

# ALQ GOLD

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C O R P O R A T I O N

## Condensed Interim Financial Statements Nine Months Ended November 30, 2014 and 2013

(Formerly Alpha Gold Corp.)

(Expressed in Canadian Dollars)

(Unaudited)

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**NOTICE OF NO AUDITOR REVIEW**

The accompanying unaudited condensed interim financial statements of the Company for the Nine months ended November 30, 2014 and comparatives for the Nine months ended November 30, 2013 were prepared by management and have not been reviewed or audited by the Company's auditors.

ALQ Gold Corp.  
(Exploration Stage Company)  
Condensed Interim Statements of Loss and Comprehensive Loss  
Expressed in Canadian dollars

	Note	Three Months Ended		Nine Months Ended	
		November 30, 2014	November 30, 2013	November 30, 2014	November 30, 2013
<b>Operating Expenses</b>					
Consulting and management fees		\$ 12,501	\$ 15,001	\$ 37,503	\$ 42,503
Professional fees		7,991	13,472	24,478	27,112
Office, printing and miscellaneous		9,185	9,293	27,575	29,576
Regulatory fees and transfer fees		6,109	11,968	16,507	22,630
Shareholder relations		-	426	-	8,882
Share-based payments	8(e)	3,697	-	19,865	-
Insurance		1,406		4,235	6,727
Rent	9	1,500	1,500	4,500	4,500
Communications		-	174	258	449
Travel and promotion		-	94	149	418
Depreciation		1,744	1,744	5,232	5,232
<b>Total Operating Expenses</b>		<b>44,133</b>	<b>53,672</b>	<b>140,302</b>	<b>148,029</b>
<b>Other Items</b>					
Interest income		(1,614)	(843)	(1,614)	(843)
General exploration		-	1,500	-	1,500
Sundry income		-	1,786	-	(38,514)
Interest expenses, bank charges and foreign exchange		21	35	115	155
<b>Total Other Items</b>		<b>(1,593)</b>	<b>2,478</b>	<b>(1,499)</b>	<b>(37,702)</b>
<b>Net Loss and Comprehensive Loss for the Period</b>		<b>\$ 42,540</b>	<b>\$ 56,150</b>	<b>\$ 138,803</b>	<b>\$ 110,327</b>
Loss per share - basic and diluted		\$ 0.008	\$ 0.012	\$ 0.025	\$ 0.001
Weighted average number of common shares		5,518,670	4,723,670	5,518,670	4,723,670

ALQ Gold Corp.  
(Exploration Stage Company)  
Condensed Interim Statements of Financial Position  
Expressed in Canadian dollars

	Note	November 30, 2014	February 28, 2014
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 123,346	\$ 182,509
Receivables		5,083	14,930
Prepaid and deposits		2,706	5,200
		<b>131,135</b>	<b>202,639</b>
<b>Non-current</b>			
Mineral properties	5	11,691,291	11,688,141
Reclamation bond	6	30,000	30,000
Equipment	7	5,851	11,083
		<b>11,727,142</b>	<b>11,729,224</b>
<b>Total Assets</b>		<b>\$ 11,858,277</b>	<b>\$ 11,931,863</b>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	9	\$ 68,105	\$ 22,753
Flow-through share premium		7,950	7,950
		<b>76,055</b>	<b>30,703</b>
<b>Non-current</b>			
Deferred income tax liability		<b>1,086,994</b>	<b>1,086,994</b>
		<b>1,163,049</b>	<b>1,117,697</b>
<b>Shareholders' Equity</b>			
Share capital	8	17,196,444	17,196,444
Share-based payments reserve		692,899	673,034
Deficit		(7,194,115)	(7,055,312)
<b>Total Shareholders' Equity</b>		<b>10,695,228</b>	<b>10,814,166</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 11,858,277</b>	<b>\$ 11,931,863</b>

Approved on behalf of the Board

*"Carl Pines"*

Carl Pines  
Director

*"Neil F. Hummel"*

Neil F. Hummel  
Director

**ALQ Gold Corp.**  
**(Exploration Stage Company)**  
**Condensed Interim Statements of Change in Shareholders' Equity**  
**Expressed in Canadian dollars**

