



## **CLEGHORN MINERALS LTD.**

**(A Capital Pool Company)**

### **Interim Financial Statements** **Six month period ended September 30, 2014**

**Unaudited**

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##### **Interim Financial Statements**

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#### **IMPORTANT NOTICE**

The attached financial statements have been prepared by Management of Cleghorn Minerals Ltd. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**Cleghorn Minerals Ltd.**  
**Interim Statement of Financial Position**  
(Unaudited)  
(In Canadian dollars)



	September 30, 2014	March 31, 2014
Notes	\$	\$
<b>ASSETS</b>		
Current		
Cash	26,291	37,095
Term deposit, 0.9%, maturing in March 2015	200,000	275,000
Sales taxes recoverable	7,692	1,690
Prepaid expenses	681	681
Total assets	<u>234,664</u>	<u>314,466</u>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities and total liabilities	<u>294</u>	<u>4,124</u>
<b>EQUITY</b>		
Capital stock	6 880,100	880,100
Contributed surplus	115,327	115,327
Deficit	<u>(761,057)</u>	<u>(685,085)</u>
Total equity	<u>234,370</u>	<u>310,342</u>
Total liabilities and equity	<u>234,664</u>	<u>314,466</u>

The accompanying notes are an integral part of the interim financial statements.

These financial statements were approved and authorized for issue by the Board of Directors on November 26, 2014.

"Glenn J. Mullan"  
(signed Glenn J. Mullan)  
Director

"Dr. C. Jens Zinke"  
(signed C. Jens Zinke)  
Director

# Cleghorn Minerals Ltd.

## Interim Statements of Comprehensive Income



(Unaudited)

(All amounts are expressed in Canadian dollars, unless otherwise noted.)

	Notes	Three-month period ended		Six-month period ended	
		September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
		\$	\$	\$	\$
Operating expenses					
Office expenses		38		38	
Professional fees	10	14,833	15,295	24,194	30,577
Expenses related to potential Qualifying Transactions	5	47,305	7,330	51,967	17,052
Operating loss		<u>62,176</u>	<u>22,625</u>	<u>76,199</u>	<u>47,629</u>
Financial costs (income)					
Interest income		(305)	(13)	(305)	(131)
Interest expense		20	61	78	83
		<u>(285)</u>	<u>48</u>	<u>(227)</u>	<u>(48)</u>
Net loss and comprehensive loss		<u>61,891</u>	<u>22,673</u>	<u>75,972</u>	<u>47,581</u>
Basic and diluted net loss per share	8	<u>0.022</u>	<u>0.008</u>	<u>0.027</u>	<u>0.017</u>
Weighted average number of common shares outstanding		<u>2,800,500</u>	<u>2,800,500</u>	<u>2,800,500</u>	<u>2,800,500</u>

The accompanying notes are an integral part of the Interim financial statements.

# Cleghorn Minerals Ltd.

## Interim Statements of Changes in Equity

(Unaudited)

(In Canadian dollars)



	Notes	Common shares outstanding Number	Capital Stock \$	Warrants \$	Contributed Surplus \$	Deficit \$	Total Equity \$
<b>Balance - March 31, 2014</b>		4,400,500	880,100		115,327	(685,085)	310,342
Net loss and comprehensive loss						(14,081)	(14,081)
<b>Balance - June 30, 2014</b>		<u>4,400,500</u>	<u>880,100</u>		<u>115,327</u>	<u>(699,166)</u>	<u>296,261</u>
Net loss and comprehensive loss						(61,891)	(61,891)
<b>Balance - September 30, 2014</b>		<u>4,400,500</u>	<u>880,100</u>		<u>115,327</u>	<u>(761,057)</u>	<u>234,370</u>
<b>Balance - March 31, 2013</b>		4,400,500	880,100		115,327	(690,002)	305,425
Net loss and comprehensive loss						(24,908)	(24,908)
<b>Balance - June 30, 2013</b>		<u>4,400,500</u>	<u>880,100</u>		<u>115,327</u>	<u>(714,910)</u>	<u>280,517</u>
Net loss and comprehensive loss						(22,673)	(22,673)
<b>Balance - September 30, 2013</b>		<u>4,400,500</u>	<u>880,100</u>		<u>115,327</u>	<u>(737,583)</u>	<u>257,844</u>

The accompanying notes are an integral part of the Interim financial statements.

