Montan Mining Corp. (formerly Strait Minerals Inc.)

Consolidated Financial Statements
For the year ended July 31, 2015 and 2014
(expressed in Canadian dollars, except where indicated)

Wasserman Ramsay

Chartered Accountants

3601 Hwy 7 East, Suite 1008, Markham, Ontario L3R 0M3
Tel. 905-948-8637 Fax 905.948.8638
email: wram@wassermanramsay.ca

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Montan Mining Corp. (formerly Strait Minerals Inc.):

We have audited the accompanying consolidated financial statements of Montan Mining Corp. (formerly Strait Minerals Inc.) and its subsidiaries, which comprise the consolidated statements of financial position as at July 31, 2015 and 2014 and the consolidated statements of loss and comprehensive loss, changes in equity and deficit and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Montan Mining Corp. (formerly Strait Minerals Inc.) and its subsidiaries as at July 31, 2015 and 2014 and the results of its operations, changes in equity and deficit and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Wasserman Ramsay

Markham, Ontario
November 30, 2015

Chartered Accountants
Licensed Public Accountants

Montan Mining Corp. (formerly Strait Minerals Inc.)

Consolidated Statements of Financial Position

(expressed in Canadian dollars, except where indicated)

	Note	July 31, 2015	July 31, 2014
Assets			
Current assets			
Cash and cash equivalents		$ 60,335	$ 10,356
Restricted cash		252	-
Short term investment		-	798,000
Other receivables	7	57,655	7,012
Prepaid expenses		129,814	-
		248,056	815,368
Advances – Goldsmith Resources SAC	7	484,684	
Office equipment	8	1,489	-
Mineral properties	9	766,072	-
Total assets		$ 1,500,301	$ 815,368
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		$ 45,508	$ 1,100
Deposits – convertible debenture	16(a)	36,025	-
Total liabilities		$ 81,533	$ 1,100
Shareholders' equity			
Share capital	10	2,386,614	943,610
Reserves	11	520,581	203,140
Deficit		(1,488,427)	(332,482)
Total shareholders' equity		1,418,768	814,268
Total liabilities and shareholders' equity		$ 1,500,301	$ 815,368

Nature of operations (note 1)
Subsequent events (note 16)

Approved by the Board of Directors

___________"Ian Graham"______________ Director _________"Luis Zapata"__________ Director

Montan Mining Corp. (formerly Strait Minerals Inc.)

Consolidated Statements of Loss and Comprehensive Loss

For the years ended July 31,

(expressed in Canadian dollars, except where indicated)

	Note	2015	2014
General and administration expenses			
Accounting and audit fees		$ (65,149)	$ (8,500)
Administrative fees		(30,250)	(30,000)
Advertising and promotion		(16,924)	(517)
Amortization	8	(452)	-
Bank charges		(1,709)	-
Consulting	12	(389,090)	(5,000)
Exploration expense		(16,203)	-
Filing fees		(36,705)	(14,135)
Foreign exchange		(3,385)	-
Insurance		(9,002)	-
Investor communications		(68,225)	-
Legal expenses		(164,961)	(1,104)
Office expenses		(31,084)	(1,368)
Rent		(6,673)	-
Stock based compensation	11	(112,525)	-
Transfer agent fees		(31,958)	-
Travel expense		(147,471)	(7,784)
		(1,131,766)	(68,408)
Other items			
Interest income		$ 5,546	$ 6,654
GST receivables impairment		(29,725)	-
Net loss and comprehensive loss		$ (1,155,945)	$ (61,754)
Loss per share			
Basic and diluted		$ (0.09)	$ (0.01)
Weighted average shares outstanding			
Basic and diluted		12,998,989	8,000,000
Total shares issued and outstanding		22,601,037	8,000,000

Montan Mining Corp. (formerly Strait Minerals Inc.)

Consolidated Statements of Changes in Shareholders’ Equity and Deficit

(expressed in Canadian dollars, except where indicated)

	Notes	Shares	Share capital	Reserves	Deficit	Total equity
Balance at July 31, 2014		8,000,000	$ 943,610	$ 203,140	$ (270,728)	$ 876,022
Net loss for the year		-	-	-	(61,754)	(61,754)
Balance at July 31, 2014		8,000,000	$ 943,610	$ 203,140	$ (332,482)	$ 814,268
Net loss for the year		-	-	-	(1,155,945)	(1,155,945)
Share issuance – private placement	10	8,147,778	841,515	184,085	-	1,025,600
Share issuance – finder’s fees shares	10	250,000	25,000	-	-	25,000
Share issuance – finder’s fees paid	10	-	(24,755)	-	-	(24,755)
Broker warrants issuance	10	-	(19,082)	19,082	-	-
Share issuance – reverse take over	2	6,203,259	620,326	1,749	-	622,075
Share-based compensation	11	-	-	112,525	-	112,525
Balance at July 31, 2015		22,601,037	$ 2,386,614	$ 520,581	$ (1,488,427)	$ 1,418,768

Montan Mining Corp. (formerly Strait Minerals Inc.)