	Share Capital		Share-based			Total
	Shares	Amount	Payments	Reserve	Deficit	Equity
<b>Balance as at February 28, 2013</b>	<b>4,723,670</b>	<b>\$ 17,159,773</b>	<b>\$</b>	<b>663,787</b>	<b>\$ (6,963,620)</b>	<b>10,859,940</b>
Share-based payments	-	-	-	-	-	-
Loss for the period	-	-	-	-	(110,327)	(110,327)
<b>Balance as at November 30, 2013</b>	<b>4,723,670</b>	<b>\$ 17,159,773</b>	<b>\$</b>	<b>663,787</b>	<b>\$ (7,073,947)</b>	<b>10,749,613</b>
<b>Balance as at February 28, 2014</b>	<b>5,518,670</b>	<b>17,196,444</b>		<b>673,034</b>	<b>(7,055,312)</b>	<b>10,814,166</b>
Share-based payments	-	-	-	19,865	-	19,865
Loss for the period	-	-	-	-	(138,803)	(138,803)
<b>Balance as at November 30, 2014</b>	<b>5,518,670</b>	<b>\$ 17,196,444</b>	<b>\$</b>	<b>692,899</b>	<b>\$ (7,194,115)</b>	<b>10,695,228</b>

ALQ Gold Corp.  
(Exploration Stage Company)  
Condensed Interim Statements of Cash Flows  
Expressed in Canadian dollars

	Nine Months Ended	
	November 30, 2014	November 30, 2013
<b>Cash provided by (used for):</b>		
<b>Operating Activities</b>		
Net loss for the year	\$ (138,803)	\$ (110,327)
Items not involving cash:		
Depreciation	5,232	5,232
Share-based payments	19,865	-
	(113,706)	(105,095)
Changes in non-cash working capital		
Receivables	9,847	3,127
Prepaid and deposits	2,494	5,214
Accounts payable and accrued liabilities	45,352	8,951
	57,693	17,292
<b>Cash Used in Operating Activities</b>	<b>(56,013)</b>	<b>(87,803)</b>
<b>Investing Activities</b>		
Mineral properties	(3,150)	96,264
<b>Cash Provided by (Used in) Investing Activities</b>	<b>(3,150)</b>	<b>96,264</b>
<b>Financing Activity</b>		
<b>Cash Provided by Financing Activities</b>	<b>-</b>	<b>-</b>
<b>Decrease in Cash During the Period</b>	<b>(59,163)</b>	<b>8,461</b>
<b>Cash and Cash Equivalents, Beginning of the Period</b>	<b>182,509</b>	<b>185,004</b>
<b>Cash and Cash Equivalents, End of the Period</b>	<b>\$ 123,346</b>	<b>\$ 193,465</b>

Supplemental cash flow information - Note 12

**1. Nature and Continuance of Operations**

ALQ Gold Corp. (the "Company") was incorporated under the laws of British Columbia, Canada, on February 25, 1985. The Company is primarily engaged in the acquisition, exploration and development of mineral properties located in Canada.

On August 19, 2013, the Company changed its name from Alpha Gold Corp. to ALQ Gold Corp. and effective market opening on the same day on the TSX Venture Exchange, the Company's shares began trading under the name ALQ Gold Corp. ("ALQ").

Effective August 20, 2013, the Company completed a consolidation of its outstanding share capital on a basis of one post-consolidation share for every ten pre-consolidation shares, approved by the shareholders at the Company's Annual General and Special Meeting held on August 28, 2012. All references to the number of common shares, options and warrants have been adjusted retrospectively.

The Company's corporate office and principal place of business is 410 Donald Street, Coquitlam, British Columbia, Canada V3K 3Z8.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that any of the Company's current or future exploration programs will result in profitable mining operations. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete their exploration and development, and establish future profitable operations, or realize proceeds from their sale. The carrying value of the Company's mineral properties does not reflect present or future value.

These condensed interim financial statements were prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at November 30, 2014, the Company had working capital of \$63,030 (February 28, 2014 - \$171,936). The Company incurred a net loss of \$138,803 for the Nine months ended November 30, 2014 (November 30, 2013 - \$110,327) and had an accumulated deficit of \$7,194,115 as at November 30, 2014 (November 30, 2013 - \$7,073,947).

The Company has relied mainly upon the issuance of share capital to finance its activities. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. The Company will be required to issue share capital to finance its future activities through private placements and the exercise of options and warrants, and is actively seeking additional equity financing. There can be no assurance that such financing will be available to the Company. Inability to secure future financing would have a material adverse effect on the Company's business, results of operations and financial condition.

These condensed interim financial statements do not include the adjustments to assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

## **2. Basis of Preparation**

These condensed interim financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), and in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting, which means they do not include all of the information required for full annual financial statements. Except for cash flow information, these condensed interim consolidated financial statements were prepared on a historical cost basis using the accrual basis of accounting.