**Cleghorn Minerals Ltd.**  
**Interim Statements of Cash Flows**

(Unaudited)

(In Canadian dollars)



	Three-month period ended		Six-month period ended	
	September 30,	September 30,	September 30,	September 30,
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Net loss	(61,891)	(22,673)	(75,972)	(47,581)
Changes in working capital items				
Sales taxes recoverable	(5,221)	22,421	(6,002)	8,119
Accounts payable and accrued liabilities	(13,698)	(6,308)	(3,830)	(144,379)
Cash flows used in operating activities	(80,810)	(6,560)	(85,804)	(183,841)
<b>Net increase in cash</b>	<b>(80,810)</b>	<b>(6,560)</b>	<b>(85,804)</b>	<b>(183,841)</b>
Cash, beginning of year	307,101	267,665	312,095	444,946
Cash, end of year	226,291	261,105	226,291	261,105

The accompanying notes are an integral part of the Interim financial statements.

# Cleghorn Minerals Ltd.

## Notes to Interim Financial Statements

September 30, 2014

(All amounts are expressed in Canadian dollars, unless otherwise noted.)



### *1 - NATURE OF OPERATIONS*

Cleghorn Minerals Ltd. (the "Company") is classified as a "Capital Pool Company" ("CPC") for purposes of the policies of the TSX Venture Exchange (the "Exchange"). The Company's current business is to identify and evaluate businesses and assets in order to complete a "Qualifying Transaction" in accordance with the rules of the Exchange. Until completion of such Qualifying Transaction, the Company will not carry on any other business.

### *2 - GOING CONCERN ASSUMPTION AND COMPLIANCE WITH IFRS*

The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) and the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

These interim financial statements are covering the six month period ended September 30, 2014 and were prepared in accordance with International Financing Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), under International Accounting Standard ("IAS") 34 - Interim Financial Reporting. These interim financial statements were prepared using the same accounting policies, methods of computation and basis of presentation as outlined in Note 5 - Summary of Accounting Policies, as described in the Company's annual audited financial statements for the year ended March 31, 2014. The interim financial statements do not include all the notes required in annual financial statements and, accordingly, should be read in conjunction with with the annual financial statements for the year ended March 31, 2014.

The Company's ability to continue as a going concern depends upon the realization of a successful Qualifying Transaction that will achieve a profitable level of operations and also on the ability of the Company to obtain necessary financing to fund its operations and continued support of suppliers and creditors. The Company's ability to achieve these objectives cannot be determined at this time. As at September 30, 2014, the Company has a cumulated deficit of \$761,057 (\$685,085 as at March 31, 2014).

The business of the Company involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment under the policies of the Exchange, and even if a business is identified, the Company may not be able to finance such an acquisition or investment. Additional funds may be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms that are satisfactory. Furthermore, there is no assurance that the business will be profitable. Any acquisition or investment proposed by the Company will be subject to regulatory approval. These material uncertainties cast significant doubt regarding the ability to continue as a going concern.

The carrying amounts of assets, liabilities, income and expenses presented in the financial statements and the classification used in the financial statements have not been adjusted as would be required if the going concern assumption was not appropriate. Those adjustments could be material.

# Cleghorn Minerals Ltd.

## Notes to Interim Financial Statements

September 30, 2014

(All amounts are expressed in Canadian dollars, unless otherwise noted.)



### 3 - GENERAL INFORMATION

Cleghorn Minerals Ltd. was incorporated on February 16, 2010 under the Business Corporations Act of British Columbia. The Company is classified as a "Capital Pool Company" (CPC) for purposes of the policies of the TSX Venture Exchange. The head office of the Company is located at 152 Chemin de la Mine École, Val d'Or, Québec, Canada.

