
<b>Balance, February 28, 2015</b>	<u>\$ 2,714,174</u>	<u>\$ 478,150</u>	<u>\$ -</u>	<u>\$ 3,192,324</u>

#### Wawa properties

##### *Surluga*

Pursuant to the terms of an option agreement dated September 22, 2010 (the "Option Agreement"), as amended by an amending agreement dated November 25, 2010, entered into between the Company, Delta Uranium Inc. ("Delta") and Delta Precious Metals (Ontario) Inc. ("DPMI") and also pursuant to the terms of an assignment agreement dated September 15, 2010 (the "Assignment Agreement") entered into between the Company, Delta, DPMI, Citadel Gold Mines Inc. ("Citadel") and Citabar Limited Partnership ("Citabar"), the Company acquired an option to earn a 60% interest in the Surluga Property, which encompasses 172 mineral claims in McMurray Township, southeast of the town of Wawa, Ontario.

Pursuant to the terms of the Assignment Agreement, Citabar and Citadel consented to Delta and DPMI assigning their rights under an option agreement dated April 16, 2009, as amended, (the "Delta Option Agreement") whereby Delta and DPMI granted DPMI the exclusive right to earn an undivided 60% interest in the Surluga Property. In consideration for Citabar's consent for the assignment, the Company agreed to issue an aggregate of 1,000,000 common shares to Citabar as follows:

- (1) 250,000 common shares on November 10, 2010, being the date that the Ontario Ministry of Northern Development, Mines and Forestry consented to the transfer of the Surluga Property from Citadel to Citabar (the "Consent Date"), of which the said 250,000 common shares have been issued on December 22, 2010; and
- (2) An additional 250,000 common shares on each of the first, second and third year anniversaries of the Consent Date. The 250,000 common shares pertaining to each of the first, second and third anniversaries were issued.

Pursuant to the Option Agreement, the company has agreed to pay Delta an aggregate of \$100,000 and issue an aggregate of 3,810,000 common shares of which the \$100,000 has been paid during the fiscal year ended November 30, 2010 and the 3,810,000 common shares later issued on December 22, 2010. This transaction was completed at arm's length value. However the transaction is considered a related party transaction because Delta and the Company had common officers, a director and that Delta was a significant shareholder of the Company (at the time of the transaction) after they received shares from the option agreement.

Due to the provisions of the above noted agreements and pursuant to the original agreements between the original property owner and Citadel, the Company was also committed to make an additional cash payment to the original property vendor in the amount of US\$35,000 on or before February 1, 2013, which payment was made in 2013.

Pursuant to an Amending Agreement dated October 12, 2012 with Citabar and Delta, certain terms regarding the earning of the 60% interest in the Surluga have been amended to provide that the date to have spent an additional \$1,500,000 in eligible property expenditures by November 30, 2012 (for an aggregate of \$2,000,000 in expenditures) had been extended to June 30, 2015. For consideration of Citabar entering into the Amending Agreement, the Company issued an additional 500,000 common shares in the capital of the Company of Citabar.

On March 18, 2013, the Company reached a further amending agreement ("Second Amending Agreement") with Citabar to amend the Option Agreement. Under the Second Amending Agreement, the Company has an option to earn an undivided 60% interest in the Surluga Property from Citabar by expending an aggregate of \$4.0 million in eligible

## Augustine Ventures Inc.

### Notes to the Condensed Interim Financial Statements

For the three months periods ended February 28, 2015 and 2014

(Unaudited and Expressed in Canadian Dollars)

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#### 7. Exploration and evaluation assets - continued

expenditures on or before November 30, 2013. Under the Second Amending Agreement, the Company also shall have the right to acquire an additional undivided 15% ownership interest on the Wawa Gold Project by expending an additional \$4.0 million in eligible expenditures (for an aggregate total of \$8.0 million in eligible expenditures) on or before June 30, 2015.

