ATEBA RESOURCES INC.

(An Exploration Stage Enterprise)

FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013
(Stated in Canadian dollars)

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(An Exploration Stage Enterprise)

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JONES & O'CONNELL LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

43 CHURCH ST., SUITE 500, P.O. BOX 1237
ST. CATHARINES, ON L2R 7A7
PHONE: (905) 688-4842 • FAX: (905) 688-1746

Independent Auditor's Report

To the Shareholders of Ateba Resources Inc.

We have audited the accompanying financial statements of **Ateba Resources Inc.**, which comprise the balance sheets as at December 31, 2014 and December 31, 2013 and the statements of loss, comprehensive loss, changes in equity 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit 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 our 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, we consider 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 purposes 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 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 financial statements present fairly in all material respects, the financial position of Ateba Resources Inc. as at December 31, 2014 and December 31, 2013 and its financial performance and its 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 2 of the financial statements which indicates that Ateba Resources Inc. has incurred losses for the years ended December 31, 2014 and December 31, 2013. This fact, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Jones & O'Connell LLP

Jones & O'Connell LLP
Chartered Professional Accountants
Licensed Public Accountants

April 30, 2015
St. Catharines, Ontario

ATEBA RESOURCES INC.
(An Exploration Stage Enterprise)

BALANCE SHEETS
(Stated in Canadian dollars)

ASSETS

	December 31 2014	December 31 2013
CURRENT		
Cash and cash equivalents	$ 6,997	$ 3,736
Accounts receivable	4,624	6,213
	11,621	9,949
INTEREST IN MINING PROPERTIES (note 5)	1,452,584	2,832,475
	$ 1,464,205	$ 2,842,424

LIABILITIES

	December 31 2014	December 31 2013
CURRENT		
Accounts payable and accrued liabilities	$ 691,265	$ 469,984

SHAREHOLDERS' EQUITY

	December 31 2014	December 31 2013
CAPITAL STOCK (note 7)	24,893,301	24,889,291
WARRANTS (note 8)	2,901	1,440
CONTRIBUTED SURPLUS	900,550	899,110
DEFICIT	(25,023,812)	(23,417,401)
	772,940	2,372,440
	$ 1,464,205	$ 2,842,424

GOING CONCERN (note 2 (b))

Approved by the Board:

Signed "*Peter J. Evans*" __________, Director
Peter J. Evans

Signed "*William P. Dickie*" ______, Director
W.P. Dickie

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

ATEBA RESOURCES INC.
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STATEMENTS OF LOSS
(Stated in Canadian dollars)

FOR THE YEARS ENDED DECEMBER 31

	2014	2013
REVENUE		
Interest	$ -	$ 121
EXPENSES		
Office, general and investor relations	87,314	170,615
Directors' fees	12,000	18,000
Consulting fees	63,000	63,000
Professional fees	20,000	17,000
Stock-based compensation (note 7(b))	-	8,820
Loss on disposal of marketable securities	-	1,306
Write down of interest in mining properties	1,424,097	-
	1,606,411	278,741
LOSS FOR THE YEAR	$ 1,606,411	$ 278,620
Basic and fully diluted loss per share (note 7(c))	$ 0.03	$ 0.00

STATEMENTS OF COMPREHENSIVE LOSS
(Stated in Canadian dollars)

FOR THE YEARS ENDED DECEMBER 31

	2014	2013
Loss for the year	$ 1,606,411	$ 278,620
Other comprehensive income		
Realized loss on disposal of marketable securities	-	(1,305)
Comprehensive loss for the year	$ 1,606,411	$ 277,315

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

ATEBA RESOURCES INC.
(An Exploration Stage Enterprise)

STATEMENTS OF CHANGES IN EQUITY
(Stated in Canadian dollars)

