

GOLDREA RESOURCES CORP.

Consolidated Financial Statements
(Expressed in Canadian Dollars)

Years ended July 31, 2014 and 2013

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Goldrea Resources Corp.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Goldrea Resources Corp., which comprise the consolidated statement of financial position as at July 31, 2014, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Goldrea Resources Corp. as at July 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes matters and 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.

Other matters

The financial statements of Goldrea Resources Corp. for the year ended July 31, 2013, were audited by another auditor who expressed an unmodified opinion on those statements on November 28, 2013.

Vancouver, Canada

"Morgan & Company LLP"

December 1, 2014

Chartered Accountants

GOLDREA RESOURCES CORP.

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	July 31 2014	July 31 2013
Assets		
Current assets:		
Cash and cash equivalents (note 5)	\$203,757	\$170,871
Marketable securities (note 6)	5,990	4,465
Accounts receivable	34,792	121,438
Inventory (note 7)	-	1,616,296
Prepaid expenses and advances	13,044	1,646
	257,583	1,914,716
Due from related parties (note 8)	15,121	24,953
Reclamation deposits	62,176	50,676
Equipment (note 9)	9,089	734,599
Exploration and evaluation assets (note 10 and Schedule)	767,042	753,405
Mineral property assets (note 11 and Schedule)	-	1,440,424
	\$1,111,011	\$4,918,773
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$109,152	\$398,958
Other short-term liabilities	-	1,196
Loan current portion (note 12(e))	-	83,585
Due to related parties (note 8)	24,500	3,291,957
	133,652	3,775,696
Equity:		
Share capital (note 12 (a))	28,470,973	28,470,973
Reserves (note 12)	1,865,868	1,865,868
Accumulated other comprehensive income (note 6 and 16)	(18,833)	(20,358)
Deficit	(29,340,649)	(29,186,896)
Equity attributable to owners of the Company	977,359	1,129,587
Non-controlling interest (note 11)	-	13,490
Total equity	977,359	1,143,077
	\$1,111,011	\$4,918,773
Going concern (note 1)		

Approved and authorized for issue on behalf of the Board of Directors on December 1, 2014:

“Larry Reaugh” _____ Director	“Jim Elbert” _____ Director
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See accompanying notes to consolidated financial statements.

GOLDREA RESOURCES CORP.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Year ended July 31,	
	2014	2013
Expenses:		
Advertising and promotion (recovery)	\$ -	\$ (9,453)
Depreciation	2,859	3,678
Consulting	37,546	-
Office and administration	121,254	109,557
Professional fees	92,753	67,256
Rent	2,000	1,919
Shareholder communication	2,827	630
Transfer agent and filing fees	29,164	20,857
Loss before other items	288,403	194,444
Other items:		
Investment income	2,402	489
Mineral Property write-down (note 10)	-	(55,963)
Foreign exchange (loss) gain	(311)	24,411
Net loss for the year from continuing operations	(285,690)	(225,507)
Gain (loss) from discontinued operations (note 11)	131,937	(236,318)
Net loss for the year	(153,753)	(461,825)
Other comprehensive income (loss):		
Unrealized gain (loss) on available-for-sale marketable securities (note 6)	1,525	(14,876)
Loss and comprehensive loss for the year	(152,228)	(476,701)
Net loss for the year	(153,753)	(461,825)
Attributable to:		
Shareholders of the Company	(153,753)	(439,696)
Non-controlling interest	-	(22,129)
	\$ (153,753)	\$ (461,825)
Loss per share - basic and diluted	\$ (0.00)	\$ (0.01)
Weighted average number of shares outstanding	\$ 75,379,252	\$ 74,467,471

See accompanying notes to consolidated financial statements.

GOLDREA RESOURCES CORP.

Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share capital		Reserves		Accumulated			Non-	Total
	Number of	Amount	Stock	Warrants	comprehensive	Deficit	Equity	controlling	Equity
	shares		Options		income			interest	
	#	\$	\$	\$	\$	\$	\$	\$	\$
Balance July 31, 2012	71,279,252	28,349,338	1,860,312	5,556	(5,482)	(28,747,200)	1,462,524	35,619	1,498,143
Loss and comprehensive loss for the year	-	-	-	-	(14,876)	(439,696)	(454,572)	(22,129)	(476,701)
Private placement	4,100,000	123,000	-	-	-	-	123,000	-	123,000
Share issuance costs	-	(1,365)	-	-	-	-	(1,365)	-	(1,365)
Balance July 31, 2013	75,379,252	28,470,973	1,860,312	5,556	(20,358)	(29,186,896)	1,129,587	13,490	1,143,077
Loss and comprehensive loss for the year	-	-	-	-	1,525	(153,753)	(152,228)	-	(152,228)
Disposal of non-controlling interest	-	-	-	-	-	-	-	(13,490)	(13,490)
Balance July 31, 2014	75,379,252	28,470,973	1,860,312	5,556	(18,833)	(29,340,649)	977,359	-	977,359

See accompanying notes to consolidated financial statements.

GOLDREA RESOURCES CORP.

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

Year Ended July 31,

Cash provided by (used in):	2014	2013
Operating activities:		
Net loss for the year from continuing operations	\$(285,690)	\$(225,507)
Items not affecting cash:		
Amortization	2,859	3,678
Write-down of mineral property	-	55,963
	(282,831)	(165,866)
Changes in non-cash working capital:		
Amounts receivable	86,646	(7,739)
Prepaid expenses	(11,398)	1,126
Due from related parties	-	510,028
Accounts payable and accrued liabilities	(265,771)	(319,025)
Due to related parties	9,832	(1,065)
Cash Used In Operating Activities – Continuing Operations	(463,522)	17,459
Cash Used In Operating Activities – Discontinued Operations	(43,238)	(236,318)
Cash Used In Operating Activities	(506,760)	(218,859)
Financing activities:		
Shares issued for cash	-	123,000
Loan repayment	-	(105,295)
Share issue costs	-	(1,365)
	-	16,340
Investing activities:		
Mineral property and exploration and evaluation costs	(13,637)	(263,997)
Proceeds on sale of Chinese subsidiaries	564,783	500,000
Reclamation bond	(11,500)	3,246
	539,646	239,249
Change in cash and cash equivalents	32,886	36,730
Cash and cash equivalents, beginning of year	170,871	134,141
Cash and cash equivalents, end of year	\$203,757	\$170,871
Supplementary information:		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
Non-cash investing and financing activities:		
Amortization recorded in mineral properties	\$ -	\$ 6,872

See accompanying notes to consolidated financial statements.

GOLDREA RESOURCES CORP.

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

Years ended July 31, 2014 and 2013

1. NATURE OF OPERATIONS AND GOING CONCERN:

Goldrea Resources Corp. (the Company) was incorporated under the British Columbia Business Corporations Act on March 2, 1981. The Company is involved in the exploration and evaluation of mineral properties located in North America and is currently in the exploration stage on its exploration and evaluation assets. The address of the Company's corporate and legal office is 1040 – 999 West Hastings Street, Vancouver, British Columbia, Canada V6C 2W2. The Company's common shares are traded on the TSX Venture Exchange under the symbol "GOR".

These financial statements have been prepared assuming the Company will continue on a going concern basis. The Company has incurred losses since inception. As at July 31, 2014, the Company has working capital of \$123,931. On December 24, 2013, the Company announced that it had sold its 90% interest in the Rushan Goldrea Gold property ("RGG") for a total of \$1.5 million CDN to an arm's length investor.

The Company has prepared a budget for its cash flows for the next twelve months. The budget is based on management's best estimates of operating conditions in the context of current economic conditions and today's capital market climate. The Company expects that it has to raise additional financing to be able to meet its obligations for the next twelve months. The ability of the Company to continue as a going concern depends upon its ability to confirm the Company's interest in the underlying claims and establish the existence of economically recoverable mineral reserves and raise adequate financing to complete its explorations and evaluations. The Company has sufficient cash resources to meet its current obligations. However, the Company has experienced difficulty in raising funds to perform its exploration activities and will continue to seek additional financing to fund its planned expenditures. There is material uncertainty that may cast significant doubt upon the ability of the Company to continue as a going concern.