Consolidated Statement of Cash Flows

For the years ended July 31,

(amounts expressed in Canadian dollars, except where indicated)

	Note	2015	2014
Cash used from operating activities			
Net loss for the year		$ (1,155,945)	$ (61,754)
Items not affecting cash			
Amortization	8	452	-
GST receivables impaired		29,725	-
Stock based compensation	11	112,525	-
		(1,013,243)	(61,754)
Change in non-cash operating working capital			
Increase in other receivables		(66,538)	(4,767)
Increase in prepaid expenses		(129,814)	-
Increase (decrease) in accounts payable and accrued liabilities		(123,751)	544
Net cash used in operating activities		(1,333,346)	(65,977)
Cash flows from financing activities			
Proceeds from deposits of convertible debenture	16(a)	36,025	
Proceeds from private placements	10	1,050,600	-
Share issuance costs	10	(24,755)	-
Net cash received in financing activities		1,061,870	-
Cash flows used in investing activities			
Proceeds (purchase) from liquidating short term investment		798,000	(798,000)
Cash acquired from reverse take over transaction	2	9,416	-
Change in restricted cash		772	-
Advances – Goldsmith Resources SAC	7	(484,684)	
Expenditure in deferred exploration expense	9	(2,049)	
Net cash from (used) in investing activities		321,455	(798,000)
Increase (decrease) in cash and cash equivalents		49,979	(863,977)
Cash and cash equivalents - beginning of year		10,356	874,833
Cash and cash equivalents - end of year		$ 60,335	$ 10,356

Supplemental cash flow information		2015	2014
Other receivables received from reverse takeover	2	$ 13,830	$ -
Office equipment received from reverse takeover	2	1,941	-
Accounts payable acquired from reverse takeover	2	168,160	-
Common shares issued for reverse takeover transaction	2	622,075	-
Common shares issued as finder's fees	10	25,000	
Share purchase warrants issued as finder's fees	10	19,082	-
Restricted cash acquired from reverse takeover	2	1,025	-

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

1 Nature of operations

Montan Mining Corp. (formerly Strait Minerals Inc.) ("the Company") was incorporated under the Business Corporations Act of the Province of Ontario, Canada, on March 7, 2003.

The head office of the Company is located at Suite 1400 – 1111 West Georgia St,, Vancouver, BC, V6E 4M3 Canada and the registered office of the Company is located at Suite 800 – 885 West Georgia Street, Vancouver, British Columbia, V6C 1H2.

The Company is in the process of exploring its resource properties and has not determined whether these properties contain mineral reserves which are economically recoverable. The recoverability of amounts shown for exploration and evaluation expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and future profitable production from the property or proceeds from its disposition.

Going concern

At July 31, 2015, the Company had working capital of $166,523, had not yet achieved profitable operations, had accumulated losses of $1,488,427 since its inception and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned work program on its mineral properties, meet its on-going levels of corporate overhead and commitments, keep its properties in good standing and discharge its liabilities as they come due. These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. Although the Company presently had sufficient financial resources to undertake its currently planned work programs and has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these consolidated financial statements. These adjustments could be material.

2 Amalgamation

On December 3, 2014, Strait Minerals Inc. ("Strait") and Montan Capital Corp. ("Montan Capital") announced that they had entered into a binding letter agreement to merge the two companies. Montan Capital was a "Capital Pool Company" under the policies of the TSX Venture Exchange and the transaction would constitute its "Qualifying Transaction" in accordance with Exchange Policy 2.4 Capital Pool Companies.

On January 6, 2015, Strait and Montan Capital announced that they and 1023174 B.C. LTD. ("Newco") had entered into an amalgamation agreement ("the Amalgamation Agreement") in connection with the proposed qualifying transaction and reverse take-over of Strait ("the Transaction"). Upon the closing of the Transaction, Newco and Montan Capital would amalgamate to form a single subsidiary of Strait and Strait would acquire all of the issued and outstanding securities of Montan Capital from the shareholders of Montan Capital in exchange for the issuance of 8,000,000 post-Consolidation Strait common shares (the "Consideration Shares") at the rate of one Strait common share for each one Montan Capital common share. In connection with the Transaction, Strait, prior to issuing the Consideration Shares, completed a consolidation of its common shares on a 10:1 basis, reducing its capital to 6,203,259 post-Consolidation shares and changed its name to Montan Mining Corp. ("Montan"). A finder's fee of 250,000 Montan shares was issued in relation to the Transaction.

Strait and Montan Capital filed on SEDAR a joint information circular on January 6, 2015 to obtain approval from their shareholders of the amalgamation agreement at shareholders' meetings to be held on February 24, 2015. On March 4, 2015 Montan, formerly Strait Minerals Inc., closed the Transaction. The Montan Shares are listed for trading on the TSX Venture Exchange under the symbol "MNY" and the Frankfurt Exchange under the symbol "S5GM".

Since the Consideration Shares represent approximately 56% of the total issued and outstanding Montan common shares as of the Closing, the shareholders of Montan Capital control Montan Mining Corp. Accordingly, the Transaction will be accounted for as a reverse acquisition.

In accordance with IFRS 3, Business Combinations, the substance of the transaction was a reverse acquisition of a non-operating company. The transaction does not constitute a business combination since Strait does not meet the definition of a business under the standard. As a result, under IFRS the transaction is accounted for as a capital transaction with the original Montan Capital Corp. being identified as the acquirer with the transaction being measured at the fair value of the equity consideration issued to Strait.

IFRS 2, Share-based Payments, applies to transactions where an entity grants equity instruments and cannot identify specifically some or all of the goods or services received in return. In accordance with IFRS 2, share consideration is measured as of the date of completion of the Transaction, March 4, 2015.