	Common Shares		Warrants					
	Number	Amount	Number	Amount	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
Balance January 1, 2013	57,232,580	$ 24,889,291	7,497,891	$ 401,250	$ 489,500	$ (1,555)	$ (23,138,781)	$2,639,705
Stock options issued	-	-	-	-	9,800	-	-	9,800
Warrants expired	-	-	(7,364,558)	(399,810)	399,810	-	-	-
Proceeds on sale of marketable securities	-	-	-	-	-	250	-	250
Loss on disposal of marketable securities	-	-	-	-	-	1,305	-	1,305
Net loss for the year	-	-	-	-	-	-	(278,620)	(278,620)
Balance December 31, 2013	57,232,580	$ 24,889,291	133,333	$ 1,440	$ 899,110	$ -	$ (23,417,401)	$2,372,440
Shares issued for :								
Mining option agreements	799,999	4,010	799,999	2,901	-	-	-	6,911
Stock options issued	-	-	-	-	-	-	-	
Warrants expired	-	-	(133,333)	(1,440)	1,440	-	-	-
Net loss for the year	-	-	-	-	-	-	(1,606,411)	(1,606,411)
Balance December 31, 2014	58,032,579	$ 24,893,301	799,999	$ 2,901	$ 900,550	$ -	$ (25,023,812)	$ 772,940

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

ATEBA RESOURCES INC.
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STATEMENTS OF CASH FLOWS
(Stated in Canadian dollars)

	2014	2013
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Loss for the year	$ (1,606,411)	$ (278,620)
Add items not affecting cash:		
Stock-based compensation	-	8,820
Loss on disposal of marketable securities	-	1,306
Write down of interest in mining properties	1,424,097	-
Net changes in non-cash working capital balances		
Decrease in accounts receivable	1,589	31,260
Decrease in deposits	-	50,000
Increase in accounts payable and accrued liabilities	221,281	248,410
Cash provided from (used in) operations	40,556	61,176
CASH USED IN INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	-	250
Interest in mining properties	(37,295)	(307,145)
Cash used in investing	(37,295)	(306,895)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Cash provided by financing	-	-
DECREASE IN CASH DURING THE YEAR	3,261	(246,719)
CASH POSITION AT THE BEGINNING OF THE YEAR	3,736	249,455
CASH POSITION AT THE END OF THE YEAR	$ 6,997	$ 3,736
Cash and cash equivalents are comprised of the following:		
Deposits with bank	$ 6,997	$ 3,736
	$ 6,997	$ 3,736

ATEBA RESOURCES INC.
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

(Stated in Canadian dollars)

1. NATURE OF OPERATIONS

The Company is a publicly listed company incorporated in Ontario and its shares are listed on the Canadian Securities Exchange (CSE) (formerly CNSX). It was formed on February 1, 1988 following the amalgamation of two predecessor companies. The Company is primarily engaged in the acquisition and exploration of mineral properties in Canada.

The head office and principal address of the Company are located at 130 King Street West, Suite 3680, Toronto Ontario M5X 1B1.

2. BASIS OF PRESENTATION

(a) Statement of Compliance
These audited financial statements have been prepared using accounting policies consistent with the International Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

(b) Basis of Presentation
The financial statements have been prepared on the historical cost basis. Current assets are recorded at fair value. The comparative figures presented in these financial statements are in accordance with IFRS.

These financial statements have been prepared on the basis that the Company is a going concern, which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations. The ability of the Company to continue operations is dependent upon obtaining the necessary financing to complete the development of its properties. Further, the Company has ongoing operating expenses and there is a material uncertainty that the Company will be able to obtain additional financing in the near or long-term future to cover these amounts given the current market environment for small exploration stage companies, notwithstanding the success of its previous private placements. These financial statements do not include any adjustments related to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company incurred a loss of $1,606,411 for the year ended December 31, 2014 (2013 – $278,620) and has a working capital deficiency of $679,644 as at December 31, 2014 (2013 – $460,035). The ability of the Company to carry out its business plan rests with its ability to secure additional equity and other financing.

These financial statements have been approved by the Board of Directors of the Company on April 30, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of the recoverability of mineral property costs, and the valuation allowance of future tax assets. Actual results could differ from those estimates.

The significant accounting policies are as follows:

(a) Financial Instruments
Financial Instruments are initially recognized at their fair value on a settlement basis when the Company becomes a party to the contractual provisions of the financial instrument or non-financial derivative contract. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy establishes three levels to classify valuation techniques used to measure fair value. Level 1 items are quoted prices in active markets for identical assets or liabilities. Level 2 items are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets or quoted prices that are derived principally from or corroborated by observable market data and other means. Level 3 inputs are unobservable and supported by little or no market activity. The fair value hierarchy gives the highest priority to Level 1 items and the lowest priority to Level 3 items.

