Acme Resources Inc.

Financial Statements

Year Ended June 30, 2014

(Expressed in Canadian Dollars)

VANCOUVER
1500 – 1140 W. Pender Street
Vancouver, BC V6E 4G1
TEL 604.687.4747 | FAX 604.689.2778

TRI-CITIES
700 – 2755 Lougheed Hwy.
Port Coquitlam, BC V3B 5Y9
TEL 604.941.8266 | FAX 604.941.0971

WHITE ROCK
301 – 1656 Martin Drive
White Rock, BC V4A 6E7
TEL 604.531.1154 | FAX 604.538.2613

WWW.DMCL.CA

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Acme Resources Inc.:

We have audited the accompanying financial statements of Acme Resources Inc., which comprise the statements of financial position as at June 30, 2014 and 2013, and the statements of 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 as issued by the International Accounting Standards Board, 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 audits. We conducted our audits 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 the auditor's 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, the auditor considers 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 purpose 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 overall presentation of the financial statements.

We believe that the audit evidence that we have obtained in our audits 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 Acme Resources Inc. as at June 30, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describe certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada
October 23, 2014

Acme Resources Inc.
Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes		June 30, 2014		June 30, 2013
ASSETS					
Current assets					
Cash		$	4,840	$	56,153
Marketable securities	4		550		314
Receivable	5		893		647
Prepaid expenses and deposits	15		11,383		6,360
			17,666		63,474
Non-current assets					
Equipment	6		1,880		11,350
Exploration and evaluation assets	8		418,939		350,000
			420,819		361,350
TOTAL ASSETS		**$**	**438,485**	**$**	**424,824**
LIABILITIES					
Current Liabilities					
Trade payables and accrued liabilities	9,15	$	13,024	$	10,881
Promissory note	10,15		106,211		-
TOTAL LIABILITIES			**119,235**		**10,881**
SHAREHOLDERS' EQUITY					
Share capital	13		17,161,236		17,134,569
Reserves	14		944,310		944,074
Deficit			(17,786,296)		(17,664,700)
TOTAL SHAREHOLDERS' EQUITY			**319,250**		**413,943**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**438,485**	**$**	**424,824**

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)

COMMITMENTS (Note 18)

SUBSEQUENT EVENT (Note 19)

Approved on Behalf of the Board:

/s/ "Seamus Young"	**/s/ "Shaun Maskerine"**
Seamus Young, Director	Shaun Maskerine, Director

Acme Resources Inc.
Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

		Year ended	
	Notes	June 30, 2014	June 30, 2013
Expenses			
Amortization	6	$ 537	$ 2,934
Consulting fees	15	24,825	12,600
Impairment of exploration and evaluation assets	8	-	820,915
Financing fee	10,15	23,891	-
Interest	10,15	8,987	-
Office and miscellaneous		42,197	39,826
Professional fees		10,382	13,657
Salaries		-	8,466
Transfer agent and filing fees		13,344	17,338
Travel and promotion		-	676
		(124,163)	(916,412)
Other items			
Gain on disposal of equipment		2,567	-
Loss from equity investment	7,15	-	(532,611)
		2,567	(532,611)
Net loss		**(121,596)**	**(1,449,023)**
Other comprehensive income (loss)			
Items that may be reclassified subsequently to profit or loss			
Unrealized gain (loss) on short-term investments		236	(863)
Proportionate share of Golden Harp's unrealized loss on marketable securities		-	(31,311)
Proportionate share of Golden Harp's reclassification adjustment for gains included in net loss upon sale of marketable securities		-	56,983
Proportionate share of Golden Harp’s impairment of marketable securities		-	106,939
Total other comprehensive income		236	131,748
Total comprehensive loss		**$ (121,360)**	**$ (1,317,275)**
Loss per share - basic and diluted		**$ (0.011)**	**$ (0.132)**

Acme Resources Inc.
Statements of Changes in Equity
(Expressed in Canadian Dollars)