There can be no assurance that the Company will be able to continue to raise funds, in which case, the Company may be unable to meet its obligations. The financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities, contingent obligations and commitments in other than the normal course of business and at amounts different from those in these financial statements.

2. BASIS OF PREPARATION:

a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements were authorized for issue by the Board of Directors on December 1, 2014. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

b) Basis of measurement:

The consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as available-for-sale financial assets, which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

GOLDREA RESOURCES CORP.

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

Years ended July 31, 2014 and 2013

2. BASIS OF PREPARATION (Continued)

c) Functional and presentation currency:

The functional currency and the presentation currency of the Company and its subsidiaries is the Canadian dollar.

d) Use of estimates and judgments:

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) Going concern presentation of the consolidated financial statements, which assumes the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.
- ii) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggests the carrying amount exceeds the recoverable amount.
- iii) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

3. SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of presentation and consolidation:

The consolidated financial statements are presented in Canadian dollars unless otherwise noted. The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, Goldrea USA Inc., Gold Frame Holdings Ltd., Goldrea Resources Hong Kong Ltd. (Formerly Gold Vessel Investments Ltd.) and its 90% owned subsidiary, Rushan Goldrea Gold Inc. ("RGG"), incorporated in the People's Republic of China. The Chinese interests were sold in January, 2014 (note 11).

All inter-company balances and transactions have been eliminated upon consolidation.

GOLDREA RESOURCES CORP.

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

Years ended July 31, 2014 and 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Foreign currency translation:

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date and non-monetary assets and liabilities are translated at historical rates. Foreign currency gains and losses arising from translation are included in profit or loss.

c) Financial instruments:

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity investments, available-for-sale and other 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. The classification and measurement of the Company's financial instruments are disclosed in note 15 to these consolidated financial statements.

A financial asset is classified at fair value through profit or loss if it is classified as held for trading in the near future or is designated as such upon initial recognition. They are initially and subsequently recorded at fair value and changes in fair value are recognized in profit or loss for the period.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and such assets are recognized initially at fair value and subsequently on an amortized cost basis using the effective interest method, less any impairment losses. Loans and receivables are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. Loans and receivable includes cash and cash equivalents, amounts receivable and amounts due from related parties.

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 initially recorded at fair value and 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 and are measured initially and subsequently at fair value. These are included in current assets. Marketable securities have been classified as available-for-sale. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses.

Non-derivative financial liabilities (excluding financial guarantees) are recorded at the date of obligation at fair value and are subsequently measured at amortized cost using the effective interest method. Other financial liabilities include account payable and accrued liabilities, other short term liabilities, amounts due to related parties, and non-current loan.

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

GOLDREA RESOURCES CORP.

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

Years ended July 31, 2014 and 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Financial instruments (Continued)

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 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 impairment has arisen.

d) Cash and cash equivalents:

Cash and cash equivalents consist of highly liquid investments that are readily convertible to known amounts of cash and have maturity dates of three months or less from the date of purchase.

e) Marketable securities:

Marketable securities include publicly traded common shares received as proceeds of mineral property option transactions and "share-for-debt" settlements of prior related party intercompany balances.

Marketable securities have been classified as available-for-sale and are carried at fair value based on quoted market prices.

f) Inventory:

Supplies inventory includes the cost of consumables used in mine development. It is valued at the lower of cost and net realizable value, with replacement costs being the typical measure of net realizable value.