The fair value of the consideration is determined based on the percentage of ownership the legal parent's shareholders have in the combined entity after the reverse takeover transaction. By reference to a completion of a private placement of 5,200,000 shares at $0.10 per share on a closing date of the Transaction, the fair value of each Montan common share at the time of the Transaction was $0.10. Accordingly, the value of the 43.67% (i.e. 6,203,259 shares) of the share capital owned by former owners of Strait at the time of the Transaction was $620,326. 50,000 stock options with an exercise price of $0.15 granted by Strait prior to a reverse acquisition were retained. The fair values of these options were $1,749 and determined at the time of the Transaction using the Black-Scholes option pricing model with the following weighted average assumptions: average risk-free interest rate – 0.59%; expected life – 1.86 year; expected volatility – 87.91%; forfeiture rate – 0%; and expected dividends – nil.

The allocation of value is as follows:

	Value
Cash and cash equivalents	$ 9,416
Restricted cash	1,025
Other receivables	13,830
Office equipment	1,941
Mining properties	764,023
Accounts payables and deposits	(168,160)
	$ 622,075
Strait common shares – fair value	$ 620,326
Strait stock option retained – fair value	1,749
Total consideration	**$ 622,075**

This transaction has been treated as an asset acquisition as Strait did not have an integrated set of activities and assets that are capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefit directly. The mineral properties acquired currently do not have any proven or probable resources or reserves.

Concurrent financing

In connection with the closing of the Amalgamation, Montan completed a concurrent financing and raised gross proceeds of $520,000 by the issuance of 5,200,000 Montan Shares at a price of $0.10 per Montan Share. Montan paid an aggregate finder's fee of $5,600 and also issued finder's warrants which entitle the holders to purchase up to 56,000 Montan Shares at a price of $0.10 per Montan Share for a period of 12 months. All Montan Shares issued in connection with the concurrent financing are subject to a statutory hold period expiring on July 6, 2015.

3 Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The policies set out below were consistently applied to all periods presented.

The Board of Directors approved this set of financial statements on November 30, 2015.

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value.

New accounting standards adopted

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods after December 31, 2013. The following new standards have been adopted:

(i) IAS 32, Financial instruments presentation ("IAS 32") was amended by the IASB in December 2011. The amendment clarifies that an entity has a legally enforceable right to offset financial assets and financial liabilities if that right is not contingent on a future event and it is enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendment to IAS 32 is effective for annual periods beginning on or after January 1, 2014.

(ii) IAS 36, Impairment of assets ("IAS 36") was amended by the IASB in May 2013. The amendments require the disclosure of the recoverable amount of impaired assets when an impairment loss has been recognized or reversed during the period and additional disclosures about the measurement of the recoverable amount of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014.

(iii) IAS 39, Financial instruments: recognition and measurement ("IAS 39") was amended by the IASB in June 2013. The amendments clarify that novation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations does not terminate hedge accounting. The amendments to IAS 39 are effective for annual period beginning on or after January 1, 2014.

(iv) IFRIC 21 Levies ("IFRIC 21") was issued in May 2013 and is an interpretation of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The interpretation clarifies the obligating event that gives rise to a liability to pay a levy. IFRIC 21 is effective for accounting periods commencing on or after January 1, 2014.

(v) IFRS 2, Share-based payments ("IFRS 2") was amended by the IASB in the second quarter of 2014. The amendments change the definition of "vesting condition" and "market condition" in the Standard and add definitions for "performance condition" and "service condition". They also clarify that any failure to complete a specified service period, even due to the termination of an employee's employment or a voluntary departure, would result in a failure to satisfy a service condition. This would result in the reversal in the current period of compensation expense previously recorded, reflecting the fact that the employee failed to complete a specified service condition. These amendments are effective for transactions with a grant date on or after July 1, 2014.

(vi) IFRS 3 Business combinations ("IFRS 3") was amended by the IASB in the second quarter of 2014. The amendments classify the guidance in respect of the initial classification requirements and subsequent measurement of contingent consideration. This will result in the need to measure the contingent consideration at fair value at each reporting date, irrespective of whether it is a financial instrument or a non-financial asset or liability. Changes in fair value will need to be recognized in profit and loss. These amendments are effective for transactions with acquisition dates on or after July 1, 2014.

As far as can be determined at this stage, the Company believes that the adoption of these standards will not have a material impact on its financial results.

Future Accounting Changes

The following are new pronouncements approved by IASB. These new standards and interpretations are not yet effective and have not been applied in preparing these financial statements, however they may impact future periods.

(i) IAS 16, Property, Plant and Equipment, and IAS 38, Intangible Assets: Clarification of acceptable methods of depreciation and amortization. On May 12, 2104, the IASB issued amendment to IAS 16, Property, Plant and Equipment, and IAS 38, Intangible Assets. In issuing the amendments, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of a tangible asset is not appropriate because revenue generated by an activity that includes the use of the tangible asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that the revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption for an intangible asset, however, can be rebutted in certain limited circumstances. The standard is to be applied prospectively for fiscal years beginning on or after January 1, 2016, with early adoption permitted.

(ii) IFRS 15, Revenues from Contracts and Customers ("IFRS 15") was issued by the IASB on May 28, 2014, and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue, which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or a modified retrospective approach when adopting the standard and it is effective for annual periods beginning on or after January 1, 2017.

(iii) IFRS 9, Financial instruments ("IFRS ") was issued by the IASB on July 24, 2014 as a complete standard. This standard replaces the guidance in IAS 39, Financial Instruments: Recognition and Measurement on the classification and measurement of financial

assets and liabilities. The Standard eliminates the existing categories of held to maturity, available for sale and loans and receivables. On initial recognition, financial assets will be classified into those measures at amortized cost and at fair value.

The mandatory effective date of the new standard is for annual periods beginning on or after January 1, 2018. The Company intends to adopt the standards for the year beginning January 1, 2018. The Company believes that implementation of the new standard will not have a material impact on its financial results.