The condensed interim financial statements were approved and authorized for issue by the Board of Directors on January 28, 2015.

The Company’s functional and presentation currency is the Canadian dollar.

## **3. Changes to the accounting policies**

The adoption of the following standards has not had a significant impact on the Company’s financial position or performance.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)
- Annual Improvements 2010-2012 Cycle

Made amendments to the following standards:

- IFRS 2 — Amends the definitions of “vesting condition” and “market condition” and adds definitions for “performance condition” and “service condition”
- IFRS 3 — Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date
- IFRS 8 — Requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly
- IFRS 13 — Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only)
- IAS 16 and IAS 38 — Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount
- IAS 24 — Clarify how payments to entities providing management services are to be disclosed

## **4. Financial Instruments**

### **(a) Categories of Financial Instruments**

The Company’s financial instruments include cash and cash equivalents, reclamation bond, and accounts payable and accrued liabilities.

**4. Financial Instruments, continued**

The Company has classified its financial instruments into the following categories:

Financial Instrument	Category	Carrying Value
Cash and cash equivalents	FVTPL	Fair Value
Reclamation Bonds	Loans and Receivables	Amortized Cost
Accounts Payable and Accrued Liabilities	Other Financial Liabilities	Amortized Cost

**(b) Fair Value**

The carrying values of cash and cash equivalents and accounts payable and accrued liabilities estimate their fair values due to the short period to maturity. The reclamation bond is non-interest-bearing, has no maturity date and its carrying value approximates fair value.

**(c) Financial Risk Management**

The Company's risk exposure and the impact on its financial instruments are summarized as follows:

**(i) Liquidity Risk**

Liquidity risk is the risk that the Company will be unable to meet financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due by forecasting cash flows for operations and anticipated investing and financing activities and through management of its capital structure. Of the Company's financial liabilities, \$68,105 have contractual maturities of less than 90 days (February 28, 2014 - \$22,753).

As at November 30, 2014, the Company's unrestricted cash balance of \$75,646 would not be sufficient to meet the cash requirements for the Company's administrative overhead, maintaining its mineral interests and continuing with its exploration program in the following twelve months. \$47,700 is restricted for exploration expenses. The Company will be required to raise additional capital in the future to fund its operations.

**(ii) Currency Risk**

The Company is exposed to currency risk to the extent expenditures incurred or funds received and balances maintained by the Company are denominated in currencies other than the Canadian dollar. The Company does not use any hedges or other derivatives to mitigate the risk against foreign exchange fluctuations.

As at November 30, 2014, the Company had no amounts receivable or payable in foreign currencies, and accordingly, is not exposed to currency risk.

4. Financial Instruments, continued

(c) Financial Risk Management, continued

(iii) Interest Rate Risk

In respect of the Company's financial assets, interest rate risk mainly arises from the interest rate impact on cash and cash equivalents and reclamation bond. As at November 30, 2014, the Company's exposure is immaterial.

(iv) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk mainly in respect to managing its cash position, which is held with Canadian financial institutions. The Company mitigates credit risk by risk management policies that require cash deposits or short-term investments be invested with Canadian chartered banks rated BBB or better, or commercial paper issuers R1/A2/P2 or higher. All investments must be less than one year in duration.

(v) Other Price Risk

Other price risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to other price risk.

5. Mineral Properties

	November 30, 2014	February 28, 2014
Acquisition costs	\$ 513,682	\$ 513,682
Deferred expenditures (Schedule)	11,177,609	11,174,459
	\$ 11,691,291	\$ 11,688,141

Lustdust Claims

- i) On July 15, 1989, the Company acquired a 100% interest in certain mineral claims located in the Omineca Mining Division, British Columbia, for cash of \$170,000. The vendor retains a 3% net smelter return royalty ("NSR").
- ii) On February 21, 1992, the Company acquired a 100% interest in certain mineral claims located in the Omineca Mining Division for \$100,000 cash and 20,000 shares of the Company at a fair value of \$6.00 each (previously subject to a 5% net profit interest to a maximum of \$100,000 and a 2% NSR). In July 2003, the company acquired the retained "5% net profit interest and the 2% NSR" for \$150,000 cash.

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Notes to the Financial Statements  
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5. Mineral Properties, continued

iii) The Company's Lustdust Property is currently comprised of 20 "cell" claims, 100% owned by the Company. Ownership is currently secured through 2021 and/or 2022. There is no requirement for NSR or royalties on any of these claims.

