

# **GREATBANKS RESOURCES LTD.**

## **CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED OCTOBER 31, 2015**

Stated in Canadian Funds

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

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

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

## TABLE OF CONTENTS

Management's Responsibility .....	i
Condensed Interim Statement of Financial Position .....	1
Condensed Interim Statement of Comprehensive Income .....	2
Condensed Interim Statement of Changes in Equity .....	3
Condensed Interim Statement of Cash Flows .....	4
Notes to Condensed Interim Financial Statements .....	5
1) Nature of Operations and Going Concern .....	5
2) Basis of Preparation – Statement of Compliance .....	5
3) Summary of Significant Accounting Policies.....	6
4) Critical accounting judgements and key sources of estimation uncertainty .....	11
5) New Standards, Interpretations and Amendments Not Yet Effective .....	11
6) Financial Instruments and Risk Management.....	12
7) Marketable Securities .....	14
8) Debenture Payable .....	15
9) Loan Payable .....	15
10) Related Party Transactions.....	16
11) Share Capital .....	17
12) Capital Disclosure .....	19
13) Subsequent Event.....	19

## MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Greatbanks Resources Ltd.:

Management is responsible for the preparation and presentation of the accompanying condensed interim financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the condensed interim financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management, and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of the external auditors.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

We draw attention to Note 1 in the condensed interim financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

March 3, 2016

**"Andrew Male"**

Andrew Male, President and CEO

**"Ronnie D. Doman"**

Ronnie D. Doman, CFO

# GREATBANKS RESOURCES LTD.

Canadian Funds

(Unaudited)

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

		As at	
	Note	October 31 2015	July 31 2015
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		\$ 10,451	\$ 43,637
Taxes receivable		5,358	14,012
Marketable securities	7	20,000	30,000
		<b>\$ 35,809</b>	<b>\$ 87,649</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	\$ 549,062	\$ 479,360
Debenture payable	8	11,370	10,426
Loan payable	9	52,500	52,500
		<b>612,932</b>	<b>542,286</b>
<b>EQUITY</b>			
Share capital	11	8,048,049	8,048,049
Contributed surplus		1,670,478	1,670,478
Deficit		(10,295,650)	(10,173,164)
		<b>\$ (577,123)</b>	<b>\$ (454,637)</b>
		<b>\$ 35,809</b>	<b>\$ 87,649</b>

The condensed interim financial statements were approved by the Board of Directors on March 3, 2016 and were signed on its behalf by:

**"Andrew Male"**

Andrew Male, Director

**"Ronnie D. Doman"**

Ronnie D. Doman, Director

# GREATBANKS RESOURCES LTD.

Canadian Funds

(Unaudited)

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	Three months ended October 31 2015	Three months ended October 31 2014
<b>EXPENSES</b>			
<b>General and administrative</b>			
Management fees	10	\$ 93,000	\$ 7,500
Professional fees		8,000	5,127
Foreign exchange loss (gain)		(954)	3,666
Office rent		-	3,000
Transfer agent and filing fees		4,536	2,842
Interest on long-term debt		-	2,834
Accretion of interest		944	
Interest and bank charges		2,468	206
Travel and promotion		4,492	-
Office and general		-	56
<b>Loss before other items</b>		(112,486)	(25,231)
Impairment of available-for-sale investments	7	(10,000)	-
<b>Net Loss and Total Comprehensive Loss for the period</b>		\$ (122,486)	\$ (25,231)
<b>Basic Loss per Common Share</b>		\$ (0.01)	\$0.00
<b>Weighted Average Number of Shares Outstanding</b>		12,934,545	5,575,949

# GREATBANKS RESOURCES LTD.

Canadian Funds

(Unaudited)