In consideration of amending the Option Agreement, the Company shall, upon the closing of a \$3.5 million private placement, announced on April 2, 2013, if successful, issue to Citabar such number of common shares of the Company that would result in Citabar owning, in the aggregate, 30% of the issued and outstanding common shares of the Company, excluding shares that Citabar or its affiliates own prior to the \$3.5 million private placement. The private placement was not successful.

Effective on October 21, 2013, the Company reached a Third Amending Agreement with Citabar to further amend the Option Agreement and the Second Amending agreement. Under the Third Amending Agreement, Citabar agreed to extend the date for the Company to earn the undivided 60% interest in the Wawa Gold Project from Citabar, as a result of spending an aggregate of \$4.0 million in eligible expenditures, from November 30, 2013 to June 30, 2014, subject to the Company demonstrating to the satisfaction of Citabar, in Citabar's sole discretion, that the Company have firm commitments of sufficient financing by December 15, 2013 and having received the proceeds of such funding by January 15, 2014. Subsequent to January 15, 2014, Citabar waived the requirement for the Company on "having sufficient financing by December 15, 2013 and having received the proceeds of such funding by January 15, 2014". In consideration for amending the Option Agreement, the Company shall, upon having spent sufficient funds so as to earn the 60% interest in the Wawa Gold Project, issue to Citabar such number of the Company's common shares that will represent 30% of the issued and outstanding common shares of the Company, independent of the shares already owned by Citabar and any of its wholly owned subsidiaries and affiliates.

On July 14, 2014, the Company reached a Fourth Amending Agreement with Citabar to further amend the Option Agreements by Citabar and extended the date for the Company to earn the undivided 60% interest in the Wawa Gold Project from Citabar through expending by aggregation \$4.0 million in eligible expenditures from June 30, 2014 to March 31, 2015. The extension to said date is subject to the Company demonstrating to the satisfaction of Citabar, in Citabar's sole discretion, that the Company has received the cash proceeds of a private placement financing at least \$2.6 million on or before November 30, 2014. The private placement was not completed.

The following table summarizes the Company's obligations upon signing of the Third and Fourth Amending Agreement to earn its 75% interest in the Surluga property:

	Cash payments	Issuance of common shares	Exploration expenditures
Cash payment on signing	\$ 100,000	\$ -	\$ -
Consent date (issued December 22, 2010)	-	250,000	-
November 10, 2011 (completed)	-	250,000	500,000
February 1, 2012 (\$35,000 US - paid)	35,534	-	-
November 10, 2012 (issued)	-	250,000	-
February 1, 2013 (\$35,000 US - paid)	36,413	-	-
November 10, 2013 (issued)	-	250,000	-
March 31, 2015	-	-	3,500,000
June 30, 2015	-	-	4,000,000
Total required	<u>\$ 171,947</u>	<u>\$ 1,000,000</u>	<u>\$ 8,000,000</u>

## **Augustine Ventures Inc.**

### Notes to the Condensed Interim Financial Statements

For the three months periods ended February 28, 2015 and 2014

(Unaudited and Expressed in Canadian Dollars)

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#### **7. Exploration and evaluation assets - continued**

On December 10, 2014 the Company entered into an Assumption Assignment and a restated Joint Venture Agreement with Red Pine Exploration (RPX on the TSX-V) or “Red Pine” and Citabar with the following terms and conditions:

- 1) Red Pine is required to incur \$2.1 million in eligible exploration expenditures on Surluga property by June 30, 2015 in order to earn in a 30% interest in the Wawa Gold Project (collectively the Surluga and Oak Lake Properties), upon which Augustine and Citabar would hold 30% and 40%, respectively;
- 2) Red Pine has the right to earn one-half of an additional 15% interest ( or 7.5%) in the Wawa Gold Project by incurring a further \$2.0 million in eligible exploration expenditures on Surluga property by June 30, 2016, so long as a total of \$4.0 million is spent in the aggregate by Red Pine and Augustine, which could be increased up to the entire 15% interest if all of such additional \$4.0 million is incurred by Red Pine;
- 3) Red Pine also has the right to earn a pro rata interest in Augustine’s existing interests in all mineral properties acquired by Augustine, including any future acquisitions, within an area of influence defined as a 5 kilometer radius from the perimeter of the Wawa Gold Project by satisfying certain criteria;
- 4) Upon earning in 30% interest, Red Pine will be the Manager under the terms of the JVA, which constitutes part of the Option Agreement, as amended by the Assumption Agreement;

This Assumption Assignment replaces the Fourth Amending Agreement.