Schedule	November 30, 2014	February 28, 2014
<b>Exploration</b>		
Camp expenses	\$ 3,150	\$ 3,855
Geological/geochemical work and reports	-	1,500
	<b>3,150</b>	<b>5,355</b>
BC Mining tax credit	-	<b>(105,838)</b>
Net expenditures (recoveries)	<b>3,150</b>	<b>(100,483)</b>
Balance, beginning of year	<b>11,174,459</b>	<b>11,274,942</b>
Balance, end of the period	<b>\$ 11,177,609</b>	<b>\$ 11,174,459</b>

6. Reclamation Bond

The Company has placed a reclamation bond for \$30,000 (November 30, 2013 - \$30,000) with the British Columbia Ministry of Energy and Mines. The cashable term deposit is for one year without interest and automatic renewal.

ALQ Gold Corp.  
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7. Equipment

	Computer equipment	Furniture and fixtures	Machinery and equipment	Trucks	Total
<b>Cost</b>					
Balance, February 28, 2013	\$ 8,878	\$ 17,282	\$ 23,742	\$ 54,939	\$ 104,841
Additions/Disposals	-	-	-	-	-
Balance, February 28, 2014	8,878	17,282	23,742	54,939	104,841
Additions/Disposals	-	-	-	-	-
Balance, November 30, 2014	\$ 8,878	\$ 17,282	\$ 23,742	\$ 54,939	\$ 104,841
<b>Depreciation</b>					
Balance, February 29, 2013	\$ 7,961	\$ 16,824	\$ 17,133	\$ 47,090	\$ 89,008
Depreciation for the year	276	136	1,982	2,356	4,750
Balance, February 28, 2014	8,237	16,960	19,115	49,446	93,758
Depreciation for the period	294	294	2,124	2,520	5,232
Balance, November 30, 2014	\$ 8,531	\$ 17,254	\$ 21,239	\$ 51,966	\$ 98,990
<b>Carrying amount</b>					
As at February 28, 2013	\$ 917	\$ 458	\$ 6,609	\$ 7,849	\$ 15,833
As at February 28, 2014	\$ 641	\$ 322	\$ 4,627	\$ 5,493	\$ 11,083
As at November 30, 2014	\$ 347	\$ 28	\$ 2,503	\$ 2,973	\$ 5,851

8. Share Capital

(a) Authorized

The authorized capital of the Company is an unlimited number of common shares without par value.

(b) Share issuances

On August 19, 2013, the Company completed a consolidation of its outstanding share capital on a basis of one post-consolidation share for every ten pre-consolidation shares. All comparative figures have been adjusted retrospectively.

There were no share issuances during the nine months ended November 30, 2014 and 2013.

On January 13, 2014, the Company announced the completion of the flow-through private placement of 795,000 flow-through units at \$0.06 per unit for gross proceeds of \$47,700. Each flow-through unit consists of one flow-through common share and one share purchase warrant. Each warrant will entitle the holder to purchase one additional non-flow-through common share at a price of \$0.06 per share for a period of 24 months. The Company incurred \$3,079 as share issue cost for the placement.

ALQ Gold Corp.  
(Exploration Stage Company)  
Notes to the Financial Statements  
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Expressed in Canadian dollars

8. Share Capital, continued

(c) Share purchase warrants

Warrant transactions for the respective years are summarized as follows:

	Number of warrants	Exercise price
Balance, February 28, 2013	-	-
<b>Balance, November 30, 2013</b>	<b>-</b>	<b>-</b>
Warrants issued, expiry January 13, 2016	795,000	0.06
Balance, February 28, 2014	795,000	0.06
<b>Balance, November 30, 2014</b>	<b>795,000</b>	<b>0.06</b>

(d) Stock options

The Company has established a fixed share purchase option plan whereby the Board of Directors may, from time to time, grant options to directors, officers, consultants or service providers to the Company. The maximum aggregate number of plan shares that may be reserved for issuance under the plan at any point in time is 944,734 shares, less any common shares reserved for issuance under share options granted under share compensation arrangements other than the plan, unless the plan is amended pursuant to the requirements of the TSX Venture Exchange policies at the award date. Options granted under the plan may have a maximum term of ten years. The exercise price of an option may not be less than the closing price on the TSX Venture Exchange on the last trading day preceding the grant.