In February 2013, following the Company's failure to meet the Exchange requirement of completing a Qualifying Transaction within the prescribed time period of 24 months of its listing, the common shares of the Company were transferred to NEX, rather than being delisted. On February 21, 2013, the common shares of the Company commenced trading on NEX under the symbol JZZ.H.

The financial statements have been presented on the historical cost basis and are presented in Canadian dollars, which is also the functional currency of the Company.

### 4 - JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

#### 4.1 - Significant management judgements

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

##### *Recognition of deferred income tax assets and measurement of income tax expense*

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgement. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period (See Note 5.4 of the March 31, 2014 audited financial statements).

##### *Going concern*

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund the realization of a successful Qualifying Transaction, involves significant judgement based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

#### 4.2 - Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

# Cleghorn Minerals Ltd.

## Notes to Interim Financial Statements

September 30, 2014

(All amounts are expressed in Canadian dollars, unless otherwise noted.)



### *Share-based payments*

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own share, the probable life of share option and agent's warrants granted and the time of exercise of those share options and agent's warrants. The model used by the Company is the Black-Scholes valuation model.

### *5 - QUALIFYING TRANSACTION*

On October 9, 2012, the Company entered into a Mineral Claim Purchase Agreement (the "Purchase Agreement") with Globex Mining Enterprises Inc. ("Globex") to acquire Globex's 100% ownership interest in the mineral claims located on the Hematite Property in the Labrador Trough in Northern Quebec.

In order to acquire a 100% interest in the property, the Company was required to pay to Globex cash consideration in the amount of \$1,140,000, \$25,000 of which was paid on October 16, 2012 as a non-refundable deposit, the balance of the purchase price becoming due at determined milestone dates. The Company was also required to issue to Globex 2,000,000 common shares and to grant to Globex a gross metals royalty of 2% of metals or minerals (iron, titanium, vanadium, gold, silver, copper, zinc and any and all other minerals or elements) produced from the property. The transaction was subject to receipt of final Exchange approval and the completion of a private placement by the Company for gross proceeds of a minimum of \$3,000,000.

The Company did not succeed in raising the funds to complete the acquisition of the Hematite Property by January 31, 2013, as required by the purchase agreement. The Company entered into an amendment to the Purchase Agreement with Globex, which pushed the effective date to conclude the agreement to April 30, 2013. As a consideration to Globex for consenting to amend the Purchase Agreement, the Company will pay an additional \$25,000 and will reimburse Globex for the cost of an airborne survey on the Property.

The Company was unable to raise the required financing to complete the acquisition of the Hematite Property by the April 30, 2013 deadline and the transaction was dropped. The Company had spent a total of \$184,629 (net after deduction of refundable tax credits) up to March 31, 2014, Nil during the three months ended on June 30, 2014 in view of acquiring the Hematite Property. The total amount was accounted in the statement of comprehensive income (loss) since transactions did not take place.

On October 14, 2014, The Company entered into a letter of agreement to acquire the Meech Lake Matachewan Prospect. Refer to Note 12- Subsequent Event for more details.

The following table shows the amounts spent by the Company towards the identification and acquisition of a Qualifying Transaction (including the Hematite Property and Meech Lake Matachewan Prospect) up to March 31, 2014, during the quarter and the six month period ended September 30, 2014 and the cumulative amount up to date.



# Cleghorn Minerals Ltd.

## Notes to Interim Financial Statements

September 30, 2014

(All amounts are expressed in Canadian dollars, unless otherwise noted.)