As at February 28, 2015, the Company had expended a total of \$1,983,684 (November 30, 2014: \$1,927,392) in eligible exploration expenditures.

In March 2011 and April 2012 the Company staked an additional 10 mining claims.

#### *Oakley Lake*

On September 27, 2011, the Company purchased 22 mining claims comprising 161 claim units located in McMurray and Naveau Townships southeast of Wawa, Ontario, (the “Oakley Lake Property”).

Under the terms of the agreement, the Company acquired a 100% undivided interest in and to the Oakley Lake Property subject to a royalty of 2% of Net Smelter Returns (“Net Smelter Royalty”) for and in consideration for \$30,000 cash (paid during fiscal 2011) and the issuance of 2,000,000 shares in the capital stock of the Company, which shares were issued at a value of \$0.22 per common share (being \$440,000 in the aggregate), based on the average closing price of the Company’s common shares as traded on the Canadian National Stock Exchange at that time. The Company also has the option to purchase one-half of the Net Smelter Royalty (i.e. 1% of Net Smelter Returns) at any time up to the commencement of commercial production from the Oakley Lake Property for the price of \$1,000,000. This transaction was at arm’s length to the Company.

In 2011 the Company staked an additional 3 mining claims comprising 21 claims units located in the McMurray Township.

#### *Brackin Township*

The Company holds a 100% interest in 4 patented mining claims located in Brackin Township, Ontario. The carrying value of \$1 was impaired and the property has been written off during 2013.

## Augustine Ventures Inc.

### Notes to the Condensed Interim Financial Statements

For the three months periods ended February 28, 2015 and 2014

(Unaudited and Expressed in Canadian Dollars)

#### 8. Related party transactions

The Company's key management includes CEO, CFO and Directors of the Board. For disclosure purpose, Citabar and its key management are considered as the Company's related parties as well due to their significant shareholdings and/or abilities to contribute to the Company's decision making process. Transactions with related parties include:

- 1) Management fees to CEO and CFO;
- 2) Director fees to the directors of the Company;
- 3) Promissory notes with interest rate of 8% - 9% per annum issued to CEO, Citabar and key management of Citabar for the purpose of maintenance of the Company's operating fund

The amounts due to related parties are recorded at the exchange amounts as agreed upon by the related parties under contracts signed with them, non-interest bearing (except promissory notes), unsecured and with no fixed repayment terms. The balances outstanding are as follows:

	As at	
	February 28, 2015	November 30, 2014
Management fees due to officers	\$ 236,250	\$ 386,000
Directors fees due to directors <sup>2)</sup>	11,182	122,941
Promissory notes <sup>1)</sup>	-	343,190
	<u>\$ 247,432</u>	<u>\$ 852,131</u>

- 1) In the three months period ended February 28, 2015, the interest accrued on promissory notes was \$4,675 (three months period ended February 28, 2014 – 5,368). All promissory notes of the Company were settled in the three months period ended February 28, 2015 through issuance of the Company's common shares (see note 9).
- 2) In the three months period ended February 28, 2015, \$122,629 of director fees was settled through issuance of the Company's common shares. (see note 9).

For the three months period ended February 28, 2015 and 2014, total remuneration paid to key management personnel is as follows:

	For the three months periods ended February 28,	
	2015	2014
Management fees <sup>1)</sup>	\$ 19,500	\$ 30,000
Director fees	12,500	12,500
Total	<u>\$ 32,000</u>	<u>\$ 42,500</u>

- 1) \$7,500 of the management fee paid to the CEO of the Company in the three months period ended February 28, 2015 were related to the managing activities of the exploration and evaluation and recorded as exploration costs.