The Company is currently evaluating the potential impact of these amendments and new standards on its consolidated financial statements.

4 Estimates, risks and uncertainties

Amounts recorded for share based compensation. These are based on estimates. The Black-Scholes model is based on assumptions for volatility, expected number of options to vest, risk-free interest rate and expected life of options.

The recoverability of amounts shown for mineral properties. These are dependent on the discovery of economic resources, the ability of the Company to obtain future financing to complete the development of the properties, and on future production or sale of the properties.

Deferred income tax assets and liabilities. These are computed based on differences between the carrying amounts on the balance sheet and their corresponding tax values. Deferred income tax assets also result from unused loss carry forwards and other deductions. The valuation of deferred income tax assets is adjusted, if necessary, by way of a valuation allowance to reflect the estimated realizable amount.

The following accounting policies involve judgements or assessments made by management:

- The determination of categories of financial assets and financial liabilities;
- The determination of a cash-generating unit for assessing and testing impairment;
- The allocation of exploration costs to cash-generating units
- The determination of when an exploration and evaluation asset moves from the exploration stage to the development stage
- The determination of the functional currency of the Company.

5 Significant accounting policies

Principles of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its wholly owned Peruvian subsidiary, Minera Strait Gold Peru S.A.C. ("MSG Peru"). All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

Cash and cash equivalents

Cash and cash equivalents consist of cash balances and demand deposits in a Canadian chartered bank which have an initial term of less than 90 days.

Restricted cash

Restricted cash consists of Peruvian value added tax that can only be applied against the payment of future payroll and corporation tax liabilities of MSG Peru.

Mineral properties

None of the Company’s mineral properties has reached the development stage and as a result are considered exploration and evaluation assets. The Company capitalizes all expenditures that result in the acquisition and retention of mineral properties or an interest therein. The amount shown for mineral properties represents costs to date, as reduced by impairments, and does not necessarily reflect present or future values. If the properties are sold, allowed to lapse or are no longer of interest, accumulated costs are written off.

Expenditures on properties in which the Company does not have a registered or contractual interest are expensed as incurred.

Impairment of non-financial assets

The Company reviews and evaluates the recoverable amount of its mineral properties when events or changes in circumstances indicate that the carrying amounts of assets or groups of assets might not be recoverable. For the purposes of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use (being the present value of expected future cash flows of the asset). At the end of each reporting period, non-financial assets are reviewed for impairment to determine if there is any indication that the carrying amount may not be recoverable.

Indicators for an impairment review arise typically when any one of the following circumstances applies:

(i) substantive expenditure on further exploration and evaluation is not planned
(ii) title to the asset is compromised
(iii) adverse changes in the regulatory or taxation environment

(iv) adverse changes in commodity prices and markets

The existence of any of the above conditions may signify that an impairment exists in the fair value of properties.

The recoverability of the carrying values of the properties is dependent on the ability of the Company to obtain the necessary financing and permits to continue exploration, the establishment of economically recoverable reserves, future profitable production and/or proceeds from the disposition thereof.

Long-term assets

The Company monitors the recoverability of long-lived assets, based on factors such as current market value, future asset utilization, business climate and future undiscounted cash flows expected to result from the use of the related assets. The Company's policy is to record an impairment loss in the period when it is determined that the carrying amount of the asset may not be recoverable. The impairment loss is calculated as the amount by which the carrying amount of the asset exceeds the undiscounted estimate of future cash flows from the asset.

Fixed assets

Fixed assets, which consist of office equipment, are being amortized on a straight-line basis over a period of three years.

Restoration, Rehabilitation and Environmental Obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either an unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses. The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

Foreign currencies

The presentation currency of the Company is the Canadian dollar. The functional currency of the Company is the Canadian dollar. The functional currency of the Company's subsidiary, MSG Peru is the US dollar. The functional currency determinations were made by management based on an analysis of factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

These consolidated financial statements have been translated into Canadian dollars in accordance with IAS 21. This standard requires that assets and liabilities be translated using the exchange rate at period end and that income and expenses and cash flow items be translated using the rate that approximates the exchange rate at the date of the transactions (i.e. average exchange rate for the period).

Transactions in currencies other than the functional currency are recorded at rates of exchange prevailing at the dates of the transactions. At each financial reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in foreign currency are not re-translated.

Share based compensation

Share based compensation arising out of the fair value of options granted under the Company's share option plan is recognized as a share based payment expense with a corresponding increase in equity. The fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair-value of the options granted is measured using the Black-Scholes option pricing model. At the end of each financial reporting period the amount recognized as an expense is adjusted to reflect the actual number of options that are expected to vest.

Comprehensive income

The Company includes in comprehensive income certain gains and losses arising from changes in fair value. Comprehensive income would include the following unrealized gains and losses which are potentially relevant to the Company: changes in the currency translation adjustment arising from translating the financial results of foreign operations to the Company's reporting currency, and unrealized gains and losses on available-for-sale investments.

Income taxes

The Company follows the liability method of accounting for income taxes. Under the liability method deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the year. Since the Company is in a loss position, the effects of exercising share purchase options and warrants are anti-dilutive.

Share issuance cost

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to expenses.

Financial Instruments – recognition and measurement

The Company does not have any derivative financial instruments.

All financial assets are classified into one of the following four categories: fair value through profit or loss ("FVTPL"), held to maturity ("HTM"), available for sale ("AFS") and loans and receivables.

