



Lions Gate Metals Inc.
(An Exploration Stage Company)

Interim Condensed Consolidated Financial Statements
For the three month period ended March 31, 2015

(Expressed in Canadian Dollars)

Lions Gate Metals Inc.

March 31, 2015

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. They include appropriate accounting principles, judgment and estimates in accordance with IFRS for interim financial statements

The Company's independent auditors have not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim financial statements by an entity's auditors.

LIONS GATE METALS INC.
(An Exploration Stage Company)
Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars)
As at

	Note	March 31, 2015 \$	December 31 2014 \$
Assets			
Current			
Cash		20,108	50,794
Available-for-sale investments	4	19,153	21,852
Receivables	5	7,316	6,567
Prepaid expenses		2,711	3,211
		49,288	82,424
Equipment	6	18,147	19,579
Reclamation deposit		60,724	61,121
Mineral property interests	7	3,223,760	3,211,920
		3,351,919	3,375,044
Liabilities			
Current			
Accounts payable and accrued liabilities		93,717	90,307
Due to related parties	9	81,831	81,921
		175,548	172,228
Equity			
Share capital	8	21,057,337	21,057,337
Share purchase warrants		250,000	250,000
Contributed surplus		5,452,007	5,452,007
Accumulated other comprehensive income (AOCI)		(49,782)	(43,212)
Deficit		(23,533,191)	(23,513,316)
		3,176,371	3,202,816
		3,351,919	3,375,044

Nature of operations and going concern (Note 1)
Commitment (Note 12)

On behalf of the Board:

“Peter Born”

Director

“Anita Algie”

Director

LIONS GATE METALS INC.
(An Exploration Stage Company)
Interim Consolidated Statements of Income (loss) and Comprehensive Income (loss)
(Expressed in Canadian dollars)

	Note	Three month period ended March 31, 2015 \$	Three month period ended March 31, 2014 \$
Depreciation	6	1,432	1,940
Finance fees and bank charges		32	222
Consulting fees		-	5,403
Filing and transfer agent fees		7,303	3,181
Office, rent and administration		6,000	7,405
Professional fees	9	-	30,367
Salaries and benefits	9	-	35,591
Travel, advertising and promotion		8,979	27,653
Loss before following items		(23,746)	(111,762)
Finance income		-	264
Impairment of available-for-sale investments	4	(3,871)	(14,004)
Loss on sale of investments		-	(199)
Net earnings (loss) for the period		(19,875)	(125,701)
Other comprehensive income (loss)			
Items that may be subsequently classified to net loss			
Fair value adjustment on available-for-sale investments	4	(6,570)	(6,113)
		(6,570)	(6,113)
Total comprehensive income (loss) for the period		(26,445)	(131,814)
Net earnings (loss) per share			
Basic and diluted		(0.01)	(0.02)
Weighted average number of common shares outstanding			
Basic and diluted		7,036,921	7,036,921

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

LIONS GATE METALS INC.
(An Exploration Stage Company)
Consolidated Statements of Equity
(Expressed in Canadian dollars)

	Common Shares	Share Capital	Share purchase warrants	Contributed surplus	AOCI	Deficit	Total
	#	\$	\$	\$	\$	\$	\$
Balance at December 31, 2013	7,036,921	21,057,337	250,000	5,452,007	(22,499)	(20,928,190)	5,808,655
Unrealized loss on available for sale securities	-	-	-	-	(6,113)	-	(6,113)
Loss for the period	-	-	-	-	-	(125,701)	(125,701)
Balance at March 31, 2014	7,036,921	21,057,337	250,000	5,452,007	(28,612)	(21,053,891)	5,676,841
Unrealized loss on available for sale securities	-	-	-	-	(14,600)	-	(14,600)
Loss for the period	-	-	-	-	-	(2,459,425)	(2,459,425)
Balance at December 31, 2014	7,036,921	21,057,337	250,000	5,452,007	(43,212)	(23,513,316)	3,202,816
Unrealized loss on available for sale securities	-	-	-	-	(6,570)	-	(6,570)
Loss for period	-	-	-	-	-	(19,875)	(19,875)
Balance at March 31, 2015	7,036,921	21,057,337	250,000	5,452,007	(49,782)	(23,533,191)	3,176,371