### 5 - QUALIFYING TRANSACTION (continued)

	Cumulative amount	Six months ended September 30, 2014	Quarter ended September 30, 2014	Year ended March 31, 2014
	\$	\$	\$	\$
Non refundable deposit	50,000	-	-	50,000
Legal fees	26,739	-	-	26,739
Technical consultants	82,283	5,755	1,132	76,528
Travel and transportation	8,197	-	-	8,197
Other expenses	4,259	39	-	4,220
Ground survey	46,173	46,173	46,173	-
Airborne survey (1)	146,967	-	-	146,967
Tax credits (1)	(68,506)	-	-	(68,506)
	<u>296,112</u>	<u>51,967</u>	<u>47,305</u>	<u>244,145</u>

- (1) Cost of an airborne survey performed on the Hematite Property after the signing of the Purchase Agreement and the related refundable tax credit and refundable mining received in February 2014.

### 6 - EQUITY

#### 6.1 - Capital stock

The capital stock of the Company consists only of fully paid common shares.

##### Authorized

Unlimited number of common shares, without par value, voting and participating.

Unlimited number of preferred shares, without par value, non-participating. The directors will define the rights, privileges, restrictions and conditions of these shares upon issuance.

# Cleghorn Minerals Ltd.

## Notes to Interim Financial Statements

September 30, 2014

(All amounts are expressed in Canadian dollars, unless otherwise noted.)



### 6.2 - Escrowed Shares

The Company issued 3,200,000 common shares (the "Seed Shares") to the founders of the Company in consideration of \$320,000 cash. These shares are subject to an escrow agreement, 10% of the escrowed common shares will be released from escrow on the issuance of the bulletin of the Exchange announcing final acceptance of the Qualifying Transaction (the "Initial Release"). An additional 15% of the escrowed common shares will be released every 6 months following the Initial Release. Any common shares acquired pursuant to the Company Stock Option Plan prior to the completion of the Company's Qualifying Transaction will be deposited in escrow and subject to the same terms. In addition, shares acquired by related parties as part of the Company's initial public offering were also escrowed under the same terms.

In February 2013 in connection with the transfer of the Company's common shares to NEX and as required by the Exchange policy, an aggregate 1,600,000 common shares beneficially owned by the four founder directors of the Company have been cancelled and returned to treasury. As at September 30, 2014, there were 1,625,000 common shares held in escrow (1,625,000 as of March 31, 2014).

For transactions involving common shares between the reporting date and the date of authorization of these financial statements, refer to Note 12- Subsequent Event

### 7 - SHARE-BASED PAYMENTS

The Company has adopted an incentive stock option plan dated May 11, 2010 and amended on December 17, 2010 in accordance with the policies of the TSX Venture Exchange (the "Stock Option Plan") pursuant to which it has granted options to purchase common shares to directors, officers and technical consultants. The options will be exercisable at the price set by the Company's board of directors and for a period of up to ten years from the date of grant, provided that the number of common shares reserved for the Share Option Plan do not exceed ten percent (10%) of the issued and outstanding common shares of the Company and that the option price is not to be lower than the Initial Public Offering share price. Any common share acquired pursuant to the exercise of options prior to the completion of the Qualifying Transaction must be deposited in escrow.

A summary of the status of the Company's incentive stock options is presented below:

	<u>Remaining life</u>	<u>Expiry Date</u>	<u>Options</u>	<u>Exercise price</u>
			Number	\$
Issued on November 16, 2010	6.13 years	Nov 16, 2020	475,000	0.20
Forfeited			(125,000)	
Outstanding and exercisable as at September 30, 2014, March 31, 2014 and September 30, 2013			350,000	

# Cleghorn Minerals Ltd.

## Notes to Interim Financial Statements

September 30, 2014

(All amounts are expressed in Canadian dollars, unless otherwise noted.)



### 7 - SHARE-BASED PAYMENTS (continued)

The fair value of the stock options granted of \$85,753 has been estimated on November 16, 2010, using the Black-Scholes option-pricing model with the following assumptions:

Share price at date of grant	\$0.20
Expected dividend yield	0%
Expected volatility	100%
Risk-free interest rate (based on 10 years Canada Bonds)	3.07%
Expected life	10 years

### 8 - FAIR VALUE MEASUREMENT

The carrying value of cash, term deposit and accounts payable and accrued liabilities are considered to be reasonable approximation of fair value because of the short-term maturity of these instruments.