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL. Financial assets classified as FVTPL are stated at fair value and changes are recognized in profit or loss. HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. AFS financial assets subsequent to initial recognition are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS monetary items, are recognized in other comprehensive income or loss. When an investment is derecognized, the cumulative gain or loss in the investment revaluation reserve is transferred to profit or loss. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Company's cash and cash equivalents, and restricted cash have been classified as FVTPL financial assets. The Company does not presently have any financial assets designated as AFS. The carrying value of the Company’s cash, cash equivalents, and restricted cash approximates their fair value due to their short-term nature.

The Company has the following non-derivative financial liabilities: amounts payable and accrued liabilities. The carrying value of financial liabilities approximates their fair value due to their short-term nature.

Impairment of financial assets:

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to profit or loss in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period.

Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as AFS, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

6 Financial instruments

The Company reports its financial instruments on its balance sheet and measures these at fair value. In limited circumstances when fair value may not be considered most relevant, they may be reported at cost or amortized cost. Gains or losses as a result of changes in fair value are recognized in the consolidated statement of operations and comprehensive loss.

The Company’s financial instruments consist of cash and cash equivalents, other receivables and accounts payable. The fair value of these financial instruments approximates the carrying value due to the short maturity or current market rate associated with these instruments.

All financial instruments are classified into one of the following five categories: fair value through profit or loss assets or liabilities, held-to-maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities.

Financial instruments disclosure requires a statement of the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of fair value are:

Level 1 Unadjusted quoted prices in active markets for identical assets and liabilities

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and;

Level 3 Inputs that are not based on observable market data

Fair values of financial instruments

The Company has classified all of its financial instrument at Level 1.

The fair values of financial instruments are summarized as follows:

	July 31, 2015		July 31, 2014	
	Carrying value $	Fair value $	Carrying value $	Fair value $
Financial assets				
Fair value to profit and loss ("FVTPL")				
Cash and cash equivalents	60,335	60,335	10,356	10,356
Restricted cash	252	252	-	-
Short term investments	-	-	798,000	798,000
Other receivables	57,655	57,655	7,012	7,012
Advances – Goldsmith Resources SAC	484,684	484,684	-	-
Financial liabilities				
Other financial liabilities				
Accounts payable & accrued liabilities	45,508	45,508	1,100	1,100
Deposits – convertible debenture	36,025	36,025	-	-

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents, and marketable securities. The Company's cash and cash equivalents are held through large Canadian financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as described in Note 15. The accounts payable and income taxes payable are due within the current operating period.

Market Risk

The Company's financial instruments include investments which are publicly traded and therefore subject to the risks related to the fluctuation in market prices of publicly traded securities. Some of these investments have been acquired as a result of property transactions and, to a large extent, represent strategic investments in related mining companies and their properties. The Company closely monitors market values to determine the most appropriate course of action.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Company is exposed from time to time to interest rate risk as a result of holding fixed income cash equivalents and investments, of varying maturities. A 1% change in market interest rates would result in no significant change in value of cash and cash equivalents or fixed income securities. The risk that the Company will realize a loss as a result of a decline in the fair value of these assets is limited as they are generally held to maturity.

Foreign Exchange Risk

Currency risk is the risk of a loss due to the fluctuation of foreign exchange rates and the effects of those fluctuations on the Company's foreign currency denominated monetary assets and liabilities. The Company currently operates in the United States and Peru. Certain costs and expenses are incurred in US dollars and Peruvian sol. The Company attempts to mitigate currency risk through the preparation of short and long term expenditure budgets in the foreign currencies and planning for the conversion of Canadian dollars into foreign currencies whenever exchange rates are favourable.

7 Other receivables

	July 31, 2015	July 31, 2014
GST receivable	$ 14,864	$ 7,012
Other receivables	42,791	-
Other receivables (current) - total	**57,655**	**7,012**
Goldsmith Resources SAC Advances (non-current)	**484,684**	**-**

Goldsmith Resources SAC Advances

On April 27, 2015, the Company announced the signing of a letter agreement with Goldsmith Resources SAC ("Goldsmith"), a Peruvian company, for the acquisition of the producing Mollehuaca Gold Processing Plant in Peru as well as mining rights for the nearby Eladium Gold Mine and the Saulito Property. The definitive agreement, comprising substantively the same terms as outlined above, was signed on June 9, 2015.

The Mollehuaca Plant was recently expanded and has both a carbon-in-pulp ("CIP") circuit as well as a flotation circuit with a total capacity of approximately 150 tons per day ("TPD"). The plant is located in the region of Arequipa, the most active region of Peru for small-scale gold mining.

The Eladium Gold Mine and Saulito Property are located in the Nazca-Ocona metallogenic belt in close proximity to the Mollehuaca Gold Plant. Mineralization at both projects is hosted by a system of quartz-sulphide veins which contain high grades of gold and accessory silver and copper. Eladium is currently built to produce 5-25 tpd of gold-bearing vein material appropriate for mill feed under the Peruvian toll-milling model. The mine has recently provided mill feed to Mollehuaca that has assayed 15-25 g/t Au at the Mollehuaca site fire assay facility. Montan planned to undertake a review of the Eladium operation as well as the Saulito Property.

Total consideration for the assets and operations being purchased was US$3,300,000, US$50,000 ($60,725) of which has been paid and with the remainder payable as follows:

- US$750,000 in cash and 8,000,000 Montan common shares (the "Montan Shares") at a deemed price of $0.125 per share upon closing.
- US$1,500,000 on the first anniversary of Closing. Montan may choose that payment of US$750,000 be in cash or in additional Montan Shares priced at the VWAP price of Montan's shares on TSXV for the 20 trading days up to and including the day prior to the payment date. The vendor will get security while this payment remains outstanding, including the right to a Montan board member.
- The Montan Shares issued will be subject to TSXV escrow requirements.