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

LIONS GATE METALS INC.
(An Exploration Stage Company)
Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Three month period ended March 31, 2015	Three month period ended March 31, 2014
	\$	\$
Cash flows from operating activities		
Net loss for the year	(19,875)	(125,701)
Adjustments for:		
Depreciation	1,432	1,940
Impairment of available-for-sale investments	(3,871)	14,004
Gain on sale of available-for-sale investments	-	199
Changes in non-cash working capital items:		
Receivables	(749)	(2,975)
Prepaid expenses and advances	500	(805)
Accounts payable and accrued liabilities	3,410	19,884
Due to related parties	(90)	5,968
Net cash used in operating activities	(19,243)	(87,486)
Cash flows from investing activities		
Mineral property interests	(11,840)	-
Option payment received on mineral property interests	-	100,000
Purchase of available-for-sale investments	-	(12,597)
Proceeds from sale of available-for-sale investments	-	13,125
Reclamation deposit	397	-
Net cash received from (used in) investing activities	(11,443)	100,528
Change in cash for the period	(30,686)	13,042
Cash, beginning of period	50,794	19,341
Cash, end of period	20,108	32,383
Non-cash items excluded from investing activities		
Change in accrued but unpaid exploration and evaluation expenditures	-	-
Shares issued for mineral property interests	-	-

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

LIONS GATE METALS INC.
(An Exploration Stage Company)
Notes to the Interim Consolidated Financial Statements
(Expressed in Canadian dollars)
For the three month periods ended March 31, 2015 and 2014

1. Nature of operations and going concern

Lions Gate Metals Inc. (the “Company”) was incorporated under the Canada Business Corporations Act on March 28, 1980, and is in the business of acquiring, exploring and developing mineral properties. The Company is currently in the exploration stage with mineral properties in Canada. On June 20, 2014 the Company delisted from the TSX Venture Exchange (“TSX-V”) and commenced trading on the Canadian Securities Exchange (“CSE”) on June 23, 2014 under the symbol “LGM”. The Company’s registered and records office is located at #490 – 580 Hornby Street, Vancouver, British Columbia, Canada, V6C 3B6.

The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, future profitable production or disposition thereof, and the ability of the Company to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

These consolidated financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the three month period ended March 31, 2015 the Company incurred a loss of \$19,875 (March 31, 2014: \$125,701) and as of that date the Company’s deficit was \$23,533,191 (March 31, 2014: \$21,053,891). As at March 31, 2015 the Company had a working capital deficit of \$126,260, which may not be sufficient to finance exploration and operating costs over the next twelve months without additional funding.

These conditions may cast significant doubt on the Company’s ability to continue as a going concern. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. Basis of presentation and significant accounting policies

(a) Basis of presentation

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with IFRS issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These condensed consolidated interim financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out in Note 2. All amounts are expressed in Canadian dollars unless otherwise stated.

(b) Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit and loss, loans and receivables, and other financial liabilities. The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of financial assets and liabilities at initial recognition. All financial instruments must be recognized, initially, at fair value on the statement of financial position. Subsequent measurement of the financial instruments is based on their respective classification.

LIONS GATE METALS INC.
(An Exploration Stage Company)
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(Expressed in Canadian dollars)
For the three month periods ended March 31, 2015 and 2014

2. Basis of presentation and significant accounting policies (continued)

(b) Financial instruments (continued)

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets.

Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and Non-derivative financial liabilities are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset has been impaired. The Company had made the following classification of its financial instruments:

Financial assets or liabilities	Measurement category under IAS 39
Cash	Held for trading
Accounts receivables	Loans and receivables
Available for sale investments	Available for sale
Reclamation deposit	Loans and receivables
Trade and other payables	Other liabilities
Due to related parties	Other liabilities

Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

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

Level 3 – Inputs that are not based on observable market data.

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2. Basis of presentation and significant accounting policies (continued)

(c) Mineral property interests

The acquisition costs of mineral property interests and any subsequent exploration and evaluation costs are capitalized until the property to which they relate is placed into production, sold, allowed to lapse or abandoned. Exploration and evaluation costs incurred prior to obtaining ownership, or the right to explore a property, are expensed as incurred as property examination costs. Properties that have close proximity and have the possibility of being developed as a single mine are grouped as projects and are considered separate cash generating units (“CGU”) for the purpose of determining future mineral reserves and impairments.

The acquisition costs include the cash consideration paid and the fair market value of any shares issued for mineral property interests being acquired or optioned pursuant to the terms of relevant agreements. Proceeds received from a partial sale or option of a mineral property interest are credited against the carrying value of the property. When the proceeds exceed the carrying costs the excess is recorded in profit or loss in the period the excess is received. When all of the interest in a property is sold, subject only to any retained royalty interests which may exist, the accumulated property costs are written-off, with any gain or loss included in profit or loss in the period the transaction takes place. No initial value is assigned to any retained royalty interest. The royalty interest is subsequently assessed for value by reference to developments on the underlying mineral property.