## CONDENSED INTERIM STATEMENT OF EQUITY

	Shares	Amount	Contributed Surplus	Deficit	Shareholders' Equity
<b>BALANCE AT AUGUST 1, 2014</b>	5,575,945	\$ 7,647,431	\$ 1,597,378	\$ (9,705,503)	\$ (460,694)
Net loss for the period	-	-	-	(25,231)	(25,231)
<b>BALANCE AT OCTOBER 31, 2014</b>	5,575,945	7,647,431	1,597,378	(9,730,734)	(485,925)
Shares issued-share for debt	492,500	59,100	-	-	59,100
Shares issued-private placement	6,866,200	343,310	-	-	343,310
Share issue costs	-	(1,792)	-	-	(1,792)
Gain on debt settlement	-	-	73,100	-	73,100
Net loss for the period	-	-	-	(442,430)	(442,430)
<b>BALANCE AT JULY 31, 2015</b>	12,934,645	8,048,049	1,670,478	(10,173,164)	(454,637)
Net loss for the period	-	-	-	(122,635)	(122,635)
<b>BALANCE AT OCTOBER 31, 2015</b>	12,934,645	\$ 8,048,049	\$ 1,670,478	\$ (10,295,799)	\$ (577,272)

# GREATBANKS RESOURCES LTD.

Canadian Funds

(Unaudited)

## CONDENSED INTERIM STATEMENT OF CASH FLOWS

	Three months ended October 31 2015	Three months ended October 31 2014
<b>Note</b>		
<b>OPERATING ACTIVITIES</b>		
<b>Net Loss for the Period</b>	\$ (122,486)	\$ (25,231)
<b>Items Not Affecting Cash</b>		
Accretion of interest	944	2,834
Unrealized foreign exchange loss (gain)	(954)	2,501
Impairment of available-for-sale investments	10,000	-
	(112,496)	(19,896)
<b>Net Change in Non-cash Working Capital</b>		
Taxes receivable	8,654	(384)
Prepaid amounts and other assets	-	4,616
Trade and other payables	70,656	15,323
	(33,186)	(341)
Net (Decrease) Increase in Cash and Cash Equivalents	(33,186)	(341)
Cash position - beginning of period	43,637	1,506
<b>Cash position - end of period</b>	\$ 10,451	\$ 1,165

# GREATBANKS RESOURCES LTD.

Canadian Funds

(Unaudited)

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

### 1) Nature of operations and going concern

Greatbanks Resources Ltd. (“the Company”) was incorporated in the Province of British Columbia on 20 December 1996. The Company is in the exploration stage. The Company is listed on the TSX Venture Exchange (“TSX-V”). The Company’s Registered and Records Office is at 4100 - 66 Wellington Street West, Toronto, Ontario.

These financial statements have been prepared on the basis of the accounting principles applicable to a going concern, which assumes 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 in the normal course of operations.

The business of mining and exploration involves a high degree of risk and there can be no assurance that future exploration programs will result in profitable mining operations. The recoverability of mineral property expenditures is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets.

Consistent with other companies in the sector of mineral exploration, the Company has incurred operating losses since inception, has no source of revenue, is unable to self-finance operations and has significant cash requirements to meet its overhead and maintain its mineral interests. The Company needs to raise equity financing in the short-term to continue its operations. These conditions indicate a material uncertainty exists that may cast significant doubt upon the Company’s ability to continue as a going concern.

For the Company to continue to operate as a going concern it needs the ongoing financial support of its related parties and vendors and must continue to obtain additional financing to maintain operations; although the Company has been successful in the past at raising funds, there can be no assurance that this will continue in the future.

If the going concern assumption were not appropriate for these consolidated financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used and such adjustments could be material.

	October 31 2015	July 31 2015
Working capital (deficit)	\$ (577,123)	\$ (454,637)
Accumulated earnings (deficit)	\$ (10,295,799)	\$ (10,173,164)

### 2) Basis of preparation – Statement of compliance

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and pronouncements of the IFRS Interpretations Committee (“IFRICs”) as issued by the International Accounting Standards Board.

These consolidated financial statements have been prepared under the historical cost convention as set out in the accounting policies in note 3.

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



# GREATBANKS RESOURCES LTD.

Canadian Funds

(Unaudited)

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

### 2) Basis of Preparation – Statement of Compliance (cont'd)

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods (see Note 4).

These Financial Statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

Since the unaudited Financial Statements do not include all disclosures required by the International Financial Reporting Standards (“IFRS”) for annual financial statements, they should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended 31 July 2015.