		Share Capital		Reserves			
	Notes	Number of shares	Amount	Stock option reserve	Investment revaluation reserve	Deficit	Total
Balance at June 30, 2012		**10,969,299**	**$ 17,134,569**	**$ 954,400**	**$ (142,074)**	**$ (16,215,677)**	**$ 1,731,218**
Net loss		-	-	-	-	(1,449,023)	(1,449,023)
Unrealized loss on marketable securities		-	-	-	(863)	-	(863)
Proportionate share of Golden Harp's unrealized loss on available for sale marketable securities		-	-	-	(31,311)	-	(31,311)
Proportionate share of Golden Harp's reclassification adjustment for gains included in net loss upon sale of marketable securities		-	-	-	56,983	-	56,983
Proportionate share of Golden Harp's impairment of marketable securities		-	-	-	106,939	-	106,939
Balance at June 30, 2013		**10,969,299**	**17,134,569**	**954,400**	**(10,326)**	**(17,664,700)**	**413,943**
Net loss		-	-	-	-	(121,596)	(121,596)
Shares issued for financing costs	13	355,556	26,667	-	-	-	26,667
Unrealized gain on marketable securities		-	-	-	236	-	236
Balance at June 30, 2014		**11,324,855**	**$ 17,161,236**	**$ 954,400**	**$ (10,090)**	**$ (17,786,296)**	**$ 319,250**

Acme Resources Inc..
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended June 30, 2014	Year ended June 30, 2013
Operating activities		
Net loss	$ (121,596)	$ (1,449,023)
Adjustments for:		
Accrued loan interest	8,987	-
Amortization	537	2,934
Financing costs	23,891	-
Gain on disposal of equipment	(2,567)	-
Impairment of exploration and evaluation assets	-	820,915
Loss from equity investment	-	532,611
	(99,735)	(92,563)
Changes in non-cash working capital items:		
Receivables	(246)	2,866
Prepaid expenses and deposits	(5,023)	(3,046)
Trade payables and accrued liabilities	2,143	(14,769)
Net cash flows used in operating activities	**(93,874)**	**(107,512)**
Investing activities		
Proceeds from disposal of equipment	11,500	-
Proceeds from recovery of exploration and evaluation assets	10,559	-
Expenditures on exploration and evaluation assets	(79,498)	(2,161)
Net cash flows used in investing activities	**(57,439)**	**(2,161)**
Financing activities		
Proceeds from promissory note	100,000	-
Net cash flows from financing activities	**100,000**	**-**
Decrease in cash	(51,313)	(109,673)
Cash, beginning	56,153	165,826
Cash, ending	**$ 4,840**	**$ 56,153**

Supplemental disclosure of non-cash items		
Shares issued for financing costs	$ 26,667	$ -

1. Nature and continuance of operations

Acme Resources Inc. (the "Company") was incorporated on July 10, 1978, under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "ARI.V".

The head office, principal address and records office of the Company are located at 1050 West Pender Street, Suite 910, Vancouver, British Columbia, Canada, V6E 3S7. The Company's registered address is Robson Court, 840 Howe Street, Suite 1000, Vancouver, British Columbia, Canada, V6Z 2M1.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at June 30, 2014 the Company had not advanced its mineral properties to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors and or private placement of common shares.

2. Significant accounting policies and basis of presentation

The financial statements were authorized for issue on October 23, 2014 by the directors of the Company.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

These financial statements include an equity interest in Golden Harp Resources Inc. ("Golden Harp"), a company listed on the TSX-V. The Company's ownership interest in Golden Harp was 40.5% at June 30, 2014 (June 30, 2013 - 40.5%). The carrying value of the Company's investment in Golden Harp was reduced to $NIL as of June 30, 2013.

The Company's ownership interest in Golden Harp is accounted for using the equity method, however, the Company has suspended applying the equity method as the Company's share of cumulative losses and impairments exceeds its investment and the Company has no obligation or intention to fund Golden Harp's losses.