### 9 - LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period divided by the weighted average number of shares in circulation during the period. In calculating the diluted loss per share, potential common shares such as share options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antidilutive. Details of share options issued that could potentially dilute earnings per share in the future are given in Note 7.

Both the basic and diluted loss per share have been calculated using the loss attributable to owners of the Company as the numerator, i.e. no adjustment to the loss were necessary in either of the six month periods ended September 30, 2014 and 2013.

	September 30, 2014	September 30, 2013
Loss for the period attributable to the owners of the Company	\$75,972	\$47,581
Weighted average number of shares outstanding (1)	2,800,500	2,800,500
Basic and diluted loss per share	<u>\$0.027</u>	<u>\$0.017</u>

For transactions involving common shares between the reporting date and the date of authorization of these financial statements, refer to Note 12- Subsequent Event

(1) Seed shares are excluded from weighted average number of shares outstanding because they are considered as contingently issuable share until the qualifying transaction occurs.

# Cleghorn Minerals Ltd.

## Notes to Interim Financial Statements

September 30, 2014

(All amounts are expressed in Canadian dollars, unless otherwise noted.)



### 9 - PROFESSIONAL FEES

	September 30,	
	2014	2013
	\$	\$
Audit, tax and accounting fees	15,600	17,940
Legal fees	1,394	2,848
Regulatory and transfer agent fees	7,200	9,789
	24,194	30,577

### 10 - RELATED PARTY TRANSACTIONS

#### *Transaction with key management*

Key management includes members of the Board of Directors. There was no related party transaction during the periods ended September 30, 2014 and 2013.

Refer to Note 12 - Subsequent Event, for proposed transaction involving related party interests.

### 11 - CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives in managing capital is to safeguard its ability to continue its operations as well as identify an appropriate business for acquisition or investment. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares to improve its financial performance and flexibility.

The Company's capital is composed of its equity. The Company is not subject to any externally imposed capital requirements.

### 12 - SUBSEQUENT EVENT

#### *Meech Lake Matachewan Prospect a) Description of the property*

On October 14, 2014, the Company entered into a letter of agreement with 2973090 Canada Inc. to acquire a 100% undivided interest in the Meech Lake Matachewan Prospect. The Meech Lake Matachewan Prospect consists of three (3) mining claims situated in the Argyle, McNeil and Robertson Townships, approximately 25 KM Northwest of Matachewan in Northeastern Ontario. Previous exploration work indicated the property to include several precious and base metal showings with good potential for anomalous Nickel, Copper and Platinum Group Elements.

# Cleghorn Minerals Ltd.

## Notes to Interim Financial Statements

September 30, 2014

(All amounts are expressed in Canadian dollars, unless otherwise noted.)



### *Meech Lake Matachewan Prospect b) Proposed transaction*

As consideration for the property, the Company shall, on the closing of the acquisition, a) pay to the Vendor \$5,000 (representing staking fees with respect to the property), b) issue an aggregate of 9,000,000 common shares at a deemed price of \$0.05 per share, c) grant the Vendor a 3% net smelter royalty on the property.

The transaction is subject to the following conditions: a) the Company obtaining approval of the transaction by its minority shareholders, its board of directors and amongst others by the regulatory authorities, b) the Vendor providing the Company with a title opinion satisfactory to the Company, and c) a Technical Report with respect to the property prepared in accordance with the requirements of NI 43-101 that recommends a work program of at least \$200,000 and indicates that at least \$100,000 of expenditures have been incurred on the property.

### *Meech Lake Matachewan Prospect c) Non-arm's length transaction*

The Vendor is a privately held mineral exploration company 100% owned by Glenn J. Mullan, who is also the president, CEO, secretary and a director of the Company. In addition, in case of a successful closing of the transaction, other officer and directors of the Company would be receiving some of the shares to be issued by the Company in payment of the property