Since incorporation, Goldsmith has spent in excess of US$4 million permitting, building, operating and developing the mill and properties.

Montan signed a final definitive agreement effective June 9, 2015 with the shareholders of Goldsmith for the acquisition. From the date the Definitive Agreement is executed by the Parties (the "DA Date") until the Closing, Montan will take over operations and management of the business of Goldsmith and provide all working capital ($403,959 as at July 31, 2015) as it deems necessary to continue the day to day operations of the business. All income and expenses from the DA Date to Closing will accrue to Montan. Post-Closing, Montan will continue as the operator and manager of the business. Subsequent to July 31, 2015, the Company advanced an additional $198,000 to Goldsmith.

On October 29, 2015, the Company, along with the shareholders of Goldsmith Resources SAC ("Goldsmith"), a private Peruvian company and Inca One Gold Corp. ("Inca One"), announced that the Companies have entered into a binding letter agreement (the "Binding LA") pursuant to which Inca One has agreed to acquire certain assets of Montan. See note 16(c) for details.

8 Office equipment

	Cost			Accumulated amortization			Net book value
	As at July 31, 2013 and 2014	Additions	As at July 31, 2015	As at July 31, 2013 and 2014	Amortization	As at July 31, 2015	As at July 31, 2015
Office and furniture	$ -	$ 1,941	$ 1,941	$ -	$ 452	$ (452)	$ 1,489

9 Mineral properties

	July 31, 2015	July 31, 2014
Opening balance	$ -	$ -
Acquisition cost – reverse take over (see note 2)	764,023	
Deferred exploration expense – field and camp cost	2,049	-
	$ 766,072	$ -

On September 25, 2009, the Company entered into an option and mining lease agreement (the "Alicia Option Agreement" or "AOA") with a Peruvian subsidiary of Panoro Minerals Ltd. ("Panoro") pursuant to which MSG Peru had the right to acquire up to a 100% interest, subject to a 2% net smelter return royalty (the "Alicia Royalty"), in the 2,593 hectare Alicia Property in the Department of Cusco, approximately 500 km southeast of Lima.

Under the terms of the AOA, the Company secured a 55% interest in the Alicia Property by (a) issuing a further 500,000 common shares to Panoro and (b) carrying out work expenditures of US$650,000. The Company issued to Panoro 200,000 common shares, valued at $30,000, on February 14, 2011, and 300,000 common shares, valued at $18,000 on June 10, 2011, and confirmed to Panoro that it had carried out the required work expenditures.

The Company secured the remaining 45% interest in the Alicia Property, by (a) issuing a further 400,000 common shares, valued at $28,000, to Panoro on February 15, 2013 and (b) carrying out work expenditures at the Alicia Property, aggregating US$1.25 million On December 8, 2011, the Company entered into an Option/Joint Venture Agreement with Teck Peru S.A. ("Teck Peru"), a wholly owned subsidiary of Teck Resources Limited ("Teck"), giving Teck Peru an option to earn up to a 75% interest in the Alicia Property. As a condition of entering into the agreement, Teck made a $600,000 equity investment in the Company through the purchase of 3,000,000 Units of the Company (Note 6). On August 27, 2013, the Company announced that the exercise price of 3,000,000 warrants held by Teck had been reduced to $0.12 from $0.35 per share. On August 29, 2013, the 3,000,000 warrants were exercised by Teck for gross proceeds of $360,000. On February 13, 2014, the Company announced that Teck Peru had notified the Company that it did not intend to exercise its option to earn an interest in the Company's Alicia Property.

10 Share Capital

The Company's authorized share capital consists of an unlimited number of common shares without par value.

During the year ended July 31, 2015, 4,554,000 (2014 – 5,060,000) common shares are held in escrow and scheduled to be released pro-rata to the shareholders as to 10% of the escrow shares upon issuance of a Final Exchange Bulletin by the TSX Venture and as to the remainder in six equal tranches of 15% every six months thereafter, for a period of 36 months. These escrow shares may not be transferred,

assigned or otherwise dealt with without the consent of the regulatory authorities. If a Final Exchange Bulletin is not issued the shares will not be released from escrow and if the Company is delisted, the shares will be cancelled.

Share issuance

a) During the year ended July 31, 2015 the Company completed a concurrent financing and raised gross proceeds of $520,000 by the issuance of 5,200,000 shares at a price of $0.10 per Share. The Company paid an aggregate finder's fee of $5,600 and incurred expenses of $149. The Company also issued finder's warrants which entitle the holders to purchase up to 56,000 shares at a price of $0.10 per share for a period of 12 months. All shares issued in connection with the concurrent financing are subject to a statutory hold period expiring on July 6, 2015.

b) During the year ended July 31, 2015, the Company closed a non-brokered private placement by issuing 2,947,778 units at a price of $0.18 per unit for gross cash proceeds of $530,600. Each unit consists of one common share and one half share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at an exercise price of $0.25 per share expiring on July 6, 2017. The Company paid an finder's fee of $19,006. The Company also issued finder's warrants which entitle the holders to purchase up to 91,700 shares at a price of $0.18 per share for a period of 24 months.

c) During the year ended July 31, 2015, the Company issued 250,000 finder's shares in relation to amalgamation.