Management reviews its mineral property interests at each reporting period for signs of impairment and annually after each exploration season to consider if there is impairment in value taking into consideration current year exploration results and management’s assessment of the future probability of profitable operations from the property, or likely gains from the disposition or option of the property. If a property is abandoned, or considered to have no future economic potential, the acquisition and deferred exploration and evaluation costs are written-off to profit or loss.

Should a project be put into production, the costs of acquisition, exploration and evaluation will be amortized over the life of the project based on estimated economic reserves. If the carrying value of a project exceeds its estimated net realizable value or value in use, an impairment provision is recorded.

Exploration costs renounced to shareholders pursuant to flow-through share subscription agreements remain capitalized, however, for income tax purposes the Company has no right to claim these costs as tax deductible expenses.

When entitled, the Company records refundable mineral exploration tax credits or incentive grants on an accrual basis and as a reduction of the carrying value of the mineral property interest. When the Company is entitled to non-refundable exploration tax credits, and it is probable that they can be used to reduce future taxable income, a deferred income tax benefit is recognized.

(d) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

2. Basis of presentation and significant accounting policies (continued)

(d) Impairment (continued)

(i) Financial assets (continued)

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, this reversal is recognized in profit or loss.

(ii) Non-financial assets

Non-financial assets are evaluated at each reporting period by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the CGU level, the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent that the carrying amount exceeds the recoverable amount. The Company's mineral property interest impairment policy is more specifically discussed in note 2(c) above.

(e) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their trading value at the date the shares are issued.

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Share capital is reduced by the average per-common-share carrying amount, with the difference between this amount and the consideration paid, added to or deducted from contributed surplus.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants, except where there is a related flow-through share premium, as detailed in the next paragraph. Any fair value attributed to the warrants is recorded as contributed surplus.

Common shares, which by agreement are designated as flow-through shares, are usually issued at a premium to non-flow-through common shares. On issue, share capital is increased by only the non-flow-through share equivalent value. Any premium is recorded as a flow-through share premium liability. Pursuant to any flow-through share agreement the Company must renounce its flow-through share exploration expenditures to the flow-through shareholders, and the Company gives up its rights to the income tax benefits on the exploration expenditures. The loss of the tax benefit is recorded as a deferred tax liability and eliminates the original flow-through share premium liability, with the difference, if any, recorded as a deferred income tax expense. In instances where the Company has sufficient deductible temporary differences available to offset the deferred income tax liability created from renouncing the exploration expenditures, the realization of the deductible temporary differences is shown as a recovery in profit or loss in the period of renunciation.

2. Basis of presentation and significant accounting policies (continued)

(f) Share-based payment transactions

The Company has a stock option plan that provides for the granting of options to officers, directors, consultants and related company employees to acquire shares of the Company. The fair value of the options is measured on grant date and is recognized as an expense with a corresponding increase in contributed surplus as the options vest. Options granted to employees and others providing similar services are measured on grant date at the fair value of the instruments issued. Fair value is determined using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis.

Options granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received. On vesting, share-based payments are recorded as an operating expense and as contributed surplus. When options are exercised the consideration received is recorded as share capital. In addition, the related share-based payments originally recorded as contributed surplus are transferred to share capital. When an option is cancelled or expires, the initial recorded value is reversed and charged to deficit.

(g) Environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. The estimated costs arising from the future decommissioning of plant and other site preparation work, discounted to their net present value, are determined, and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates, using a pretax rate that reflect the time value of money, are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted at each period-end, for the unwinding of the discount rate, for changes to the current market-based discount rate and for changes to the amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no known restoration, rehabilitation or environmental costs related to its mineral property interest.

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2. Basis of presentation and significant accounting policies (continued)

(h) Income taxes

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or equity investments.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

(i) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held and for the effects of all dilutive potential common shares related to outstanding stock options and warrants issued by the Company

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(j) Significant accounting estimates and judgments

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and judgments. Those areas requiring the use of management estimates and judgments include:

Estimates

(i) Option or sale agreements, under which the Company may receive shares as payment, require the Company to determine the fair value of the shares received. Many factors can enter into this determination, including, if public shares, the number of shares received, the trading value of the shares, and volume of shares, and if non-public shares, the underlying asset value of the shares, or value of the claims under option or sale. This determination is subjective and does not necessarily provide a reliable single measure of the fair value of the shares received.

(ii) Recorded costs of flow-through share premium liabilities reflect the premium received by the Company on the issue of flow-through shares. The premium is subject to measurement uncertainty and requires the Company to assess the value of non-flow-through shares. This determination is subjective and does not necessarily provide a reliable single measure of the fair value of the premium liability.