Investments

Investments in which the Company has a significant influence are accounted for by the equity method, whereby the Company records its proportionate share of the investee's income or loss. When the Company's equity investee issues its own shares to outside interests, a dilution gain or loss arises as a result of the difference between the Company's proportionate share of the proceeds and the carrying value of the underlying equity.

2. Significant accounting policies and basis of presentation (continued)

Investments (continued)

When the Company's share of cumulative losses equals its investment and the Company has no obligation or intention to fund such additional losses, the Company suspends applying the equity method. The Company will not be able to record any equity in income with respect to an entity until its share of future profits is sufficient to recover any cumulative losses that have not previously been recorded.

Significant accounting estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods relate to the determination of the useful lives of equipment, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and stock-based compensation and other equity-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

2. Significant accounting policies and basis of presentation (continued)

Farms outs

The Company does not record any expenditure made by the farmee on its account. It also does not recognize any gain or loss on its exploration and evaluation farm out arrangements but reallocates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the farmee is credited against costs previously capitalized.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock option reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

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.

2. Significant accounting policies and basis of presentation (continued)

Financial instruments (continued)

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 foreign exchange gains and losses on monetary financial assets. Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group 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.

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. The Company has not classified any financial liabilities as FVTPL.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's trade payables and accrued liabilities are classified as other financial liabilities.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Impairment of assets

The carrying amount of the Company's assets (which include equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

2. Significant accounting policies and basis of presentation (continued)

Impairment of assets (continued)

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. The Company had no cash equivalents at June 30, 2014 or June 30, 2013.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the asset and liaiblity method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Flow-through shares:

On the issuance of flow-through shares, any premium received in excess of the closing market price of the Company's common shares is initially recorded as a liability ("flow-through tax liability"). Provided that the Company has renounced the related expenditures, or that there is a reasonable expectation that it will do so, the flow-through tax liability is reduced on a pro-rata basis as the expenditures are incurred and a deferred tax liability is recognized. The reduction to the flow-through tax liability is recognized in profit or loss as other income.

To the extent that the Company has suitable unrecognized deductible temporary differences, an offsetting recovery of deferred income taxes would be recorded.

2. Significant accounting policies and basis of presentation (continued)

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation and amortization are calculated on a declining balance method to write off the cost of the assets to their residual values over their estimated useful lives, except for Airborne Field equipment which is calculated on the straight line over four years. The depreciation and amortization rates applicable to each category of property, plant and equipment are as follows:

Class	**Depreciation rate**
Computer equipment	30% Declining balance
Computer software	50% Declining balance
Office and field equipment	20% Declining balance

3. Adoption of New and Amended IFRS Pronouncements

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2013, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

New accounting standards effective January 1, 2013

<u>IFRS 10 Consolidated Financial Statements</u>

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation - Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

<u>Amendments to IAS 1 Presentation of Financial Statements</u>

The IASB has amended IAS 1 to require entities to separate items presented in other comprehensive income (“OCI”) into two groups, based on whether or not items may be reclassified into profit or loss in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately.

These new and amended standards are effective for the Company beginning on July 1, 2013. There has been no material effect from the new standards on the Company’s financial statements.

Accounting Standards issued but not yet effective

Certain pronouncements were issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2014 or later periods.

The following new standards, amendments and interpretations that have not been early adopted in these financial statements, are not expected to have a material effect on the Company’s future results and financial position:

a) IFRS 9 Financial Instruments (New; to replace IAS 39 and IFRIC 9);
b) IAS 32 Financial Instruments (Amendments regarding offsetting financial assets and liabilities).

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s financial statements.

4. Marketable securities

Marketable securities consist of shares of unrelated listed companies.

5. Receivable

Receivable consists of GST recoverable.