Share purchase warrants

The following is a summary of the share purchase warrants outstanding as at July 31, 2015 and 2014:

	July 31, 2015		July 31, 2014	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding - beginning of year	300,000	$ 0.20	300,000	$ 0.20
Issued (see note 10(a) and note 10(b))	1,621,589	0.24	-	-
Expired	(300,000)	0.20	-	-
Exercised	-	-	-	-
Outstanding - end of year	1,621,589	$ 0.24	300,000	$ 0.20

Number of warrants	Exercise price per warrant	Expiry date
56,000	$0.10	March 5, 2016
1,473,889	$0.25	July 6, 2017
91,700	$0.18	July 6, 2017
1,621,589		

As at July 31, 2015, the weighted average exercise price of the warrants outstanding was $0.24 (2014 - $0.20) with an weighted average remaining contractual life of 1.56 years (2014 – 0.35 years).

The fair values of these share purchase warrants were determined on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions: 0.57% risk free interest rate, 2 year of expected life of share purchase warrants, 173% annualized volatility and 0% dividend rate.

11 Share based compensation

The Company adopted a stock option plan (the "Stock Option Plan") under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares. The stock option plan is subject to regulatory approval.

The following is a summary of the stock options outstanding as at July 31, 2015 and 2014:

	July 31, 2015		July 31, 2014	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Outstanding - beginning of year	800,000	$ 0.20	800,000	$ 0.20
Granted	1,075,000	0.15	-	-
Outstanding - end of year	1,875,000	$ 0.17	800,000	$ 0.20

Number of stock option outstanding and vested	Exercise price per stock option	Expiry date
800,000	$0.20	December 5, 2022
200,000	$0.15	December 5, 2022
825,000	$0.15	March 7, 2020
20,000	$0.15	January 11, 2018
20,000	$0.15	January 4, 2017
10,000	$0.15	January 21, 2016
1,875,000		

As at July 31, 2015, the weighted average exercise price of the stock options outstanding was $0.17 (2014 - $0.20) with an weighted average remaining contractual life of 4.49 years (2014 – 8.35 years).

During the year ended July 31, 2015, the Company has recognized $112,525 (2014 - $nil) in compensation upon issuance of 1,075,000 stock options (2014 – nil stock options). These options vested 100% on the grant date. The fair values of these options were determined on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions: 1.38% risk free interest rate, 5 year of expected life of stock option, 149% annualized volatility and 0% dividend rate.

As at July 31, 2015, the Company was committed to grant 300,000 stock options (not granted as at July 31, 2015) to a marketing firm. Due to the Inca One Gold Corp (see note 16(d)) transaction, the Company has yet finalize the timing of the grant as at November 30, 2015. The terms of the 300,000 stock option are still under negotiation

12 Related party transactions

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. Transactions with related parties for goods and services are made on normal commercial terms and are considered to be at arm's length.

The remuneration of the Company's directors and other key management personnel during the year ended July 31, are as follows:

	2015	2014
Consulting fees	$ 214,876	$ -
Stock based compensation	83,739	-

These expenses were measured at the exchange amounts agreed upon by the parties. As at July 31, 2015 the Company had amounts payable of $5,250 (2014 - $nil) to these parties. These amounts are unsecured and non-interest bearing.

13 Income taxes

The income taxes shown in the consolidated statements of earnings differ from the amounts obtained by applying statutory rates to the earnings before provision for income taxes due to the following:

	Year ended	
	July 31, 2015	**July 31, 2014**
Loss before income taxes	$ (1,155,945)	$ (61,754)
Statutory rate	26.00%	26.00%
Income tax recovery at statutory rates	300,546	16,056
Non-deductible expenses	(130,288)	(1,105)
Increase in deferred tax assets from reverse takeover	1,764,500	-
Change in unrecognized deferred tax asset not recognized	(2,479,578)	-
Other	544,820	(14,951)
Income tax (expense) recovery	$ -	$ -

The components of deferred income taxes are as follows:

	July 31, 2015	**July 31, 2014**
Deferred tax asset		
Operating loss carry forward	$ 1,683,367	$ 56,672
Mineral property	839,000	-
Share issuance cost	30,126	16,513
	$ 2,552,493	$ 73,185
Deferred tax assets not recognized	$ (2,552,493)	$ (73,185)
Net deferred tax assets	$ -	$ -

The Company has non-capital losses carried forward for which no deferred tax asset is recognized. They expire in the years as follows:

	Canada	**Peru**
2026	$ 269,000	$ -
2027	450,000	-
2028	387,000	-
2029	278,000	-
2030	345,000	-
2031	519,000	-
2032	633,760	-
2033	570,629	-
2034	448,581	-
2035	979,531	-
No expiry	-	1,382,355
	$ 4,880,501	$ 1,382,355

14 Segment disclosures

The Company operates in one operating segment (exploration) in two countries. Details of the investments in mineral properties are disclosed in Note 9. The Company's assets by country are:

Year ended July 31, 2015	Canada	Peru	Total
Cash and cash equivalent	$ 58,213	$ 2,122	$ 60,335
Restricted cash	-	252	252
Other receivables	14,864	42,791	57,655
Prepaid expenses	122,509	7,305	129,814
	195,586	52,470	248,056
Advances – Goldsmith Resources SAC	484,684		484,684
Office equipment	-	1,489	1,489
Mineral property	-	766,072	766,072
Total assets - July 31, 2015	$ 680,270	$ 820,031	$ 1,500,301
Segment loss year ended - 2015	$ 1,070,205	$ 85,740	$ 1,155,945

Year ended July 31, 2014	Canada	Peru	Total
Cash and cash equivalent	$ 10,356	$ -	$ 10,356
Short term investment	798,000	-	798,000
Other receivables	7,012	-	7,012
Total assets - July 31, 2014	$ 815,368	$ -	$ 815,368
Segment loss year ended - 2014	$ 61,754	$ -	$ 61,754

15 Capital management

The Company's objectives for capital management are to safeguard its ability to support the Company's normal operating requirement on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans.