## Augustine Ventures Inc.

### Notes to the Condensed Interim Financial Statements

For the three months periods ended February 28, 2015 and 2014

(Unaudited and Expressed in Canadian Dollars)

#### 9. Share capital

The Company is authorized to issue an unlimited number of common shares without par value. The holders of the common shares are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

	Number of Common Shares	Amount
<u>Balance as at December 1, 2013</u>	42,026,790	\$ 3,425,106
Private placement closed on March 6, 2014 <sup>1)</sup>	5,250,000	111,834
<u>Balance as at November 30, 2014</u>	47,276,790	3,536,940
Private placement closed on February 9, 2015 <sup>2)</sup>	13,350,538	336,621
Private placement closed on February 25, 2015 <sup>3)</sup>	6,302,528	154,814
<u>Balance as at February 28, 2015</u>	<u>66,929,856</u>	<u>\$ 4,028,375</u>

- 1) On March 6, 2014, the Company issued 4,305,000 flow through units and 945,000 non-flow through units at the price of \$0.05 per unit for a gross proceeds of \$262,500. Each flow through unit and non-flow through unit both consisted of one common share and one common share purchase warrant. Each whole warrant entitled the holder to purchase one common share of the Company at a price of \$0.05 expiring on March 6, 2017. The value of the attached warrants was estimated as \$111,619 with reference of Black-Scholes option pricing model (see note 10). As a result of this private placement, the Company paid cash commissions of \$21,000, of which \$9,706 was allocated to warrants and issued 420,000 broker warrants with an estimated value of \$18,047 assigned to these broker warrants. (see note 10).
- 2) On February 9, 2015, the Company issued 1,500,000 flow through units ("FT Units") and 930,000 non-flow through units ("NFT Units") at the price of \$0.05 per unit for a gross proceeds of \$121,500. Each FT Unit and NFT Unit both consisted of one common share and one common share purchase warrant. Each whole warrant entitled the holder to purchase one common share of the Company at a price of \$0.05 expiring on February 9, 2019. The value of the attached warrants was estimated as \$59,106 with reference of Black-Scholes option pricing model (see note 10). In connection of this, the Company paid cash commissions of \$9,720, and issued 194,400 broker warrants with an estimated value of \$9,208 assigned to these broker warrants, Each broker warrant allows the holder to acquire one NFT Unit of the Company at an exercise price of \$0.05 per NFT Unit at any time on or before February 9, 2019 (see note 10).

In addition, the Company issued an aggregate of 3,911,110 NFT Units ("USD Units") at the price of US\$0.045 per NFT Unit for gross proceeds of US\$176,000 (equivalent of Cdn\$220,394). Each USD Unit consisted of one common share and one common share purchase warrant. Each whole warrant entitled the holder to purchase one common share of the Company at a price of US\$0.045 expiring on February 9, 2019. The value of the attached warrants was estimated as \$107,216 with reference of Black-Scholes option pricing model (see note 10).

The Company also issued 7,009,428 units ("the Debt Units") to certain creditors of the Company in exchange for the cancellation of an aggregate of \$350,471 debt owing to the creditors. The Debt Units were issued at a deemed price of \$0.05 per Debt Unit. Some of the creditors or officers and /or directors of the Company. Each Debt Unit consists of one common shares and one common share purchase warrant (the "Debt Warrant"). Each Debt Warrant allows the holder thereof to acquire one common share at an exercise price of \$0.10 per common share expiring on February 9, 2019. The value of the attached warrants was estimated as \$170,495 with reference of Black-Scholes option pricing model (see note 10).

On February 27, 2015, the Company issued 1,000,000 units ("Units") at a price of US Dollar \$0.045 per Unit for gross proceeds of US Dollar \$45,000 (equivalent to Cdn\$56,680). Each Unit consisted of one common share and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holders to acquire one common share of the Company (a "Warrant Share") at an exercise price of Canadian Dollar \$0.05 or US Dollar \$0.045 per Warrant Share expiring on February 25, 2019. The value of the attached warrants was estimated as \$27,476 with reference of Black-Scholes option pricing model (see note 10).