### 3) Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements, unless otherwise noted. The Company’s principal accounting policies are outlined below:

#### a) Basis of presentation

These consolidated financial statements incorporate the financial statements of the Company and the entity controlled by the Company. These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary:

- Invenio Resources USA Inc. (“Invenio USA”), which was incorporated in Alaska, United States of America on 16 May 2011. Invenio USA was dormant during fiscal 2014 and was dissolved with an effective date of 1 January 2014.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

#### b) Foreign currency

The consolidated financial statements are presented in Canadian dollars, which is the functional and presentation currency of the parent. Each entity determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Both the parent and subsidiary use the Canadian dollar as their functional currency.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the end of reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

# GREATBANKS RESOURCES LTD.

Canadian Funds

(Unaudited)

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

### 3) Summary of Significant Accounting Policies (cont'd)

#### c) Share based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

#### d) Income Taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

# GREATBANKS RESOURCES LTD.

Canadian Funds

(Unaudited)

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

### 3) Summary of Significant Accounting Policies (cont'd)

#### d) Income Taxes (cont'd)

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

#### e) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted earnings per share is computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

#### f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less.

#### g) Financial instruments

##### Financial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

##### Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

##### Available-For-Sale Investments

Non-derivative financial assets not included in the other categories are classified as available-for-sale and comprise principally the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in accumulated other comprehensive income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. Any subsequent increase in the fair value of available-for-sale investments are recorded through other comprehensive income. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

Purchases and sales of available-for-sale financial assets are recognized on a trade date basis. On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive income to profit or loss.

# GREATBANKS RESOURCES LTD.

Canadian Funds

(Unaudited)

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

### 3) Summary of Significant Accounting Policies (cont'd)

#### g) Financial instruments (cont'd)

##### Impairment on Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

##### Financial Liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise of trade and other payables and debentures payable. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the year which are unpaid.

#### h) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

#### i) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

# GREATBANKS RESOURCES LTD.

Canadian Funds

(Unaudited)

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

### 4) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. 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 on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the consolidated financial statements.

#### a. Rehabilitation Provisions

Rehabilitation provisions have been assessed based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period.

Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market conditions at the time the rehabilitation costs are actually incurred.

#### b. Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

IFRS did not have a material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

#### c) New standards, interpretations and amendments not yet effective

Effective 1 August 2014, the Company adopted the following new and revised International Financial Reporting Standards.

##### i. IAS 24 Related Party Disclosures

The amendments to IAS 24 clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after 1 January 2014. The application of this IFRS did not have a material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

# GREATBANKS RESOURCES LTD.

Canadian Funds

(Unaudited)

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

### 4 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

#### ii. IFRIC 21 Levies

The IASB issued IFRIC 21 – Levies (“IFRIC 21”), an interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets (“IAS 37”), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (“Obligating Event”). IFRIC 21 clarifies that the Obligating Event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after 1 January 2014. The application of this IFRS did not have a material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

#### iii. IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

### 5) Critical accounting judgements and key sources of estimation uncertainty (cont'd)

#### c) New standards, interpretations and amendments not yet effective

##### iv. Annual improvements and narrow scope amendments

The Annual Improvements 2012-2014 cycle, effective for annual periods beginning on or after January 1, 2016. The IASB also issued a number of narrow scope amendments to certain IFRSs and IASs which are effective for annual periods beginning on or after January 1, 2016. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

##### v. IFRS 16 Leases

IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

# GREATBANKS RESOURCES LTD.

Canadian Funds

(Unaudited)

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

### 6. Financial instruments and risk management

#### a) Financial instrument classification and measurement

Financial instruments of the Company carried on the Consolidated Statement of Financial Position are carried at amortized cost. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at 31 July 2014 due to the immediate or short-term maturities of the financial instruments.

#### Fair values of financial assets and liabilities

The Company's financial instruments include cash and cash equivalents, available-for-sale investments, trade and other payables and debentures payable. Cash and cash equivalents, taxes receivable, trade and other payables and due to related parties approximate their fair value due to their short-term nature.