(Expressed in Canadian Dollars)

6. Equipment

	Computer equipment	Computer software	Field equipment	Office equipment	Total
Cost:					
At June 30, 2012	$ 18,236	$ 2,327	$ 41,972	$ 13,964	$ 76,499
At June 30, 2013	$ 18,236	$ 2,327	$ 41,972	$ 13,964	$ 76,499
Disposals	-	-	(41,972)	-	(41,972)
At June 30, 2014	18,236	2,327	-	13,964	34,527
Amortization:					
At June 30, 2012	17,495	2,315	30,806	11,599	62,215
Charge for the year	222	6	2,233	473	2,934
At June 30, 2013	17,717	2,321	33,039	12,072	65,149
Charge for the year	156	3	-	378	537
Disposals	-	-	(33,039)	-	(33,039)
At June 30, 2014	17,873	2,324	-	12,450	32,647
Net book value:					
At June 30, 2013	519	6	8,933	1,892	11,350
At June 30, 2014	$ 363	$ 3	$ -	$ 1,514	$ 1,880

7. Investment in Golden Harp

At June 30, 2014 and June 30, 2013, the Company owned 1,000,000 shares of Golden Harp representing a 40.5% interest in Golden Harp. The Company, through its shareholding in Golden Harp, exercises significant influence over that company, and as a result, the investment in Golden Harp is accounted for using the equity method. The Company has suspended applying the equity method as the Company's share of cumulative losses and impairments exceeds its investment and the Company has no obligation or intention to fund Golden Harp's losses.

Details of the investment in Golden Harp for the years ended June 30, 2014 and June 30, 2013 are as follows:

	June 30, 2014	June 30, 2013
Opening balance	$ -	$ 400,000
Proportionate share of net loss	-	(532,611)
Proportionate share of gain on available for sale marketable securities	-	(31,311)
Proportionate share of reclassification adjustment for losses included in net loss upon sale of marketable securities	-	56,983
Proportionate share of impairment of marketable securities	-	106,939
Closing balance	$ -	$ -

Summarized financial information of Golden Harp for the years ended June 30, 2014 and June 30, 2013 is as follows:

	June 30, 2014	June 30, 2013
Assets	$ 305,753	$ 799,158
Liabilities	$ 114,805	$ 18,465
Revenues	$ -	$ -
Net loss	$ 590,405	$ 3,654,858

As at June 30, 2014, the Company's investment in Golden Harp had a quoted market value of $60,000 (June 30, 2013 – $300,000).

(Expressed in Canadian Dollars)

8. Exploration and evaluation assets

	Balance June 30, 2014	2014 Expenditures (Recovery)	Balance June 30, 2013	2013 Expenditures (Impairment)	Balance June 30, 2012
Nor Property, Yukon					
Property acquisition costs	$ 422,080	$ -	$ 422,080	$ -	$ 422,080
Impairment	(122,675)	-	(122,675)	(122,675)	-
	299,405	-	299,405	(122,675)	422,080
Exploration and evaluation costs					
Accommodation and meals	342,890	-	342,890	-	342,890
Assay and soil sampling	68,787	-	68,787	-	68,787
Diamond drilling	850,848	-	850,848	-	850,848
Drafting	15,234	-	15,234	-	15,234
Fuel	368,699	(10,559)	379,258	-	379,258
Geologist	526,111	-	526,111	-	526,111
Geophysics	281,283	-	281,283	-	281,283
Helicopter	1,516,526	56,869	1,459,657	2,161	1,457,496
Housing	28,900	-	28,900	-	28,900
Licenses	33,299	-	33,299	-	33,299
Line cutting	109,794	-	109,794	-	109,794
Supervision	94,305	-	94,305	-	94,305
Supplies and miscellaneous	148,613	800	147,813	-	147,813
Support wages	337,260	-	337,260	-	337,260
Surveys	86,568	-	86,568	-	86,568
Travel and transport	119,611	21,829	97,782	-	97,782
Mineral exploration tax credits	(595,129)	-	(595,129)	-	(595,129)
Impairment	(4,264,660)	-	(4,264,660)	(698,240)	(3,566,420)
	68,939	68,939	-	(696,079)	696,079
Total Nor Property, Yukon	368,344	68,939	299,405	(818,754)	1,118,159
Bear River, BC					
Property acquisition costs	10,389	-	10,389	-	10,389
Exploration and evaluation costs					
Assays	326	-	326	-	326
License and recording fees	15,126	-	15,126	-	15,126
Supervision	13,750	-	13,750	-	13,750
Supplies and miscellaneous	224	-	224	-	224
	29,426	-	29,426	-	29,426
Total Bear River, BC	39,815	-	39,815	-	39,815
Carswell, Saskatchewan					
Property acquisition costs	-	-	-	-	-
Exploration and evaluation costs					
Supervision	10,750	-	10,750	-	10,750
Supplies and miscellaneous	30	-	30	-	30
	10,780	-	10,780	-	10,780
Total Carswell, Saskatchewan	10,780	-	10,780	-	10,780
Total	$ 418,939	$ 68,939	$ 350,000	$ (818,754)	$ 1,168,754