## Augustine Ventures Inc.

### Notes to the Condensed Interim Financial Statements

For the three months periods ended February 28, 2015 and 2014

(Unaudited and Expressed in Canadian Dollars)

#### 9. Share capital - continued

In addition, the Company also issued 5,302,528 non flow through units (“Debt Units”) in exchange for the cancellation of an aggregate of \$265,126 in debt owed to several creditors. Each Debt Unit consisted of one common shares and one common share purchase warrant (a “Debt Warrant”). 5,062,258 Debt Warrants entitled the holders to acquire one common share in the capital of the Company at an exercise price of \$0.05 per Debt Warrant Share and 240,000 Debt Warrant entitled the holders to acquire one common share in the capital of the Company at an exercise price of \$0.10 per Debt Warrant Share expiring on February 25, 2019. The value of the attached warrants was estimated as \$128,451 with reference of Black-Scholes option pricing model (see note 10).

3) The Company paid legal fee of \$11,064 to close the private placement on February 9, 2015 and February 28, 2015.

#### 10. Reserves

##### Reserve for warrants

The reserve for warrants represent share purchase warrants the Company issued in connection with private placements.

The following summarized warrants transactions and the number of warrants outstanding:

	Number of outstanding warrants	Value of warrants	Weighted average life	Weighted average exercise price
Balance as at December 1, 2013	20,062,500	\$ 1,950,114	0.7	\$ 0.30
Warrants issued (note 9 - 1))	5,250,000	111,619	2.3	0.05
Warrants expired	(11,962,500)	(1,686,715)	-	0.41
Balance as at November 30, 2014	13,350,000	375,018	1.3	0.10
Warrants issued (note 9 – 2,3))	19,653,066	492,744	4.0	0.05
Warrants expired	(1,600,000)	(43,400)	-	0.05
Balance as at February 28, 2015	31,403,066	\$ 824,362	2.9	\$ 0.08

The following weighted average assumptions were used for the Black-Scholes valuation of warrants granted or expired during the three months period ended February 28, 2015 and the year ended November 30, 2014:

	Three months period ended February 28, 2015	Year ended November 30, 2014
Risk-free interest rate (%)	1.45	1.16
Grant date share price (\$)	0.05	0.05
Expected volatility (%)	192	169
Expected life (years)	4.0	3.0
Expected dividend yield (%)	-	-

The Company has determined its expected volatility based on the historical market price of its issued outstanding common shares.

## Augustine Ventures Inc.

### Notes to the Condensed Interim Financial Statements

For the three months periods ended February 28, 2015 and 2014

(Unaudited and Expressed in Canadian Dollars)

#### 10. Reserves – continued

The following share purchase warrants were outstanding as at February 28, 2015:

	Number of warrants	Expiry date	Exercise price (\$)
Warrants issued on March 22, 2012	1,000,000	21-Mar-16	\$0.25
Warrants issued on July 4, 2013	5,500,000	04-Jul-15	\$0.10
Warrants issued on March 6, 2014	5,250,000	06-Mar-17	\$0.05
Warrants issued on February 9, 2015	2,430,000	09-Feb-19	\$0.05
Warrants issued on February 9, 2015	3,911,110	09-Feb-19	\$0.05 or US\$0.045
Warrants issued on February 9, 2015	7,009,428	09-Feb-19	\$0.10
Warrants issued on February 27, 2015	1,000,000	25-Feb-19	\$0.05 or US\$0.045
Warrants issued on February 27, 2015	5,062,528	25-Feb-19	\$0.05
Warrants issued on February 27, 2015	240,000	25-Feb-19	\$0.10
Total	31,403,066		\$0.08

#### Reserve for share based payments

Reserve for share based payments relates to stock options and compensation warrants that have been issued by the Company and for expired warrants issued in private placements. The following summarized share-based payments transactions during the years ended November 30, 2014 and 2013:

	For the three months period ended February 28, 2015	For the year ended November 30, 2014
Opening balance as at beginning of the period/year	\$ 3,144,335	\$ 1,097,538
Share based payments <sup>1)</sup>	-	342,035
Fair value of compensation warrants (note 9-1,3,5))	9,208	18,047
Reallocation of value from expired warrants	43,400	1,686,715
Closing balance as at end of the period/year	\$ 3,196,943	\$ 3,144,335

#### 1) Stock options

The Company has an incentive stock options plan (the “Plan”) under which it is authorized to grant stock options to the Company’s employees, directors and officers and persons providing ongoing services to the Company, with a fixed number of maximum options available to be granted that approved at the discretion of the Company’s Board of Directors. As at February 28, 2015 and November 30, 2014 the maximum number of common shares which may be set aside for issuance under the Plan was 9,408,081 common shares.

The Plan allows for the option price at the time each option is granted to be not less than the closing market price of the Company’s common shares on the day immediately preceding the day upon which the option is granted. Options granted under the Plan will have a term not to exceed ten years. Vesting is determined at the discretion of the Board of Directors and in accordance with the policies of the CSE.

## Augustine Ventures Inc.

### Notes to the Condensed Interim Financial Statements

For the three months periods ended February 28, 2015 and 2014

(Unaudited and Expressed in Canadian Dollars)

#### 10. Reserves – continued

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Three months period ended February 28, 2015			Year ended November 30, 2014		
	Number of options	Weighted average exercise price (\$)	Weighted average expected life (years)	Number of options	Weighted average exercise price (\$)	Weighted average expected life (years)
Outstanding - beginning of period/year	8,855,500	\$ 0.08	3.66	3,885,500	\$ 0.12	1.82
Granted	-	-	-	6,000,000	0.065	4.79
Expired	(330,000)	0.10	-	(955,000)	0.19	-
Forfeited	-	-	-	(75,000)	0.10	-
Outstanding - end of period/year	<u>8,525,000</u>	<u>\$ 0.08</u>	<u>3.70</u>	<u>8,855,000</u>	<u>\$ 0.08</u>	<u>3.66</u>
Exercisable - end of period/year	<u>8,525,000</u>	<u>\$ 0.08</u>	<u>3.70</u>	<u>8,855,000</u>	<u>\$ 0.08</u>	<u>3.66</u>

As at February 28, 2015 and November 30, 2014, the Company's outstanding stock options consists the following:

As at February 28, 2015			As at November 30, 2014		
Options issued	Exercise price	Expiry date	Options issued	Exercise price	Expiry date
-	-	-	330,000	0.10	January 24, 2015
2,525,000	0.10	April 30, 2016	2,525,000	0.10	April 30, 2016
6,000,000	0.065	Sept.10, 2019	6,000,000	0.065	Sept.10, 2019
<u>8,525,000</u>			<u>8,855,000</u>		

No stock options were granted in the three months period ended February 28, 2015. During the year ended November 30, 2014 the Company granted 6,000,000 stock options to directors, officers and consultants resulting in share based compensation expenses using the Black-Scholes option pricing model of \$342,035. This amount was also recorded as reserves on the statement of financial position. The weighted average unit fair value of the stock options granted in the year ended November 30, 2014 was \$0.057.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the year ended November 30, 2014:

Risk-free interest rate (%)	1.88
Grant date share price (\$)	0.06
Expected volatility (%)	174.9
Expected life (years)	5
Expected dividend yield (%)	-

## Augustine Ventures Inc.

### Notes to the Condensed Interim Financial Statements

For the three months periods ended February 28, 2015 and 2014

(Unaudited and Expressed in Canadian Dollars)