#### b) Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is exposed to significant market risk as the value of its holdings and the maximum risk the Company is exposed to is \$30,000 which is the entire value of its holdings in marketable securities at July 31, 2015.

#### c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada accordingly the Company believes it not exposed to significant credit risk.

#### d) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is exposed to interest rate risk on its debenture and loan payable. As the interest rate on these instruments already ranges from 10-12%, the Company considers this risk to be limited due to the already high interest rates compared to conventional interest rates.

#### e) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. To manage this risk the Company maintains only the minimum amount of foreign cash required. The Company is not exposed to significant foreign currency risk.

#### f) Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. As the Company has no significant source of cash flows, this is a significant risk. The following table summarized the Company's significant remaining contractual maturities for financial liabilities as at October 31, 2015 and July 31, 2015:

# GREATBANKS RESOURCES LTD.

Canadian Funds

(Unaudited)

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

### 6. Financial instruments and risk management (cont'd)

#### f) Liquidity risk (cont'd)

	Less than 3 months	Between 3 and 12 months	Over 12 months	Total
<b>October 31, 2015</b>				
Trade and other payables	\$ 549,062	\$ -	\$ -	\$ 549,062
Debentures payable	12,000	-	-	12,000
Loan payable	52,500	-	-	52,500
<b>Debt payable</b>	<b>\$ 613,562</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 613,562</b>
<b>July 31, 2015</b>				
Trade and other payables	\$ 479,360	\$ -	\$ -	\$ 479,360
Debentures payable	-	12,000	-	12,000
Loan payable	52,500	-	-	52,500
<b>Debt payable</b>	<b>\$ 531,860</b>	<b>\$ 12,000</b>	<b>\$ -</b>	<b>\$ 543,860</b>

### 7) Marketable Securities – Available-for-sale

Available-for-sale investments are recorded at fair value. As of October 31, 2015, available-for-sale investments consisted of 2,000,000 (2014: Nil) common shares and 2,000,000 (2014: Nil) share purchase warrants of Alliance Mining Corp., a public company with a symbol of (ALM) with TSXV Exchange.

During the year ended July 31, 2015, the Company acquired 2,000,000 common shares and 2,000,000 share purchase warrants in Alliance by way of a private placement at a cost of \$100,000, with such instruments being classified as available-for-sale investments upon initial recognition. Each Alliance warrant entitles the Company to purchase an additional common share exercisable for five years at a price of \$0.05. The Alliance share purchase warrants are not tradable on an exchange, have a nominal value and were not allocated a value on initial recognition.

During the year ended July 31, 2015, the Company determined that the decline in value of Alliance was significant and, accordingly, recorded an impairment of \$70,000. As at October 31, 2015, the fair value based on quoted market prices of the available-for-sale investments was \$20,000 (October 31, 2014: Not applicable). An unrealized loss was recorded before income taxes during the period ended October 31, 2015 of \$10,000 (2014: Not applicable).

The fair value of quoted securities is based on published market prices, a level 1 input.

Balance, July 31, 2014	\$ -
Acquisition of marketable securities	100,000
Impairment	(70,000)
Balance, July 31, 2015	30,000
Impairment	(10,000)
Balance, October 31, 2015	\$ 20,000



# GREATBANKS RESOURCES LTD.

Canadian Funds

(Unaudited)

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

### 8) Debenture payable

On January 14, 2014, the Company closed a non-brokered private placement of senior unsecured debentures (the "Debentures") for gross proceeds of \$30,000. The debentures have a minimum face value of \$1,000, each bearing interest of 10% per annum over a two year term issued together with bonus warrants. The principal amount and all accrued and unpaid interest shall be due and payable in full on 14 January 2016 (the "Maturity Date"). The Debentures all rank *pari passu* in priority among each of them and the principal and accrued interest may be pre- paid after one year from the date of issuance, in whole or in part (pro-rata), provided that a pre-payment penalty must also be paid to the Debenture holders equal to 75% of the amount of interest that would accrue from the date of pre-payment on the Maturity Date.

The debentures were initially discounted to a fair value of \$13,333 with the residual amount of \$16,667 being attributed to warrants. The debenture is subsequently measured at amortized cost using the effective interest rate method.