(Expressed in Canadian Dollars)

8. Exploration and evaluation assets (continued)

The following is a description of the Company's exploration and evaluation assets and the related spending commitments:

(a) Nor Property, Yukon Territory

The Nor Property consists of mineral claims in the Dawson Mining District, Yukon Territory.

Certain claims are subject to a 2% Net Smelter Royalty ("NSR"). The Company has the right to purchase 50% of the NSR for a purchase price of $2,000,000 and the right of first refusal on the remaining 50%.

During the year ended June 30, 2013, the Company wrote down the carrying value of the Nor Property by $820,915.

During the year ended June 30, 2014, fuel left on the Nor Property was removed in order to satisfy permit requirements. The fuel was then sold and resulted in a recovery of $10,559.

(b) Bear River Property, British Columbia

The Bear River Property consists of mineral claims in the Skeena Mining Division, British Columbia. One of these claims is subject to a 3.5% NSR.

(c) Carswell Property, Saskatchewan

During October 2004, the Company staked a mineral claim in the Athabasca Basin, Saskatchewan.

Pursuant to an Option Agreement dated March 2, 2005, the Company granted an option to a third party to earn a 50% interest in the Carswell Property. To earn this interest the optionee paid $25,000 cash, issued 200,000 of its shares and incurred $100,000 in exploration expenditures. During fiscal 2009 the third party company met the terms of the Option Agreement and has a 50% interest in the property.

Pursuant to a Joint Venture Agreement dated July 24, 2008, the Company granted the third party a further 30% interest in the claim, resulting in the third party having a 80% undivided interest in the property, subject to the delivery by the third party of a bankable feasibility study. The Company will retain a carried interest until the feasibility study is delivered, at which time the Company will have the choice to take on a 20% participating interest in a new company to operate the production facility or take on a 2% NSR for all uranium mineral products and a 2% NSR for all other metals.

The third party will return all the Company's interest in any of the claims upon a decision by the third party to terminate work thereon.

9. Trade payables and accrued liabilities

		June 30, 2014		**June 30, 2013**
Trade payables	$	3,024	$	231
Accrued liabilities		10,000		10,650
	$	13,024	$	10,881

10. Promissory note

The promissory note totaling $100,000 (June 30, 2013 – $NIL) is payable to a relative of a director of the Company. The note is due August 7, 2014, or earlier upon a default by the Company. The promissory note bears interest at the rate of 10% per annum payable quarterly. The interest rate is fixed until the maturity date of the promissory note.

(Expressed in Canadian Dollars)

10. Promissory note (continued)

The promissory note included a financing fee of 20% of the principal settled by the issuance of 355,556 of the Company's shares with a fair value of $26,667. The financing fee is recorded as a reduction of the promissory note and the promissory note is accreted to its face value over the term of the note. During the year ended June 30, 2014 the Company recorded a finance fee expense of $23,891 and accrued interest of $8,987.