Subsequent measurement of financial instruments is based on the classification of the financial instrument as follows:

(i) Fair Value Basis – Profit or Loss
Cash and cash equivalents and deposits are recorded on a fair value basis with any changes in fair value being recorded in profit or loss in other income. Cash and cash equivalents and deposits are managed based on their fair value to the entity in accordance with the company's investment strategy and reported internally at fair value. Transaction costs associated with these items are expensed as incurred. The fair value of cash and cash equivalents are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices in active markets. The fair value of deposits approximates its cost due to its inherent nature and is classified within Level 3 of the fair value hierarchy given that it has no observable market.

(ii) Fair Value Basis – Other Comprehensive Income
Marketable securities are recorded on a fair value basis with any changes in fair value being recorded in other comprehensive loss. Marketable securities are managed based on their fair value to the entity in accordance with the company's investment strategy and reported internally at fair value. The fair value of marketable securities is based upon quoted market prices. Marketable securities are written down only if there is a permanent decline in the anticipated recoverable amount below their cost.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) **Financial Instruments (Continued)**

(iii) Amortized Cost
Accounts receivable are recorded on the balance sheet at amortized cost, with interest being recorded in profit or loss using the effective interest method. The fair value of accounts receivable approximates their recorded amounts due to their short-term maturities.

Accounts payable and accrued liabilities are recorded on the balance sheet at amortized cost, with interest being recorded in net income using the effective interest method. The fair value of accounts payable and accrued liabilities approximated their recorded amounts due to their short-term maturities.

(b) Revenue recognition
Interest income is recognized on an accrual basis; and, profits on the sale of marketable securities are recognized at the time of settlement.

(c) Mining properties
The Company's interests in mining properties are carried at cost as intangible assets on a property-by-property basis. Costs include capitalized expenditures for acquisition, geological surveys, exploration and development. When shares of the Company are issued from treasury as consideration for the acquisition of mining properties, the market value of the shares is considered a cost of acquisition. Costs for each property are written off to the statement of income (loss) if future recovery is determined to be unlikely.

If the economically recoverable mineral reserves are developed, capitalized costs of the related property will be reclassified as mining assets and amortized using the unit of production method. When a mineral property is abandoned, all related costs are written off to operations.

Mining properties are assessed for impairment when facts and circumstances suggest that the carrying value of the mining property may exceed its recoverable amount. When facts and circumstances suggest that the carrying value of the mining property may exceed its recoverable amount, the mining property is written down to its recoverable amount through recognition of an impairment loss.

(d) Income taxes
Future income tax assets and liabilities are determined based on temporary differences between the accounting and tax base of the assets and liabilities, and are measured using substantially enacted tax rates expected to be in effect when these temporary differences are likely to reverse. The amount of future income tax assets recognized is limited to the amount of the benefit that is more likely than not to be realized, and a valuation allowance is applied against any future tax asset if it is more likely than not that the asset will not be realized.

(e) Loss per common share
Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year, including contingently issuable shares which are included when the conditions necessary for issuance have been met. Diluted earnings per share is calculated in a manner similar to basic loss per share, except that the weighted average shares outstanding are increased to include the potentially issuable common shares from the assumed exercise of options and warrants, if dilutive. The number of additional shares included in the calculation is based on the treasury stock method for options.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014
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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Stock option plan
The Company has a stock option plan, which is described in note 7(b). The Company accounts for stock-based compensation using the fair-value method. Under the fair value method, stock-based payments are measured at the fair value of equity instruments and are amortized over the vesting period. The offset to the recorded cost is contributed surplus in shareholders' equity.

If the stock options are exercised, the proceeds are credited to share capital and the fair value at the date of grant is reclassified from contributed surplus to share capital.

(g) Impairment of long-lived assets
Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(h) Asset retirement obligations
The fair value of the liability for an asset retirement obligation is recorded when it is incurred or can be reasonably estimated, and the corresponding increase to the asset is depreciated over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. As at December 31, 2014, the Company has not incurred or committed any asset retirement obligations related to the development of its exploration property.

Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

(i) Share issue costs
Costs incurred in connection with share issuances are charged to capital stock.

(j) Cash and cash equivalents
Cash and cash equivalents on the balance sheet comprise cash at banks and short term deposits with an original maturity of one year or less, which are readily convertible into a known amount of cash.

(k) **Flow Through Shares**
The increment between the prices of a flow through share issued in a private placement over that of a common share is set up as deferred revenue and the related share capital reduced by the same amount pursuant to the IFRS policies adopted in these financial statements. Any increment will be recognized as a gain on sale of tax benefit associated with renounced exploration expenditures in the year that they are made.

(l) **Warrants**
The fair value of warrants issued is estimated on the date of issue using the Black-Scholes calculation based on assumptions for risk free interest rate, expected life of the warrant, price volatility and dividend yield. Warrants related to mining option agreements are capitalized into Interest in Mining Properties. Warrants related to issuance of shares are shown as a reduction in share capital.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014
(Stated in Canadian dollars)

4. MARKETABLE SECURITIES

The Company's marketable securities have been designated as available-for sale and are reported at fair value based on quoted market prices.

Marketable securities consist of shares in publicly traded mining companies.

During the year ended December 31, 2014, the Company recognized a loss of $nil (2013 - $1,306) on sale of marketable securities for proceeds of $nil (2013 - $250).

5. INTEREST IN MINING PROPERTIES

Accumulated mineral property costs have been incurred as follows:

2014

	Balance, beginning of the year	Acquisition	Exploration	Writedown	Balance, December 31, 2014
Elliot Lake	$ 51,432	$ -	$ 1,362	$ -	$ 52,794
Larder Lake Group	2,781,043	40,244	2,600	1,424,097	1,399,790
	$ 2,832,475	$ 40,244	$ 3,962	$ 1,424,097	$ 1,452,584

2013

	Balance, beginning of the year	Acquisition	Exploration	Write down	Balance, December 31, 2013
Elliot Lake	$ 50,076	$ -	$ 1,356	$ -	$ 51,432
Larder Lake Group	2,474,274	149,999	156,770	-	2,781,043
	$ 2,524,350	$ 149,999	$ 158,126	$ -	$ 2,832,475

Elliot Lake

Prior to 2000, the Company had written down its interest in its mineral property in Elliot Lake, Ontario. The Company has not abandoned the property and it incurred deferred costs during the year ended December 30, 2014 of $1,362 (2013 - $1,356) in order to maintain the property interest in good standing.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

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5. INTEREST IN MINING PROPERTIES (Continued)
Larder Lake Group

In 2010, the Company signed three Mining Option Agreements (the "Agreements") whereby the Company can earn up to a 100% interest in certain mining claims in McVittie, Ossian and Katrine Townships, Ontario over a four year period. These agreements were amended in 2011 and 2012. The figures for the current period reflect the second extension of commitments as set out in these amending agreements. In 2014, management decided to write down the carrying cost of two of the option agreements to $1 due to poor drilling results and its inability to raise additional capital for future exploration. In order to acquire up to a 100% interest in these claims, the Company must fulfil the following commitments:

	Cash	Share units	Shares	Work commitment
2010	$ 70,000 (fulfilled)	466,668 (fulfilled)	-	$ 83,333 (fulfilled)
2011	90,000 (fulfilled)	333,334 (fulfilled)	66,667 (fulfilled)	450,000 (fulfilled)
2012	73,334	133,334 (fulfilled)	400,001 (fulfilled)	166,667 (fulfilled)
2013	116,666	466,666 (fulfilled)	-	700,000
2014	34,448	333,333 (fulfilled)	-	666,667
2015	-	200,000	-	500,000
Total consideration	$ 384,448	1,933,335	466,668	$ 2,566,667

Each share unit consists of one common share and one common share purchase warrant. Two of the agreements allow that each warrant gives the holder the right to purchase one common share of the Company at the higher of $0.15 or the volume weighted average trading price for the 30 days previous to the issuance. The third agreement allows that each warrant gives the holder the right to purchase one common share of the Company at the higher of $0.30 or the volume weighted average trading price for the 30 days previous to the issuance.