During the year ended October 31, 2015, \$20,000 of debentures were repaid. The interest of \$3,167 was forgiven and recorded as a gain, and accretion of \$8,333 was recorded as interest on long-term debt and all warrants related to these debentures was cancelled.

	October 31 2015	July 31 2015
Fair value of debentures	\$ 6,028	\$ 6,028
Add: Accretion of interest	5,342	4,398
Debenture payable	\$ 11,370	\$ 10,426

This debenture is due to the former President and CEO and matured subsequent to October 31, 2015.

### 9) Loan Payable

On April 9, 2015, the Company entered into an unsecured loan agreement due on April 30, 2015, with interest at 5% until April 30, 2015. Interest is payable in the form of equity to be granted at 50,000 units where one unit includes one common share of the Company and a five year warrants at an exercise price of \$0.075 per share. As at October 31, 2015, these units were not yet issued and are subject to regulatory approval.

The loan is convertible, at the option of the lender, into shares of the Company at \$0.05 per share accompanying three year warrants at an exercise price of \$0.08. The related equity portion of the convertible loan was calculated in accordance with IAS 39 and deemed immaterial.

Total proceeds received on the loan was \$50,000. The loan has matured and is due and payable. The loan is payable to a third party.

	October 31 2015	July 31 2015
Principal loan	\$ 50,000	\$ 50,000
Accumulated interest	2,500	2,500
Loan payable	\$ 52,500	\$ 52,500

# GREATBANKS RESOURCES LTD.

Canadian Funds

(Unaudited)

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

### 10) Related party transactions

Related party transactions and balances not disclosed elsewhere in the financial statements are as follows:

RELATED PARTY DISCLOSURE		Remuneration or fees <sup>(1)</sup>	Share-based Awards	Included in accounts payable
Name and Principal Position		(\$)	(\$)	(\$)
A company controlled by the former President and CEO – management fees	2015	-	-	11,306
	2014	-	-	140,718
A company controlled by the former CFO - management fees	2015	-	-	36,549
	2014	7,500	-	63,034
A company controlled by the former CFO - office rent	2015	-	-	-
	2014	4,500	-	4,725
A company controlled by the Chairman - management fees	2015	3,000	-	20,352
	2014	15,000	-	100,600
A current director of the Company	2015	-	-	3,350
	2014	-	-	3,350
A company controlled by the President and CEO - management fees	2015	30,000	-	111,687
	2014	-	-	-
A company controlled by the Corporate Secretary and CFO - management fees	2015	24,000	-	44,000
	2014	-	-	-
A company controlled by a current director - management fees	2015	24,000	-	58,640
	2014	-	-	-

(1) Amounts disclosed were paid or accrued to the related party during the three month period ended October 31, 2015 and October 31, 2014.

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors. During the three month period ended October 31, 2015 aggregate remuneration of \$79,000 (2014 - \$7,500) was paid or accrued to key management personnel. No share-based payments were granted to key management personnel in the current or comparative periods.

The above transactions are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to related parties are unsecured, non-interest bearing and have no fixed term of repayment.

# GREATBANKS RESOURCES LTD.

Canadian Funds

(Unaudited)

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

### 11) Share capital

#### a) Authorized:

The Company is authorized to issue 100,000,000 common shares without par value.

The holders of common shares are entitled to receive dividends which are declared from time to time, and 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.

#### b) Summary of stock option activity

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant, both in aggregate and in any one-year period. The maximum number of common shares reserved for issue to any one person other than employees conducting investor relations activities and any consultants under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant, both in aggregate and in any one-year period.

The number of options granted to all persons who are consultants or employed to perform investor relations activities shall not exceed 2% of the then issued and outstanding shares of the Company. Options may be granted for a maximum term of five years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company.