(iii) The determination of the fair value of stock options or warrants using stock pricing models requires the input of highly subjective variables, including expected price volatility. Wide fluctuations in the variables could materially affect the fair value estimate; therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.

Judgments

(i) Recorded costs of mineral property interests and deferred exploration and evaluation costs are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount. Management is required, at each reporting period, to review its mineral property interests for signs of impairment. This is a highly subjective process taking into consideration exploration results, metal prices, economics, financing prospects and sale or option prospects. Management makes these judgments based on information available, but there is no certainty that a property is or is not impaired. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

(ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values

3. Future and Recently Adopted Accounting Standards

Recently adopted accounting standards

The following amended or new Standards were issued by the IASB and are effective for the Company's fiscal year beginning on January 1, 2014.

IFRS 10 – Consolidated Financial Statements (amendment) - In October 2012, the IASB issued amendments to this Section, incorporated into the Handbook by the AcSB in January 2013, that introduce an exception for investment entities to the principle that all subsidiaries are consolidated. The amendments define an investment entity and require an investment entity to measure subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement. Consequential amendments were also made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 3 Business Combinations and IAS 7 Statement of Cash Flows. Adoption of this standard did not have an effect on the Company's financial statements.

IFRS 12 – Disclosure of Interests in Other Entities (amendment) - In October 2012, the IASB issued amendments to this Section, incorporated into the Handbook by the AcSB in January 2013, to add disclosure requirements for investment entities. The amendments require an entity to disclose that it meets the definition of an investment entity, if applicable, including significant judgments and assumptions it has made in determining that it is an investment entity. Specific disclosure requirements for information about an investment entity's non-consolidated subsidiaries have also been included. Adoption of this standard did not have an effect on the Company's financial statements.

IAS 32 – Financial Instruments: Presentation (amendment) - This Section was amended by the International Accounting Standards Board (IASB) in December 2011, incorporated into Part I of the CPA Canada Handbook – Accounting (the Handbook) by the Accounting Standards Board (AcSB) in May 2012, to address inconsistencies in applying criteria for offsetting financial assets and financial liabilities. The meaning of the offsetting criterion “currently has a legally enforceable right to set off” has been clarified, to state that the right must not be contingent on future events and must be enforceable in the normal course of business, in event of default and in the event of insolvency or bankruptcy. Additional guidance has been included to clarify the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. Adoption of this standard did not have an effect on the Company's financial statements.

IAS 36 – Impairment of Assets (amendment) - In May 2013, the International Accounting Standards Board (IASB) issued an amendment, incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in September 2013, to IAS 36. These narrow-scope amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. Adoption of this standard did not have an effect on the Company's financial statements.

IAS 39 – Financial Instruments: Recognition and Measurement (amendment) - In June 2013, the International Accounting Standards Board (IASB) issued an amendment, incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in September 2013, to IAS 39. The amendments clarify that novation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations does not terminate hedge accounting. Adoption of this standard did not have an effect on the Company's financial statements.

IFRIC 21 – Levies - In May 2013, the International Accounting Standards Board (IASB) issued IFRIC 21, incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in September 2013, which provides guidance on the accounting for levies within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Adoption of this standard did not have an effect on the Company's financial statements.

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Future accounting standards

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee (“IFRIC”) that are mandatory for accounting periods after March 31, 2015. Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded from the discussion below.

- IFRS 2 – Share Based Payments (amendment);
- IFRS 9 - Financial Instruments;
- IAS 24 – Related Party Disclosures (amendment).

The amendments to IFRS 2, issued by the International Accounting Standards Board (IASB) in December 2013, incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in March 2014, clarify the definition of “vesting conditions” and “market conditions”, and separately define a “performance condition” and a “service condition”. A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments are effective for share-based payment transactions for which the grant date is on or after July 1, 2014. The Company does not expect the implementation to have a significant impact on the Company’s results of operations, financial position and disclosures.

The IASB has issued a new standard, IFRS 9, Financial Instruments (“IFRS 9”), which will ultimately replace IAS 39, “Financial Instruments: Recognition and Measurement” (“IAS 39”). The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments and the issuance of IFRS 9 is part of the first phase of this project. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial assets, the approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 requires a single impairment method to be used, replacing multiple impairment methods in IAS 39. For financial liabilities measured at fair value, fair value changes due to changes in an entity’s credit risk are presented in other comprehensive income. Companies may early adopt IFRS 9 however there is no mandatory application date. The Company does not expect the implementation to have a significant impact on the Company’s results of operations, financial position and disclosures.