11. Income Taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Years ended	
	June 30, 2014	**June 30, 2013**
Net loss	$ (121,596)	$(1,449,023)
Statutory tax rate	26%	25.63%
Expected income tax recovery at the statutory tax rate	(31,614)	(371,312)
Non-deductible items and other	824	(133,058)
Expiration of non-capital losses	75,132	-
Effect of reduction in tax rates	(1,951)	142,589
Change in valuation allowance	(42,391)	361,781
Income tax recovery	$ -	$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	June 30, 2014	**June 30, 2013**
Non-capital loss carry-forwards	$ 3,330,709	$ 3,466,113
Exploration and evaluation assets	2,577,209	2,577,209
Property and equipment	35,613	68,115
Investment tax credit	281,248	281,032
Capital losses carried forward	695,497	695,497
Share issuance costs	-	2,189
Marketable securities	10,085	10,321
Investment in Golden Harp	3,200,000	3,200,000
	$ 10,130,361	$ 10,300,476

The tax pools relating to these deductible temporary differences expire as follows:

	Canadian non-capital losses	**Canadian resource pools**	**Other tax losses**	**Other tax pools**
2015	281,320	-	-	-
2027	607,939	-	-	-
2028	866,120	-	-	-
2029	492,557	-	-	-
2030	347,007	-	-	-
2031	358,958	-	-	-
2032	128,549	-	-	-
2033	92,505	-	-	-
2034	155,754	-	-	-
No expiry	-	2,577,209	695,497	3,526,946
	$ 3,330,709	$ 2,577,209	$ 695,497	$ 3,526,946

12. Restoration and environmental obligations

The Company does not provide for any possible restoration and environmental obligations as management believes that no liability exists. It is not currently possible to estimate the impact on operating results, if any, of future legislative or regulatory developments regarding restoration and environmental obligations.

13. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At June 30, 2014 there were 11,324,855 (June 30, 2013 – 10,969,299) issued and fully paid common shares.

Share Issuances

During the year ended June 30, 2014 the Company issued 355,556 common shares (year ended June 30, 2013 – NIL) with a fair value of $26,667 (Note 10).

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended June 30, 2014 was based on the net loss attributable to common shareholders of $121,596 (June 30, 2013 – $1,449,023) and the weighted average number of common shares outstanding of 11,260,563 (June 30, 2013 – 10,969,299).

Diluted loss per share did not include the effect of 650,000 (June 30, 2013 – 670,000) stock options and 6,486,667 (June 30, 2013 – 6,486,667) warrants as the effect would be anti-dilutive.

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. The maximum discount allowed varies with share price, with a maximum of 25% and a minimum price of $0.10. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position. Pursuant to the stock option plan, options granted in respect of investor relations activities are subject to vesting in stages over one year from the grant date with a maximum of one-quarter of the options vesting in any three month period. Vesting restrictions may also be applied to other options grants, at the discretion of the Board of Directors.

(Expressed in Canadian Dollars)

13. Share capital (continued)

Stock options (continued)

The following table summarizes the continuity of the Company's stock options:

	June 30, 2014		June 30, 2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	670,000	$ 0.24	670,000	$ 0.24
Options cancelled	(20,000)	0.22	-	-
Options outstanding, ending	650,000	$ 0.24	670,000	$ 0.24
Options exercisable, ending	650,000	$ 0.24	670,000	$ 0.24

Details of options outstanding as at June 30, 2014 are as follows:

Number of options outstanding	Exercise price	Remaining contractual life
250,000	$ 0.22	0.54 years
400,000	$ 0.25	1.44 years
650,000		

At June 30, 2014, the weighted average remaining contractual life of stock options outstanding was 1.10 years.

