Lancaster Capital Corp.

Condensed Interim Consolidated Financial Statements

July 31, 2016 and 2015

(Expressed in Canadian Dollars)

(Unaudited)

Lancaster Capital Corp.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	As at July 31, 2016 $	As at October 31, 2015 $
Assets		
Current assets		
Cash	456,955	505,114
Amounts receivable	131	2,625
Available for sale securities (Note 4)	649,115	167,849
	1,106,201	675,588
Exploration and evaluation assets (Note 5)	-	2
	1,106,201	675,590
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	2,756	97,137
Shareholders' equity		
Share capital (Note 6)	3,012,442	2,947,442
Share-based payments reserve	149,684	149,684
Accumulated other comprehensive income	518,376	82,110
Deficit	(2,577,057)	(2,600,783)
	1,103,445	578,453
	1,106,201	675,590

Nature of business and going concern (Note 1)

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

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on September 28, 2016

Lancaster Capital Corp.

Condensed Consolidated Interim Statements of Income and Comprehensive Income (Loss)

(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended July 31,		Nine months ended July 31,	
	2016	2015	2016	2015
	$	$	$	$
Expenses				
Consulting	-	3,000	-	9,000
Office	9,757	1,856	21,707	13,522
Professional Fees	39,990	17,964	52,417	27,389
Loss before other items	(49,747)	(22,820)	(74,124)	(49,911)
Other items				
Gain on sale of available for sale securities	-	3,170	-	8,076
Proceeds from exercise of option (Note 5)	-	-	44,998	-
Settlement of debtors	-	-	52,852	305
Net income (loss)	(49,747)	(19,650)	23,726	(41,530)
Other comprehensive income (loss)	19,585	35,918	436,266	83,151
Comprehensive income (loss)	(30,162)	16,268	459,992	41,621
Net income (loss) per common share - basic and diluted	(0.01)	(0.01)	0.03	(0.01)
Weighted average number of common shares outstanding	15,076,443	3,086,443	14,939,913	3,086,443

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

Lancaster Capital Corp.

Condensed Consolidated Interim Statements of Changes in Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Common Shares				Accumulated	
	Shares	Amount $	Share-based Payments Reserve $	Deficit $	Other Comprehensive Income $	Total $
Balance, October 31, 2014	3,086,443	2,460,477	149,684	(2,553,848)	(12,308)	44,005
Private placement	3,500,000	166,000	-	-	-	166,000
Option expired	-		(30,218)	30,218	-	-
Unrealized gain on available for sale securities	-	-	-	-	83,151	83,151
Net income (loss)	-	-	-	(41,530)	-	(41,530)
Balance, July 31, 2015	6,586,443	2,626,477	119,466	(2,565,160)	70,843	251,626
Balance, October 31, 2015	13,776,443	2,947,442	149,684	(2,600,783)	82,110	578,453
Unrealized gain on available for sale securities	-	-	-	-	436,266	436,266
Exercise of warrants	1,300,000	65,000	-	-	-	65,000
Net income (loss)	-	-	-	23,726	-	23,726
Balance, July 31, 2016	15,076,443	3,012,442	149,684	(2,577,057)	518,376	1,103,445

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

Lancaster Capital Corp.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

Nine months ended	July 31, 2016 $	July 31, 2015 $
Operating		
Net income (loss)	23,726	(41,530)
Adjustments for items not affecting cash:		
Settlement of debt	(52,852)	(305)
Gain on available for sale securities	(44,998)	(8,076)
(Increase) decrease in accounts receivable	2,494	-
Increase (decrease) in accounts payable and accrued liabilities	(41,529)	(7,141)
	(113,159)	(57,052)
Investing		
Funds held in trust	-	(166,000)
	-	(166,000)
Financing		
Cash from exercise of warrants	65,000	-
Proceeds from sale of marketable securities	-	57,312
Proceeds from share issuances	-	166,000
	65,000	223,312
Net change in cash	(48,159)	260
Cash at beginning of period	505,114	7,952
Cash at end of period	456,955	8,212

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

1. Nature of business and going concern

Lancaster Capital Corp. (the "Company"), which changed its name from Long Harbour Exploration Corp. on October 16, 2015, was incorporated under the *Business Corporations Act* (British Columbia) on April 26, 2004. The Company's principal office is located at Suite 3150 - 1021 West Hastings Street, Vancouver, British Columbia V6E 0C3. Since August 5, 2008, the Company has been engaged in acquiring and exploring mineral resource interests in Canada.

The Company continues to evaluate business opportunities in both the mining exploration and non-mining sectors.

These condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") appropriate for a going concern. The going concern basis of accounting assumes the Company will continue to realize the value of its assets and discharge its liabilities and other obligations in the ordinary course of business. Should the Company be required to realize the value of its assets in other than the ordinary course of business, the net realizable value of its assets may be materially less than the amounts shown in the condensed consolidated interim financial statements. These condensed consolidated interim financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that may be necessary should the Company be unable to repay its liabilities and meet its other obligations in the ordinary course of business or continue operations. In the immediate term, the Company's ability to continue as a going concern is dependent upon its ability to raise additional capital to fund its ongoing business operations. As at July 31, 2016, the Company had an accumulated deficit of $ 2,577,057 and working capital of $ 1,103,445 which is sufficient to carry out its current level of business activities and corporate and administrative costs.