#### 10. Reserves – continued

##### 2) Compensation warrants

	Three months period ended February 28, 2015			Year ended November 30, 2014		
	Number of warrants	Weighted average exercise price (\$)	Weighted average expected life (years)	Number of warrants	Weighted average exercise price (\$)	Weighted average expected life (years)
Outstanding - beginning of period/year <sup>1)</sup>	2,096,000	\$ 0.13	1.26	1,728,500	\$ 0.15	1.51
Granted <sup>2)</sup>	194,400	0.05	4.00	420,000	0.050	2.27
Expired	(96,000)	0.10	-	(52,500)	0.20	-
Outstanding - end of period/year	<u>2,194,400</u>	<u>\$ 0.13</u>	<u>1.5</u>	<u>2,096,000</u>	<u>\$ 0.13</u>	<u>1.26</u>
Exercisable - end of period/year	<u>2,194,400</u>	<u>\$ 0.13</u>	<u>1.58</u>	<u>2,096,000</u>	<u>\$ 0.13</u>	<u>1.26</u>

1) As a result of a private placement of the Company closed in 2011, the Company issued at arm's length and aggregate of 1,020,000 compensation warrants where each compensation warrant entitles the holder thereof to purchase one Unit of the Company's securities at an exercise price of \$0.20 per unit (the "Unit") for a period of two years from the date that the Company completes either: (i) a distribution to the public of common shares in Canada pursuant to a prospectus and the concurrent listing of the common shares for trading on a recognized stock exchange, or (ii) another transaction as a result of which all outstanding common shares, or the securities of another issuer issued in exchange for all such outstanding common shares, are traded on a recognized stock exchange and are freely tradable (subject to control block restrictions) (the "Liquidity Event").

Each Unit is comprised of one common share and one common share purchase warrant of the Company. Each warrant entitles the holder to purchase one additional common share of the Company at \$0.40 expiring two years from the date of the Liquidity Event.

As at November 30, 2014 and 2013, such Liquidity Event has not occurred, and hence the total 1,020,000 broker warrants were included in the number of warrants outstanding at the beginning of both years, and not included into the calculation of weighted average life for the warrants as no specific expiry date is applicable.

2) During the three months period ended February 28, 2015, the Company granted 194,400 (year ended November 30, 2014 – 420,000) compensation warrants to agents as commissions to close private placements, and resulting in compensation warrants expenses recorded as share issuance cost using the Black-Scholes option pricing model of \$9,208 (year ended November 30, 2014 - \$18,047). This amount was also recorded as reserves on the statement of financial position. The weighted average unit fair value of the compensation granted during the three months period ended February 28, 2015 was \$0.047 (year ended November 30, 2014 – 0.043)

The following weighted average assumptions were used for the Black-Scholes valuation of compensation warrants granted during the period/year:

	Three months period ended February 28, 2015	Year ended November 30, 2014
Risk-free interest rate (%)	1.45	1.16
Grant date share price (\$)	0.05	0.05
Expected volatility (%)	192.5	169.2
Expected life (years)	4.0	3.0
Expected dividend yield (%)	-	-

## Augustine Ventures Inc.

### Notes to the Condensed Interim Financial Statements

For the three months periods ended February 28, 2015 and 2014

(Unaudited and Expressed in Canadian Dollars)

#### 11. Basic and diluted loss per share

	Three months period ended February 28,	
	2015	2014
Basic and diluted loss per share	\$ (0.004)	\$ (0.003)

The calculation of basic and diluted loss per shares for the three months period ended February 28, 2015 and 2014 was based on the loss attributable to common shareholders of \$185,316 (2014 - \$130,272) and the weighted average number of common shares outstanding of 50,523,688 (2014 - 42,026,790).

Diluted loss per share did not include the effect of 8,525,000 stock options, 2,194,400 compensation warrants and 31,403,066 warrants issued attached to common shares, as the effect would be anti-dilutive.

#### 12. Financial instruments and risk exposures

The Company's financial instruments consist of cash and cash equivalents and sundry receivables, accounts payable and accrued liabilities and due to related parties.