In 2012 and 2013, the Company became delinquent in making payments for a total of $113,333 and issuing share units to one of the optionors of this property. This optionor had agreed to reinstate the terms of the option agreements provided that the Company make periodic payments by specific dates up to and including May 1, 2015. The company was unable to raise this capital and has decided to write down the carrying value for two of its option agreements to $1. The Company is currently attempting to obtain the necessary financing to complete the development of its properties. Subsequent to December 31, 2013, the Company has issued the delinquent share units.

The above properties are subject to a 2% NSR.
In February 2011, the Company acquired 110 staked claim units on approximately 1,760 hectares (4,000 acres). This property is contiguous to its Larder Lake Group. The company is required to spend $nil on this property for the year ended the anniversary date of the agreement, February 7, 2012 and $44,000 per year thereafter. The company decided to write off the carrying value of the staked claims to nil due to its inability to raise capital for future exploration.

Measurement Uncertainty
The carrying values of the Company's mining properties at December 31, 2014 was $1,452,584 after the write of certain properties in 2014 (December 31, 2013 - $2,832,475). Management's review of these carrying values indicated that at December 31, 2014, the properties were not impaired. Management's conclusion is dependent on assumptions about several factors including future operating costs, mineral production levels, future mineral prices and capital equipment needs and costs. Management will continue to monitor the critical factors impacting its impairment analysis and will re-evaluate the carrying value of its long-lived assets as necessary.

(Stated in Canadian dollars)

6. RELATED PARTY INFORMATION

A company controlled by a director charged fees in the year ended December 31, 2014 in the amount of $72,000 (2013 - $138,000), for administrative and bookkeeping services, which are included in office, general and investor relations expense. The contract between Ateba and this company has been amended, allows for a monthly fee of $6,000.

During the year ended December 31, 2014, consulting fees of $60,000 (2013 - $60,000) were charged by the Chief Financial Officer for financial management services.

Total payable to related parties as at December 31, 2014 included in accounts payable is $336,391 (2012 - $135,369).

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. All related parties payables are due on demand, non-interest bearing and are unsecured.

7. CAPITAL STOCK

(a) **Authorized and Issued**

Unlimited number of special shares issuable in series
Unlimited number of common shares

(b) Stock Option Plan

In April 2011, the Company changed its share option plan. The new plan sets out that options to purchase common shares may be granted by the Board of Directors to directors, officers, employees and service providers of the Company for terms up to five years at a price equal to the market price prevailing on the date of the grant. The maximum number of common shares available for issuance under the plan is 10% (5,803,257) of the issued and outstanding common shares, with no more than 5% (2,901,628) being granted to any one person.

When options are issued to employees and consultants for services rendered, a charge is recognized against income or against interest in mining properties for individuals directly related to mining projects, consistent with the recommendation of the CICA Handbook Section adopted by the Company. The Company uses the Black-Scholes option valuation model to value stock options.

The fair value of each option was estimated on the date of grant. Under Black-Scholes, the options issued during 2013 have been valued at $9,800 of which $8,820 was expensed in the Statement of Loss and $980 was capitalized into Interest in Mining. There were no options granted in the year ended December 31, 2014. The following assumptions were used at the measurement date:

	2013
Risk free interest rate	1.50%
Expected life	5 years
Price volatility	240%
Weighted average share price	$0.07
Exercise price	$0.05
Dividend yield	Nil

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

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7. CAPITAL STOCK (Continued)

(b) **Stock Option Plan (Continued)**

Expected volatility has been based on historical volatility of the Company's public shares on a monthly basis.