The capital of the Company consists of items included in shareholders' equity, net of cash and cash equivalents as follows:

	July 31, 2015	July 31, 2014
Total equity	$ 1,418,768	$ 814,268
Less: cash and cash equivalents	(60,335)	(10,356)
	$ 1,358,433	$ 803,912

The Company manages its capital structure and makes adjustments in light of changes in its economic environment and the risk characteristics of the Company's assets. To effectively manage the entity's capital requirements, the Company has in place a planning, budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives.

16 Subsequent events

a) On August 31, 2015, the Company closed first tranche of a convertible note private placement in the aggregate amount of $216,860 (an investors prepaid $36,025 as at July 31, 2015). Each note accrues simply interest at 14% per annum which has been paid until maturity, being one year from issuance. The principal amount of each note is convertible at any time at a price of $0.125 into units

of the Company comprising one share and one share purchase warrant. Each whole warrant may be exercised at an exercise price of $0.175 into one additional common share of the Company for a period of 2 years from closing of the note financing.

b) On September 14, 2015, the Company closed second tranche of a convertible note private placement in the aggregate amount of $129,070. Each note accrues simply interest at 14% per annum which has been paid until maturity, being one year from issuance. The principal amount of each note is convertible at any time at a price of $0.125 into units of the Company comprising one share and one share purchase warrant. Each whole warrant may be exercised at an exercise price of $0.175 into one additional common share of the Company for a period of 2 years from closing of the note financing.

c) October 21, 2015, the Company closed two tranches of private placement financing that issued 1,366,125 units on October 19, 2015 and 62,500 units on October 21, 2015. The units offered at a price of $0.08 for aggregate gross proceeds of $114,290. Each unit consists of one common share and one common share purchase warrant. One warrant will be exercisable into one common share at a price of $0.12 for a period of two years following the closing of the offering.

d) On October 29, 2015, the Company, along with the shareholders of Goldsmith Resources SAC ("Goldsmith"), a private Peruvian company and Inca One Gold Corp. (“Inca One”), announced that the Companies have entered into a binding letter agreement (the "Binding LA") pursuant to which Inca One has agreed to acquire certain assets of Montan.

Under the terms of the Binding LA, Inca One will:

- assume Montan's obligations under a Share Purchase Agreement with the shareholders of Goldsmith (the "Goldsmith Shareholders") for the acquisition all of the issued and outstanding shares of Goldsmith which owns the Mollehuaca Ore Processing Plant ("Mollehuaca") in Peru, the mining rights for the nearby Eladium Mine and the Saulito Exploration Property in Peru (the "Goldsmith Assets");

- acquire other select milling assets from Montan (the "Milling Assets"), and;

- will be assigned prepaid marketing services from Montan (the "Marketing Assets", together with the Goldsmith Assets and the Milling Assets, the "Acquired Assets"). In exchange for the Acquired Assets Inca One has agreed to issue 7,000,000 Inca One common shares (the "Share Consideration") and pay a “cash” consideration of US$354,000 due in various installments as set out in the Binding LA (the "Montan Transaction"). The Share Consideration is valued at approximately $835,100 based on the 20-day volume weighted average price of Inca One's shares on the TSX Venture Exchange ("TSX-V") as at October 28, 2015. Montan will use its best efforts to distribute the Share Consideration to its shareholders on a pro-rata basis within three months of closing of the Montan Transaction as a reduction in Montan's share capital; the Share Consideration will be subject to a six month "hold" period (from closing) to allow completion of distribution to the shareholders of the Seller. All dollar amounts are presented in Canadian dollars, unless otherwise stated.

The Goldsmith Assets include all plant facilities and equipment, gold bearing material, supplies and inventory located at site. The Milling Assets include mineral feed, plant consumables and supplies located at the plant. The Marketing Assets include prepaid marketing services. As part of its previous agreement with Goldsmith, Montan assumed control over the “operations” of Mollehuaca and management of the business of Goldsmith, and has been providing the working capital it deemed necessary to continue the day to day operations. Since incorporation, Goldsmith has spent in excess of US$4 million on permitting, building, operating and

developing the Mollehuaca mill facility and its properties, as referenced in the Montan press release announcing their binding agreement with Goldsmith, dated April 27, 2015.

The Binding LA contains the basic business terms for the Montan Transaction and requires the Parties to finalize in good faith a definitive agreement (the "Definitive Agreement") prior to closing. The Parties anticipate that the Montan Transaction will be completed prior to the end of the 2015 calendar year.

The Montan Transaction is subject to the satisfactory completion of due diligence by Inca One, execution of the Definitive Agreement, board approval by each of Montan and Inca One, TSX-V approval and other customary conditions. The Binding LA also includes standstill, lock up, and confidentiality provisions, representations and warranties, and a US$250,000 break fee in favor of Inca One.

Under the terms of the Montan Transaction, Inca One will pay a total of US$354,000 to Montan and issue the Consideration Shares. The cash consideration will consist of Inca One making an initial and non-refundable deposit of US$25,000; an additional payment of US$75,000 on or before the earlier of closing or November 29, 2015; a further payment of US$125,000 on the 3 month anniversary of closing; and a final payment of US$129,000 on July 31, 2016.