Share purchase warrants

The following table summarizes the continuity of the Company's share purchase warrants:

	June 30, 2014		June 30, 2013	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	6,486,667	$ 0.27	6,486,667	$ 0.27
Warrants outstanding, ending	6,486,667	$ 0.27	6,486,667	$ 0.27

Details of warrants outstanding as at June 30, 2014 are as follows:

Number of warrants outstanding	Exercise price	Remaining contractual life
220,000	$ 1.50	0.10 years
266,667	$ 1.50	0.21 years
3,000,000	$ 0.17	0.71 years
3,000,000	$ 0.16	0.87 years
6,486,667		

At June 30, 2014, the weighted average remaining contractual life of warrants outstanding was 0.74 years.

(Expressed in Canadian Dollars)

14. Reserves

Stock option reserve

The stock option reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded is transferred to deficit.

Investment revaluation reserve

The investment revaluation reserve records unrealized gains and losses arising on available-for-sale financial assets, except for impairment losses.

15. Related party transactions

The Company incurred the following related party transactions with companies that are controlled by a relative of a director of the Company.

	Year ended			
		June 30, 2014		**June 30, 2013**
Financing costs – relative of a director of the Company	$	23,891	$	-
Interest expense – relative of a director of the Company		8,987		-
Travel and transport fees – company controlled by relative of a director of the Company		14,676		-
	$	47,554	$	-

Key management personnel compensation

	Year ended			
		June 30, 2014		**June 30, 2013**
Consulting fees - payments made to officers	$	10,825	$	2,600
Consulting fees - payments made to a director		9,000		-
	$	19,825	$	2,600

Related party balances

The Company advanced $3,068 (June 30, 2013 – $3,045) to Golden Harp, which is included in prepaid expenses and deposits at June 30, 2014.

A promissory note of $106,211 (June 30, 2013 – $NIL) payable to a relative of a director of the Company.

Included in trade payables and accrued liabilities at June 30, 2014 is $1,313 (June 30, 2013 – $650) owed to an officer of the Company for accrued consulting fees.

16. Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company's secondary exposure to risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at June 30, 2014:

	Within one year	Between one and five years	More than five years
Trade payables	$ 3,024	$ -	$ -
Promissory note payable	106,211	-	-
	$ 109,235	$ -	$ -

Interest rate 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. The Company is not exposed to interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to currency risk as it incurs expenditures that are primarily denominated in Canadian dollars.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of share capital and working capital. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

(Expressed in Canadian Dollars)

16. Financial risk and capital management (continued)

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	June 30, 2014	June 30, 2013
Fair value through profit and loss:		
Cash	$ 4,840	$ 56,153
Available-for-sale financial instruments:		
Marketable securities	550	314
	$ 5,390	$ 56,467

Financial liabilities included in the statement of financial position are as follows:

	June 30, 2014	June 30, 2013
Non-derivative financial liabilities:		
Trade payables	$ 3,024	$ 231
Promissory note payable	106,211	-
	$ 112,011	$ 231

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.
Financial instruments measured at fair value are classified into one of 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.

The following is an analysis of the Company's financial assets measured at fair value as at June 30, 2014 and June 30, 2013:

	As at June 30, 2014		
	Level 1	Level 2	Level 3
Cash	$ 4,840	$ -	$ -
Marketable securities	550	-	-
	$ 5,390	$ -	$ -

	As at June 30, 2013		
	Level 1	Level 2	Level 3
Cash	$ 56,153	$ -	$ -
Marketable securities	314	-	-
	$ 56,467	$ -	$ -

17. Segmented information

Operating segments

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

Geographic segments

At June 30, 2014 and June 30, 2013 all of the Company's assets are located in Canada.

18. Commitments

The Company is committed to aggregate premise lease payments of $44,827 as follows:

- $21,480 for fiscal 2015;
- $21,551 for fiscal 2016 and
- $1,796 for fiscal 2017.

In addition the Company is also committed to pay its share of operation costs.

19. Subsequent events

a) In July 2014, the Company entered into a loan agreement whereby the Company received a loan of $20,000 bearing interest at 10% per annum and due on July 16, 2015.

b) On August 6, 2014 and September 16, 2014, 220,000 and 266,667 share purchase warrants with an exercise price of $1.50 expired unexercised.