A summary of the Company's options outstanding at November 30, 2014 are as follows (subsequent to the 10:1 consolidation):

Exercise Price	Expiry Date	Balance February 28, 2014	Granted	Cancelled or Expired	Balance November 30, 2014
\$ 2.00	July 20, 2014	90,000	-	90,000	-
\$ 1.00	July 23, 2015	75,000	-	-	75,000
\$ 0.06	February 24, 2019	625,000	-	-	625,000
		790,000	-	90,000	700,000
Weighted average exercise price	\$	0.37	-	2.00	\$ 0.16
Contractual life remaining in years		4.13			3.85

**ALQ Gold Corp.**  
**(Exploration Stage Company)**  
**Notes to the Financial Statements**  
**Nine months ended November 30, 2014 and 2013**  
**Expressed in Canadian dollars**

**8. Share Capital, continued**

**(d) Stock options, continued**

A summary of the Company's options outstanding at November 30, 2013 are as follows (after adjusting for the 10:1 consolidation):

<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Balance February 28, 2013</b>	<b>Cancelled or Expired</b>	<b>Balance November 30, 2013</b>
\$ 2.00	July 20, 2014	145,000	-	145,000
\$ 1.00	July 23, 2015	175,000	45,000	130,000
\$ 1.00	May 30, 2016	100,000	-	100,000
		420,000	45,000	375,000
Weighted average exercise price	\$	1.35	\$ 1.00	1.39
Contractual life remaining in years		2.25		1.48

**(e) Share-based Payments**

During the period ended November 30, 2013, the Company did not grant any stock options to directors, officers, employees and consultants of the Company. During the period ended November 30, 2014 the Company expensed \$19,865 for stock optioned vested from the below option grant.

During the year ended February 28, 2014, the Company granted 625,000 stock options to directors, officers, employees and consultants of the Company. \$9,247 expensed for stock options vested up to February 28, 2014. The fair value of stock options granted of \$0.06 per option was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: dividend yield Nil; expected volatility 172%; risk free interest rate 1.63%; and weighted average life of five years.

**9. Related Party Transactions**

During the period ended November 30, 2014, the Company incurred \$4,500 (November 30, 2013 - \$2,000) for office rental payable to a director and an officer of the Company. \$1,000 plus GST was outstanding as of November 30, 2014.

During the period ended November 30, 2014, the Company paid \$Nil (November 30, 2013 - \$2,500) for office rental to an officer of the Company (retired in June 2013).

As of November 30, 2014, accounts payable included \$5,000 (November 30, 2013 - \$5,000) payable to directors for director's fees, \$39,650 (November 30, 2013 - \$13,126) to a director and an officer of the Company for management and administration services and \$6,437.65 (November 30, 2013 - \$Nil) to a director and officer for financial and operating services.

**9. Related Party Transactions, continued**

The key management personnel of the Company are the directors and officers of the Company. The Company has no long-term employee benefits or post-employment benefits. Compensation awarded to key management during the period ended November 30, 2014 and 2013 are as follows:

	<b>November 30,</b>		<b>November 30,</b>	
	<b>2014</b>		<b>2013</b>	
Short-term employee benefits	\$	64,503	\$	71,003
Share-based payments		19,865		-
Total	\$	84,368	\$	71,003

**10. Capital Management**

The Company includes equity, comprising issued common shares, share-based payment reserve and deficit, in the definition of capital.

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, exploration and development of mineral properties. 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 property in which the Company currently has an interest is in the exploration stage, and as such, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended November 30, 2014. The Company is not subject to externally-imposed capital requirements.

**11. Segmented Information**

The Company reports segmented information based on its operating and geographic segments. The Company's operations are primarily directed towards the acquisition, exploration, and ultimate development of gold and other precious metals with regard to mineral properties held in British Columbia, Canada.

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**ALQ Gold Corp.**  
**(Exploration Stage Company)**  
**Notes to the Financial Statements**  
**Nine months ended November 30, 2014 and 2013**  
**Expressed in Canadian dollars**

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**12. Supplemental Cash Flow Information**

	Nine Months Ended	
	November 30, 2014	November 30, 2013
Cash and cash equivalents is comprised of:		
Cash	\$ 6,968	\$ 8,070
GIC	116,378	185,395
Total cash and cash equivalents	\$ 123,346	\$ 193,465
Cash Items		
Income tax paid	\$ -	\$ -
Interest received	\$ 1,233	\$ 843
Interest paid	\$ -	\$ -
Non-Cash Items		
Interest income accrued	\$ 381	\$ -

**13. Events after the Reporting Period**

No material events after the reporting period.