The amendments to IAS 24, issued by the International Accounting Standards Board (IASB) in December 2013, incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in March 2014, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014. The Company does not expect the implementation to have a significant impact on the Company’s results of operations, financial position and disclosures.

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4. Available-for-sale investments

Available-for-sale investments consist of investments in equity shares. The fair value of the publicly traded shares has been determined directly by reference to published price quotations in an active market.

Equity shares	March 31, 2015		December 31, 2014	
	Shares	Fair value ¹	Shares	Fair value ¹
	#	\$	#	\$
Permanently impaired				
Copper One Inc.	20,000	300	20,000	200
Coventry Resources Inc.	17,600	88	17,600	88
Catalyst Copper Corp. ²	5,566	1,141	5,566	1,670
Chalice Gold Mines Ltd. ³	8,895	934	8,895	801
Wolf Resource Development Corp.	104,166	12,500	104,166	8,333
Touchstone Gold Ltd.	400,000	2,000	400,000	2,000
		16,963		13,092
Archer Petroleum Corp. ⁴	146,000	2,190	146,000	8,760
		19,153		21,852

¹ Fair value includes original cost less any impairment.

² During the year ended December 31, 2014 Catalyst Copper Corp. completed a 3:1 share consolidation.

³ During the year ended December 31, 2014, Chalice Gold Mines Ltd. ("Chalice") acquired a 100% interest in a property held by Coventry Resources Inc. ("Coventry") in exchange for 46,000,000 common shares of Chalice. These shares were distributed directly to Coventry shareholders on a pro rata basis. The shares were initially fair valued at \$1,421 being the quoted market price at the date of acquisition.

⁴ During the year ended December 31, 2014 the Company purchased an additional 61,000 shares of Archer Petroleum Corp. for cash of \$12,597 and sold 66,000 shares for cash proceeds of \$13,125. The Company recorded a loss on the sale of shares in the amount of \$199.

In prior years, the Company noted a significant or prolonged decline in the fair value of certain investments below cost. As a result of this objective evidence of impairment, the cumulative loss for the equity shares was removed from other comprehensive income and recognized as an impairment loss through net loss. Any further decline in fair value of the same equity shares will continue to be recognized as an impairment loss through net loss. An impairment charge of \$3,871 has been recognized for the three month period ended March 31, 2015 (2014- \$14,004).

During the three month period ended March 31, 2015 a total of \$6,570 (2014- \$6,113) has been recognized as a fair value loss in other comprehensive income for the investment that was not impaired in prior years.

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5. Amounts receivable

	March 31, 2015	December 31 2014
	\$	\$
GST Recoverable	6,157	5,408
Sub-lease of office premises receivable	1,159	1,159
Due from CanU	-	-
	<u>7,316</u>	<u>6,567</u>

6. Equipment

	Computer Equipment
	\$
Cost	
Balance, December 31, 2014 and March 31, 2015	<u>56,594</u>
Accumulated depletion and depreciation	
Balance, December 31, 2014	37,015
Amortization	1,432
Balance, December 31, 2014	<u>38,447</u>
Net book value	
March 31, 2015	18,147
December 31, 2014	<u>19,579</u>

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7. Mineral property interests

	Province of Saskatchewan			Total
	Poplar	Whitford Lake	Howard Lake	
	\$	\$	\$	\$
Balance, December 31, 2014	2,891,520	305,000	15,400	3,211,920
Acquisition costs				
Paid in cash	-	-	-	-
Cash received	-	-	-	-
Paid in available-for-sale investments	-	-	-	-
Deferred exploration expenditures				
Storage	-	-	-	-
Consulting	-	-	11,840	11,840
Write down of mineral property	-	-	-	-
Balance, March 31, 2015	2,891,520	305,000	27,240	3,223,760

	Province of Saskatchewan			Total
	Poplar	Whitford Lake	Howard Lake	
	\$	\$	\$	\$
Balance, December 31, 2013	5,186,180	435,000	-	5,621,180
Acquisition costs				
Paid in cash	(49,947)	-	-	(49,947)
Cash received	-	(130,000)	-	(130,000)
Paid in available-for-sale investments	-	-	1	1
	(49,947)	(130,000)	1	(179,947)
Deferred exploration expenditures				
Storage	7,575	-	-	7,575
Consulting	-	-	15,399	15,399
Write down of mineral property	(2,252,288)	-	-	(2,252,288)
Balance, March 31, 2014	2,891,520	305,000	15,400	3,211,920

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7. Mineral property interests (continued)

Poplar mineral property

In prior years, the Company entered into various option agreements to acquire a 100% interest in certain mineral claims, known as the Poplar mineral property interest ("Poplar 1, 2 and 3"), situated in the Omineca Mining District of B.C. The Company has met all required cash payments and share issuances related to these option agreements, and have staked additional adjacent hectares ("Poplar 4") (collectively, "Poplar").