2. Statement of compliance and basis of presentation

Statement of Compliance

These condensed consolidated interim financial statements for the nine months ended July 31, 2016 including comparatives, are prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They are in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. They do not include all of the information required by IFRS for annual financial statements, and should be read in conjunction with the Company's financial statements as at and for the year ended October 31, 2015. Accordingly, accounting policies applied other than as disclosed in Note 3 are the same as those applied in the Company's annual financial statements.

Basis of Presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets and derivative liabilities at fair value through profit or loss. The condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company's functional currency, unless otherwise indicated. The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements as disclosed in the notes to the annual audited financial statements of the Company as at October 31, 2015.

(Expressed in Canadian Dollars)

2. Statement of compliance and basis of presentation - continued

The condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary, 0930646 British Columbia Ltd. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. They are de-consolidated from the date that control by the Company ceases.

3. Significant accounting policies

The accounting policies of the Company are set out in Note 3 to the annual audited consolidated financial statements as at and for the year ended October 31, 2015. The reader is referred to those statements for a detailed discussion of the accounting policies. These condensed consolidated interim financial statements as at and for the nine-month period ended July 31, 2016 have been prepared in accordance with the policies described in the annual audited consolidated financial statements, which have been applied consistently to these financial statements.

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

4. Available for sale securities

Available for sale securities consist of common shares of NexGen Energy Ltd. ("NexGen"), a corporation whose common shares are listed on the Toronto Stock Exchange.

The estimated fair value of NexGen common shares is based on published closing prices.

	$	$	$
	Cost	Unrealized holding (loss) gain	Book value
October 31, 2015			
229,930 common shares	85,764	82,085	167,849
July 31, 2016			
279,791 common shares	130,764	518,351	649,115

(Expressed in Canadian Dollars)

5. Exploration and evaluation assets

During 2016, NexGen exercised its option to acquire the remaining 25% of the 2Z Lake and Madison properties. The Company received 49,861 NexGen common shares, which were accounted for at their estimated fair value of $45,000.

6. Share capital

The Company's authorized share capital is an unlimited number of common shares without par value. All issued common shares are fully paid.

a. **Warrants**

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Share purchase warrants	Weighted average exercise price $
Balance, October 31, 2014	1,300,000	0.05
Issued	10,690,000	0.05
Balance, October 31, 2015	11,990,000	0.05
Exercised	(1,300,000)	0.05
Balance, July 31, 2016	10,690,000	0.05

As at July 31, 2016, the Company had the following warrants outstanding:

Expiry dates:	Exercise price $	Number
October 15, 2020	0.07	2,000,000
October 15, 2020	0.05	5,190,000
July 28, 2020	0.05	3,500,000
		10,690,000

The weighted average remaining contractual life of the outstanding warrants at July 31, 2016 was 4.14 years (2015 - 1.13).

(Expressed in Canadian Dollars)

7. Share-based payments

The Company may award share options to directors, officers, employees and consultants in accordance with the TSX Venture Exchange's policies. Awarded share options may be exercisable for up to ten years at exercise prices determined by the Board of Directors (the "Board") at the time of award. The vesting schedule, if any, applicable to a grant of share options is at the discretion of the Board. The Company's issued share options are limited up to 10% of the Company's issued and outstanding common shares.

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

	Options outstanding	$ Weighted average exercise price
Balance, October 31, 2014	65,000	1.88
Expired	(42,500)	1.75
Balance, October 31, 2015	22,500	2.00
Balance, July 31, 2016	22,500	2.00

As at July 31, 2016, the Company has stock options outstanding and exercisable as follows:

Expiry date:	$ Exercise price	Number of share options outstanding	Number of share options exercisable
September 30, 2016	2.00	22,500	22,500

The weighted average remaining contractual life of the outstanding and exercisable options at July 31, 2016 was 0.17 years (2015 – 1.98).

The Black-Scholes option pricing model requires the input of highly subjective assumptions, particularly as to the expected price volatility of the stock. Changes in these assumptions can materially affect fair value estimates.

8. Management 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 and exploration 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 Company defines capital that it manages as share capital, cash and short-term investments. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

9. Financial instruments

Fair value

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of input described in the following hierarchy:

- Level 1 - applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 - applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 - applies to assets or liabilities for which there are unobservable market data.

The Company's financial instrument recorded at fair value consists of cash, amounts receivable and available for sale securities and are measured based on Level 1 inputs.

The fair value of accounts payable and accrued liabilities approximates their fair value due to their short-term nature.

Financial risk management objectives and policies

The Company's financial instruments include cash, amounts receivable, available for sale securities, and accounts payable and accrued liabilities. The risks associated with these financial instruments and the policies regarding their management are discussed below. Management monitors these risk exposures to ensure appropriate measures are implemented in a timely and effective manner.

Interest rate risk

The Company is not exposed to significant interest rate risk.

Credit risk

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations. The credit risk associated with cash is believed to be minimal as cash is on deposit with Canadian banks that are believed to be creditworthy. Amounts receivable is comprised of amounts due from the Government of Canada. The Company does not believe it is exposed to significant credit risk.

9. **Financial instruments** - continued

Liquidity risk

Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. The Company manages its liquidity by continuously monitoring and forecasting cash flows from operations and anticipating any investing and financing activities.