Financial assets and financial liabilities as at February 28, 2015 and November 30, 2014 are as follows:

	As at February 28, 2015				As at November 30, 2014			
	Other liabilities (\$)	Loans and receivables (\$)	Assets/(liabilities) at fair value through profit/loss (\$)	Total	Other liabilities (\$)	Loans and receivables (\$)	Assets/(liabilities) at fair value through profit/loss (\$)	Total
Cash and cash equivalents	-	-	62,411	62,411	-	-	2,375	2,375
Sundry receivables	-	93,069	-	93,069	-	28,571	-	28,571
Accounts payable and accrued liabilities	637,845	-	-	637,845	703,525	-	-	703,525
Restricted cash	-	-	10,000	10,000	-	-	10,000	10,000
Due to related parties	247,432	-	-	247,432	852,131	-	-	852,131

The fair values of sundry receivables and accounts payable and accrued liabilities approximate their carrying values due to the relatively short periods to maturity of these instruments. Included as part of the due to related parties amounts are notes payable bearing interest rates of 8-9% per annum and have not been repaid as of November 30, 2014 (see note 8 for additional details). The remaining due to related parties amounts bear no interest, have no specific terms of repayment and are due on demand. The fair values of these amounts have not been disclosed because the cash flow streams of the related party amounts are not determinable. All of the balances due to related parties were settled through issuance of common shares of the Company before February 28, 2015 (see note 9).

The Company's activities expose it to a variety of financial risks: currency risk, credit risk, liquidity risk, interest rate risk and market risk, which includes commodity and equity price risks. Risk management is carried out by the Company's management with guidance from the Audit Committee. It is management's opinion that the Company is not exposed to significant credit risk, currency or market risks arising from the financial instruments.

#### Financial risks

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

##### *Currency risk*

As the majority of the Company's expenditures are in Canadian dollars, the Company limits its exposure to currency risk by maintaining its cash and cash equivalents in Canadian dollars.

## **Augustine Ventures Inc.**

### Notes to the Condensed Interim Financial Statements

For the three months periods ended February 28, 2015 and 2014

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#### **12. Financial instruments and risk exposures - continued**

##### *Credit risk*

Credit risk is the risk of an unexpected loss if a financial instrument fails to meet its contractual obligations. The Company's cash is mainly held through a chartered Canadian financial institution.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

##### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due, or can only do so at excessive cost. As at February 28, 2015 the Company has working capital deficiency of \$729,104 (November 30, 2014 - \$1,513,775). It is management's opinion that the Company is exposed to liquidity risk in that it had a working capital deficiency; however, it continues its discussions with its creditors to delay formal demands for payment of their receivables.

##### *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk due to the short-term nature of its financial instruments.

##### *Sensitivity analysis*

The Company believes the sensitivity to a plus or minus 1% change in interest rates would not have a significant impact on the reported net loss for the three months period ended February 28, 2015 because none of the Company's assets or liabilities bears interest at variable rates.

#### **13. Capital management**

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, reserves and deficit which at February 28, 2015 totaled \$2,483,417 (November 30, 2014 - \$1,675,346)

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its exploration and evaluation activities.

The Company's capital management objectives, policies and processes have remained unchanged during the three months period ended February 28, 2015 from the year ended November 30, 2014.

The Company is not subject to any externally imposed capital requirements.

## **Augustine Ventures Inc.**

### Notes to the Condensed Interim Financial Statements

For the three months periods ended February 28, 2015 and 2014

(Unaudited and Expressed in Canadian Dollars)

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#### **14. Segmented information**

The Company's operations comprise a single reporting operating segment engaged in resource exploration through investing in resource properties. As the operations comprise a single reporting segment, amounts disclosed in the financial statements for loss for the period also represent segment results. All of the Company's operations and assets are situated in Ontario, Canada.

#### **15. Commitments**

##### *Office leases*

Since February 1, 2015, the Company signed a new office sublease agreement with monthly office lease of \$1,200 on a month to month basis.

##### *Surluga property*

Pursuant to the acquisition agreements of the Surluga property in 2009 and the amendments agreements giving effective afterwards (see note 7 - Exploration and evaluation assets), the Company has a minimum commitment as of March 2015 to spend \$16,316 remaining exploration expenditures to earn its 30% interest in the property, given that Red Pine will fully commit to its obligation of spending eligible expenditures in total of \$2.1 million in earning 30% interest of the property as well.