The following table reflects the continuity of options granted, exercised and expired under the plan:

	Year ended December 31, 2014		Year ended December 31, 2013	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	4,750,000	$ 0.21	2,750,000	$ 0.21
Granted during the year	-	-	2,000,000	$ 0.05
Exercised during the year	-	-	-	-
Expired during the year	1,500,000	$ 0.16	-	-
Outstanding at end of period	3,250,000	$ 0.14	4,750,000	$ 0.14

The following summarizes information on the stock options outstanding:

	Year ended December 31, 2014	Year ended December 31, 2013
Weighted average exercise price	$ 0.14	$ 0.21
Options exercisable as at period end	3,250,000	2,750,000
Weighted average fair value of options granted	$ 0.03	$ 0.10

The following table summarizes the options outstanding at December 31, 2013:

Number of Options	Exercise Price	Expiry Date
200,000	$0.15	November 15, 2015
900,000	$0.30	December 15, 2015
150,000	$0.30	April 5, 2016
2,000,000	$0.05	January 15, 2018
3,250,000		

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014
(Stated in Canadian dollars)

7. CAPITAL STOCK (Continued)

(c) Basic and diluted loss per share

The following table sets forth the computation of basic and diluted loss per share:

	Year Ended December 31, 2014	Year Ended December 31, 2013
Numerator:		
Loss for the period	$ 1,606,411	$ 278,620
Denominator:		
Weighted average common shares outstanding	57,789,294	57,232,580
Basic and diluted loss per share	$ 0.03	$ 0.00

Details of anti-dilutive potential securities outstanding not included in diluted EPS calculations are as follows:

Anti-dilutive potential securities	Year Ended December 31, 2014	Year Ended December 31, 2013
Common shares potentially assumable:		
- pursuant to warrants	799,999	133,333
- under stock options	3,250,000	4,750,000

8. WARRANTS

(a) Mining Option Agreements

As part of the three Larder Lake Group Mining Option Agreements (note 5), the Company issued share units. Each unit consisted of one share and one warrant. Two of the agreements allow that each warrant gives the holder the right to purchase one common share of the Company at the higher of $0.15 or the volume weighted average trading price for the 30 days previous to the issuance. The third agreement allows that each warrant gives the holder the right to purchase one common share of the Company at the higher of $0.30 or the volume weighted average trading price for the 30 days previous to the issuance.

The fair value of each warrant was estimated on the date of issue. There were no warrants issued in the year ended December 31, 2013. Under Black-Scholes, the warrants issued during the year ended December 31, 2014 have been valued at $2,901 and capitalized into the cost of the mining properties, using the following assumptions at the measurement date:

	Year Ended December 31, 2014
Risk free interest rate	1.64%
Expected life	2 years
Price volatility	99% to 101%
Dividend yield	Nil

(Stated in Canadian dollars)

8. WARRANTS (Continued)

(b) Private Placements

The fair value of each warrant was estimated on the date of issue. There were no warrants issued in the years ended December 31, 2013 and 2012.

In June 2012, the Company changed the terms of 5,250,000 $0.12 warrants that were due to expire on July 7, 2012, by extending the term to October 9, 2012 and decreasing the exercise price to $0.05. In December 2012, the Company changed the terms of 7,031,223 $0.25 warrants that were due to expire on December 22, 2012, by extending the term to April 23, 2013 and decreasing the exercise price to $0.05.

Summary

	Year Ended December 31, 2014	Year Ended December 31, 2013
Outstanding at beginning of year	$ 1,440	$ 401,250
Warrants issued		
Mining option agreements	2,901	-
Warrants expired	(1,440)	(399,810)
Outstanding at end of period	$ 2,901	$ 1,440

The following table summarizes the warrants outstanding at December 31, 2014:

Number of Warrants	Exercise Price	Expiry Date
200,000	$0.15	January 28, 2015
133,333	$0.15	February 2, 2015
133,333	$0.15	December 3, 2015
200,000	$0.15	January 28, 2016
133,333	$0.15	February 2, 2016
799,999		

9. INCOME TAXES:

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for tax purposes.

The Company has no future tax liabilities.

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9. INCOME TAXES (Continued)

Future income tax assets arise from the following:

	2014	2013
Future tax assets:		
Resource properties	$ 502,518	$ 114,805
Non-capital loss carry-forwards	621,000	562,203
Capital loss carry-forwards	164,612	164,612
Capital assets	14,832	14,832
Share issue costs	14,052	14,052
Cumulative eligible capital	63,210	63,210
	1,380,224	933,714
Less: valuation allowance	(1,380,224)	(933,714)
Net future income tax assets	$ -	$ -

The Company provided a valuation allowance equal to the future tax assets as it is not presently more likely than not that they will be realized. The Company's income tax expense for each of the years ended is $Nil.