The Poplar 2 and 3 properties are subject to a 1% NSR which can be purchased by the Company for \$1,000,000 and \$100,000 respectively less any NSR amounts previously paid.

During the year ended December 31, 2014 the Company entered into an agreement with Glenmark Capital Corp. ("Glenmark") to option a 100% interest, subject to existing royalties, in the Poplar property. The President of the Company is also a director and vice president of Glenmark. Under the terms of the agreement, Glenmark can acquire a 100% interest by:

- (a) Paying \$50,000 on or before December 22, 2014 (paid);
- (b) Paying \$100,000 on or before June 1, 2015;
- (c) Paying \$200,000 on or before December 22, 2015;
- (d) Paying \$500,000 on or before December 22, 2016;
- (e) Paying \$500,000 on or before December 22, 2017;
- (f) Paying \$1,650,000 on or before December 22, 2018;
- (g) Completing \$3,000,000 in exploration expenditures on the mineral claims within four years of signing the agreement.

On April 28, 2015, the Company amended its agreement with Glenmark Capital Corp. Under the amended agreement, Glenmark can acquire 100% interest by:

- (a) Paying \$50,000 on or before December 22, 2014 (paid);
- (b) 1,500,000 common shares issued upon TSX Venture Exchange Approval (issued with fair value of \$195,000);
- (c) Paying \$200,000 on or before June 22, 2016;
- (d) Paying \$500,000 on or before June 22, 2017;
- (e) Paying \$500,000 on or before June 22, 2018;
- (f) Paying \$1,650,000 on or before June 22, 2019;
- (g) Completing \$3,000,000 in exploration expenditures on the mineral claims within four years of signing the agreement.

TSX Venture Exchange approval was received for the amended agreement on May 11, 2015.

The gross proceeds to the Company resulting from the earn-in agreement with Glenmark are \$3,000,000 over the next four years. The Company recorded an impairment of \$2,252,288 amounting to the difference between the discounted cash flows receivable from the earn-in agreement and the carrying value of the property at December 31, 2014.

Whitford Lake mineral property

Pursuant to the terms of an Option Agreement dated February 18, 2013, and amended on August 26, 2013, with St. Jacques Mineral Corp., the Company has agreed to acquire an undivided 100% interest in the Whitford Lake Property located in the Athabasca Basin in Saskatchewan. In September 2013, the Company entered into a Whitford Lake Option Assignment Agreement with CanU, which was later amended on December 1, 2013 and August 18, 2014, whereby it would transfer all of its interest in the Whitford Lake Option Agreement to CanU.

This property is subject to a 1% NSR one half of which can be purchased by the Company for \$750,000 less any NSR amounts previously paid.

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During the year ended December 31, 2013 the Company recorded a write down of \$119,000 with respect to the Whitford Lake mineral property.

7. Mineral property interests (continued)

The following share issuances and cash payments are currently required pursuant to the terms of the Option Agreement and Option Assignment Agreement:

Payable or issuable to:	Payable or issuable by Lions Gate Metals Inc.	Payable or issuable by Can U
St. Jacques Mineral Corp.	Issuance of 625,000 common shares (issued).	N/A
St. Jacques Mineral Corp.	\$300,000 in non-refundable cash payments (paid)	\$100,000 in non-refundable cash payments (paid)
Lions Gate Metals Inc.	N/A	Issuance of 4,500,000 CanU common shares (issued) - Note 4
Lions Gate Metals Inc.	N/A	\$60,000 in non-refundable cash payments (paid)
Lions Gate Metals Inc.	N/A	\$200,000 within 2 days following CanU completing any equity offering generating gross proceeds in excess of \$600,000 (\$155,000 paid at December 31, 2014)
Lions Gate Metals Inc.	N/A	\$100,000 due by December 31, 2014 and \$160,000 due November 1, 2015, being thirteen months from the date that CanU was acquired by Uranium Standard Resources Ltd., a Canadian public company.
St. Jacques Mineral Corp.	Obligation transferred to CanU	\$750,000 in non-refundable cash payments due by February 18, 2017.
St. Jacques Mineral Corp.	Obligation transferred to CanU	\$3,000,000 of qualifying exploration expenditures to be incurred on the property before February 18, 2017 or the equivalent amount to be paid to the Vendor in cash.

During the year ended December 31, 2014 the former President and CEO of the Company became a director of CanU.