The stock option activity during the three month period ended October 31, 2015 and the year ended July 31, 2015 is summarized as follows:

<b>STOCK OPTION ACTIVITY</b>	<b>October 31 2015</b>	<b>Exercise Price</b>	<b>July 31 2015</b>	<b>Exercise Price</b>
Balance, beginning of period	121,875	\$ 0.94	316,667	\$ 1.00
Cancelled	-	-	(178,125)	0.96
Expired	-	-	(16,667)	1.92
<b>Balance, end of period</b>	<b>121,875</b>	<b>\$ 0.94</b>	<b>121,875</b>	<b>\$ 0.94</b>

Details of stock options outstanding as at October 31, 2015 and July 31, 2015 are as follows:

	<b>October 31 2015</b>	<b>Exercise Price</b>	<b>July 31 2015</b>	<b>Exercise Price</b>
December 15, 2015	109,375	\$ 1.00	109,375	\$ 1.00
November 8, 2016	12,500	0.44	12,500	0.44
	<b>121,875</b>		<b>121,875</b>	

The weighted average remaining life of the options is 0.22 years (July 31, 2015: 0.47)

As at October 31, 2015 and July 31, 2015 all of the outstanding options had vested and are exercisable.

# GREATBANKS RESOURCES LTD.

Canadian Funds

(Unaudited)

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

### 11) Share capital (cont'd)

#### c. Share-based payments

No stock options were issued to directors, officers, employees, or consultants during the three month period ended October 31, 2015 and the year ended July 31, 2015.

#### d. Warrants

On 14 January 2014, the Company closed a non-brokered private placement of senior unsecured debentures. Subscribers received 8,000 non-transferable share purchase warrants ("Bonus Warrants") for every \$1,000 principal amount of Debentures they purchased. Each Bonus Warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.05 per common share for a period of 24 months from the date of issue.

Warrant activity during the three month period ended October 31, 2015 and the year ended July 31, 2015 is summarized as follows:

<b>WARRANT ACTIVITY</b>	<b>October 31 2015</b>	<b>Exercise Price</b>	<b>July 31 2015</b>	<b>Exercise Price</b>
Balance, beginning of period	6,902,200	\$ 0.08	60,000	\$ 0.20
Cancelled	-	-	(40,000)	0.20
Issued - finders fees			16,000	0.05
Issued - private placement	-	-	6,866,200	0.08
<b>Balance, end of period (i)</b>	<b>6,902,200</b>	<b>\$ 0.94</b>	<b>6,902,200</b>	<b>\$ 0.08</b>

(i) The number of warrants is expressed in equivalent number of common shares, which may be issuable upon exercise.

	<b>October 31 2015</b>	<b>Exercise Price</b>	<b>July 31 2015</b>	<b>Exercise Price</b>
January 14, 2016	20,000	\$ 0.20	20,000	\$ 0.20
July 10, 2016	16,000	0.05	16,000	0.05
July 3, 2018	6,866,200	0.08	6,866,200	0.08
	<b>6,902,200</b>		<b>6,902,200</b>	

The weighted average exercise price of \$0.08 (July 31, 2015: \$0.08)

The remaining life of the warrants is 2.66 years (July 31, 2015: 2.91)

#### e. Nature and purpose of equity reserves

The reserves recorded in equity on the Company's Condensed Interim Statement of Financial Position include 'Contributed Surplus', 'Accumulated Other Comprehensive Loss/Income' and 'Accumulated Deficit'.

'Contributed Surplus' is used to recognize the value of stock option grants and share purchase warrants prior to exercise.

'Accumulated Deficit' is used to record the Company's change in deficit from earnings from year to year.

# GREATBANKS RESOURCES LTD.

*Canadian Funds*

*(Unaudited)*

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

### 12) Capital disclosure

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital.

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

The Company is in the business of mineral exploration and has no source of operating revenue. Operations are financed through the issuance of capital stock. Capital raised is held in cash in an interest bearing bank account until such time as it is required to pay operating expenses or mineral property costs. The Company is not subject to any externally imposed capital restrictions. Its objectives in managing its capital are to safeguard its cash and its ability to continue as a going concern, and to utilize as much of its available capital as possible for exploration activities. The Company's objectives have not changed during the period ended October 31, 2015.

### 13) Subsequent Event

Subsequent to October 31, 2015, the Company's shares were cease-traded by the TSX Venture Exchange as the Company has not filed its audited year-end financial statements within the prescribed period. The Company is not able to determine if or when its shares will resume trading.