The Company's provision for income taxes differ from the amounts computed by applying the basic current rates to income (loss) for the year before taxes, as shown in the following table:

	2014	2013
Statutory rate applied to income (loss) for the year before income taxes	$ (425,699)	$ (73,834)
Increase (reduction) in taxes resulting from:		
Resource properties	377,386	-
Share issue costs	(10,830)	(10,830)
Other non-deductible item	-	-
Tax loss not benefited	59,143	84,664
Provision for income taxes	$ -	$ -

The company has non-capital loss carryforward, which can be used to reduce future income taxes payable, expiring as follows: 2015 - $83,405; 2026 - $94,939, 2027 - $65,147; 2028 - $280,172; 2029 - $160,753 2030 - $295,282, 2031 - $468,167, 2032 - $400,835, 2033 - $271,516 and 2034 – 223,182. The company also has capital loss carryforward, which can be applied against future capital gains in the amount of $1,242,532. The Company also has Canadian Exploration and Development Expenditures of approximately $3,081,569 and Foreign Resource Expenditures of $267,310 which can be used to reduce taxable income in future years. No benefit from these amounts has been recorded in these financial statements.

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10. SUPPLEMENTARY CASH FLOW INFORMATION

The Company did not pay any income taxes nor interest during either of the years ended December 31, 2014 or 2013.

11. COMPARATIVE FIGURES

Comparative figures have been reclassified to conform to the current period's financial statement presentation.

12. SEGMENTED INFORMATION

The Company conducts its business in a single operating segment being the acquisition, exploration and development of mineral properties. All mineral properties are located in Canada. In addition, all revenues, expenses and other assets are located in Canada.

13. CAPITAL MANAGEMENT

The Company considers its capital to include components of shareholders' equity.

The Company's objectives in managing its capital are: to maintain adequate levels of funding to support its expenditures arising from the Company's investments; to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its properties; to maintain a flexible capital structure for its projects for the benefit of its stakeholders; to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

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 property. The capability of the Company to carry out planned exploration and pay for administrative costs is dependent on its ability to secure additional equity or other financings. The Company will assess properties and seek to acquire properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company's investment policy is to invest excess cash in low risk, highly liquid, short-term interest bearing investments, selected with regards to the expected timing of upcoming expenditures.

The Company expects its current capital resources will be sufficient to carry out its exploration plans, operation plans and operations through its current operating period.

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 years ended December 31, 2014 or 2013. The Company is not subject to externally imposed capital requirements.

14. FINANCIAL INTRUMENTS AND FINANCIAL RISK FACTORS

Fair value
The Company has determined the estimated fair value of its financial instruments based on estimates and assumptions. The actual results may differ from those estimates and the use of different assumptions or methodologies may have a material effect on the estimated fair value amounts.

The fair value of cash and cash equivalents, accounts receivable, deposits and accounts payable and accrued liabilities are comparable to their carrying value due to the relatively short period to maturity of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company's credit risk is primarily attributable to short-term investments and receivables included in current assets. The Company has no material concentration of credit risk arising from operations. Cash and term deposit consist of bank deposits and a guaranteed investment certificate, which have been invested with a Canadian Chartered Bank, from which management believes the risk of loss to be remote. Other credit risk primarily consists of HST receivable. Management believes that credit risk with respect to receivables is minimal.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2014, the Company had cash and cash equivalents of $6,997 (December 31, 2013 - $3,736) to settle accounts payable and accrued liabilities of $691,265 (December 31, 2013 - $469,984). The ability of the Company to continue to pursue its exploration activities is dependent on its ability to secure additional equity or other financing. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and equity prices.

(a) Interest rate risk - The Company has cash and cash equivalents bearing fixed interest rates and no interest bearing debt. The Company's current policy is to invest excess cash in investment-grade term deposit certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit of its bank.

(b) Price risk - the Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

(c) Commodity price risk - the Company is exposed to price risk with respect to commodity prices. Changes in commodity prices will impact the economics of development of the Company's mineral properties. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Sensitivity analysis
As at December 31, 2014, the carrying value amounts of the Company's financial instruments approximates their fair value.