Howard Lake mineral property

Pursuant to the terms of an Option Agreement dated September 18, 2014 with St. Jacques Mineral Corp. and Urania Resource Corp. (the "Vendors"), the Company can earn a 100% interest in the Howard Lake Project located on the northeast shore of Howard Lake in Saskatchewan. The current CFO of the Company is the CEO of Urania Resource Corp. The property is subject to a 1% Gross Overriding Royalty ("GORR") that has been granted to the vendors relating to the claims held by each of them. The Company may purchase half of the GORR (0.5%) from each vendor for \$1,000,000.

As per the terms of the Option Agreement, the Company must complete the following requirements:

- Transfer the 4,500,000 common shares of CanU shares to the Vendors. (completed)
- Complete no less than \$500,000 in qualifying exploration expenditures on the Property within 24 months of signing the agreement.
- Make cash payments of \$500,000 to the Vendors on or before the date which is 24 months following the date of signing the agreement.

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- Within 5 years of the signing of this Agreement, define a NI143-101 compliant resource of no less than 10,000,000 lbs copper and 25,000,000 lbs nickel on the claims.

A current officer of the Company is also the vendor for the Howard Lake Project.

8. Share capital

On November 11, 2013 the common shares of the Company were consolidated on the basis of four pre-consolidation common shares for one post-consolidation common share. The Company's options and warrants were also consolidated on the same 4 for 1 basis. All shares are reflected on a post-consolidation basis unless otherwise noted.

a) Authorized

- i) Authorized - unlimited number of common shares without par value
- ii) Issued and outstanding – 7,036,921 (December 31, 2014: 7,036,921) common shares.

b) Share purchase warrants

The balance of warrants outstanding and exercisable for as at March 31, 2015 is as follows:

	Number of warrants	Weighted average exercise price	Weighted average remaining life (years)
Balance, December 31, 2012	5,500,750	\$1.19	1.19
Expired	(5,344,500)	\$1.19	
Warrants exchanged on a 4:1 basis	(117,187)	\$1.00	
Balance, December 31, 2014 and March 31, 2015	39,063	\$4.00	0.28

At March 31, 2015 the Company had 39,063 outstanding warrants allowing the holders to acquire 39,063 common shares at an exercise price of \$4.00 with an expiry date of July 13, 2015.

c) Stock options

The Company has a Rolling Incentive Stock Option Plan ("the Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or consultants of the Company. A maximum of 10% of the issued and outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of stock options. Terms of the Plan, considered to be the most significant, provide that the Directors have the right to grant options to acquire common shares of the Company at a price not less than the closing market price of the shares on the date the Company grants the option, less any discount permitted by the CSE, at terms of up to ten years. The majority of stock options vest immediately on the date of grant unless otherwise required by the CSE or the Board of Directors.

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8. Share capital (continued)

The balance of options outstanding and exercisable for the three month period ended March 31, 2015 is as follows:

	Number of options	Weighted average exercise price	Weighted average remaining life (years)
Balance, December 31, 2013	197,500	\$0.83	2.2
Cancelled	(50,000)	\$4.40	
Options exchanged on a 4:1 basis	(12,500)	\$2.88	
Balance, December 31, 2014	135,000	\$3.15	1.27
Cancelled	-	-	
Expired	(12,500)	\$4.40	
Balance, March 31, 2015	122,500	\$3.03	1.15

At March 31, 2015 the Company had outstanding, fully vested stock options, enabling the holders to acquire common shares as follows:

Expiry date	Exercise price	Weighted average remaining life (years)	Number of options outstanding
January 3, 2016	\$3.20	0.75	84,750
April 4, 2017	\$2.64	2.02	37,750
			122,500

9. Related party transactions

Related party transactions for the period ended March 31, 2015 and 2014 are as follows:

	March 31 2015	March 31 2014
	\$	\$
Professional fees – accounting fees	-	12,392
Office services	6,000	-
Salaries - Management fees	-	33,000
	6,000	45,392

Key management of the Company includes the President, CFO and the Directors. For the three month period ended March 31, 2015, compensation in respect of services provided by key management consists of \$Nil (March 31, 2014: \$22,500) in management and employment termination fees paid to the former President and \$Nil (March 31, 2014: \$3,600) in professional fees paid for CFO services to Malaspina Consultants Inc., a Company in which the former CFO was an associate.

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9. Related party transactions (continued)

Also included in related party transactions during the three month period ended March 31, 2015 are salaries and employment termination fees of \$Nil (March 31, 2014: \$10,500) paid to the Exploration Manager (formerly VP Exploration) and accounting fees of \$Nil (March 31, 2014: \$8,492) paid to Malaspina Consultants Inc. The Company also paid \$6,000 (March 31, 2014 - \$Nil) in office services to a company controlled by an officer of the Company.

The amounts due to related parties are non-interest bearing and payable on demand and are comprised of \$3,000 (March 31, 2014: \$3,000) for director fees payable to former directors, \$Nil (March 31, 2014- \$1,321) payable to a director for travel expenses incurred on behalf of the Company, \$40,557 (March 31, 2014-\$nil) for salaries payable to the President and \$38,274 (March 31, 2014: \$8,492) for professional fees payable to Malaspina Consultants Inc.

The Company has entered into the Howard Lake option agreement with a current officer of the Company. The Company also entered into an option assignment agreement for the Whitford Lake Property with a former officer of the Company became a director of Uranium Standard Resources Ltd. (formerly Canadian Uranium Corp.).

10. Financial instruments and risk management

a) Fair value of financial instruments

At March 31, 2015 the Company's financial instruments consist of cash, available-for-sale investments, amounts receivable, reclamation deposit, accounts payable and accrued liabilities and due to related parties. The carrying values of these financial instruments other than available for sale investments approximates their fair value because of their short term nature.

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

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

Level 3 – Inputs for the asset or liability that are not based on observable market data.

The Company uses Level 1 inputs to measure available for sale investments.

b) Financial instrument risk

The Company's financial instruments are exposed in varying degrees to a variety of financial risks. The Board approves and monitors the risk management processes:

Credit risk

Credit risk exposure primarily arises with respect to the Company's cash, other receivables and due from related party. The Company places its instruments in banks of high credit worthiness within Canada and continuously monitors the collection of other receivables.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to settle liabilities and obligations when they become due. As at March 31, 2015 the Company had cash, amounts receivable and available-for-sale investments of \$46,577 to settle current liabilities of \$93,717, excluding amounts payable to related parties of \$81,831 which primarily consisted of short term accounts payable.

Market risk

Market risk consists of currency risk, interest rate risk and other price risk. The objective of market risk

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management is to manage and control market risk exposures within acceptable limits, while maximizing returns. The Company has no foreign exchange rate risk as all amounts are denominated in Canadian dollars. Other than available for sale investments it also holds no financial instruments that expose it to other price risk.

10. Financial instruments and risk management (continued)

Interest rate and commodity price risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company is not significantly exposed to interest rate or commodity price risk.

11. Segmented reporting

The Company operates in one reportable operating and geographic segment, being the exploration and evaluation of mineral properties in Canada.

12. Commitment

Effective January 1, 2013, the Company committed to a two and one half year office lease. Gross payments required pursuant to the terms of this lease are expected to approximate \$40,740 and \$20,634 for the 2014 and 2015 fiscal years respectively. Of these amounts the Company expects its share, after deducting amounts receivable from cost sharing arrangements currently in place, to approximate \$1,500 for the remainder of fiscal 2014. As at March 31, 2015, the lease commitments were assigned to another leaseholder, and the Company no longer has any outstanding office lease commitments.

13. Management of Capital Risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the exploration and development of mineral properties.

In order to maintain or adjust its capital structure the Company may issue new equity if it is available on favorable terms, finance through debt, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture agreements, or dispose of mineral properties.

The Company is dependent on capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets, by the status of the Company's projects in relation to these markets and by its ability to compete for investor support of its projects. The Company is not subject to externally imposed capital requirements and there were no changes in the Company's management of capital during the three month period ended March 31, 2015. The Company's capital structure consists of shareholders' equity, which is comprised of share capital net of accumulated deficit. In order for the Company to carry out planned exploration and development and pay for administrative costs, the Company will spend its working capital and intends to raise additional amounts externally as needed.

14. Segment Reporting

The Company operates in one reportable and geographic segment, being the exploration and evaluation of mineral properties in Canada.

15. Subsequent Events

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On April 28, 2015, the Company amended its agreement with Glenmark Capital Corp., under the amended terms the Company can earn 100% interest by paying \$50,000 on or before December 22, 2014 (paid), issuing 1,500,000 common shares (received) on or before June 1, 2015, a further cash consideration of \$200,000 on or before June 22, 2016, a further cash consideration of \$500,000 on or before June 22, 2017, a further cash consideration of \$500,000 on or before June 22, 2018, a further cash consideration of \$1,650,000 on or before June 22, 2019 and Glenmark shall complete \$3,000,000 in exploration expenditures on the Mineral Claim(s) within 4 years of the signing of the agreement. TSX Venture Exchange Approval was received on May 11, 2015.