On December 24, 2013 the Company announced that it had sold its interest in the Rushan Goldrea Gold property ("RGG"). Included in the sale was the remaining inventory balance of \$1,616,296. As a result of this transaction the current inventory balance at July 31, 2014 was \$nil (See note 11).

g) Equipment:

Equipment is carried at acquisition cost less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any cost directly attributable to bringing the asset to the location and condition necessary for its intended use and initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is calculated using the following annual rates, which are used to estimate the useful lives of the assets:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%
Computer hardware	Declining balance	30%
Vehicles	Straight line	(5 years with 10% scrap value)

GOLDREA RESOURCES CORP.

Notes to the Consolidated Financial Statements
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Years ended July 31, 2014 and 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Equipment (Continued)

Equipment used in exploration and evaluation activities, where substantially all the economic life or value of the asset is expected to be derived from a specific project, are accounted for as dedicated assets and included as a separate category within the costs allocated to the related exploration stage exploration and evaluation assets. Amortization for dedicated assets is recorded as exploration and evaluation expenditure of the related project.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of equipment is composed of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

On December 24, 2013, the Company announced that an agreement was reached to sell its interest in the Rushan Goldrea Gold property ("RGG") for a total of \$1.5 million CDN. This sale included all vehicles, furniture, buildings and equipment held by RGG. See note 9 and note 11.

h) Exploration and evaluation assets:

These assets relate to mineral rights acquired and exploration and evaluation expenditures capitalized in respect of projects that are in the exploration or pre-development stage. Once a right to explore a mineral property has been secured, exploration and evaluation expenditures are capitalized and 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. Costs incurred before the Company has obtained the legal rights to explore a mineral property are expensed as incurred.

Government tax credits and option payments 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 exist to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Facts and circumstances as defined in *IFRS 6 exploration and evaluation assets* are as follows:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and

GOLDREA RESOURCES CORP.

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

Years ended July 31, 2014 and 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Exploration and evaluation assets (Continued)

- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

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 pretax 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.

i) Impairment of long-lived assets:

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.

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

j) Decommissioning obligations:

The liability for a decommissioning obligation, such as site reclamation costs, is recorded when a legal or constructive obligation exists and is recognized in the period in which it is incurred. The Company records the estimated present value of future cash flows associated with site reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. The liability is accreted to reflect the passage of time and adjusted to reflect changes in the timing and amount of estimated future cash flows.

As at July 31, 2014 and 2013, the Company has determined that it does not have material decommissioning obligations.

k) Share capital:

Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity. The proceeds from the exercise of stock options or warrants together with amounts previously recorded over the vesting periods are recorded as share capital. Share capital issued for non-monetary consideration is recorded at an amount based on fair value on the date of issue.

GOLDREA RESOURCES CORP.

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

Years ended July 31, 2014 and 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Share capital (Continued)

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction. Warrants that are part of units are assigned nil value and included in capital stock with the common shares that were concurrently issued. Warrants that are issued as payment for agency fee or other transaction costs are accounted for as share-based payments.

l) Share-based payments:

The Company has an employee share purchase option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over their respective 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 in equity as the option reserve. The fair value of options is determined using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of 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. The expected term to exercise is based upon historical data of the average hold period before exercise.

Expected volatility is estimated with reference to the historical share price volatility of the Corporation's share price.

m) Flow-through shares:

Canadian tax legislation permits a company to issue flow-through instruments whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. Common shares issued on a flow-through basis typically include a premium because of the tax benefits provided to the investor. At the time of issue, the Company estimates the proportion of the proceeds attributable to the premium and the common shares. The premium is estimated as the excess of the subscription price over the value of common shares on the date of the transaction and is recorded as a deferred liability. The Company recognizes a pro rata amount of the premium through the statement of loss and comprehensive loss as other income with a corresponding reduction to the deferred tax liability as the flow-through expenditures are incurred and renounced.

When the flow-through expenditures are incurred and renounced, the Company records the tax effect as a change to profit or loss and an increase to deferred income tax liabilities. To the extent that the Company has deferred income tax assets that were not recognized in previous periods, a deferred income tax recovery is recorded to offset the liability resulting from the renunciation.

GOLDREA RESOURCES CORP.

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

Years ended July 31, 2014 and 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Income taxes:

Income taxes are recorded using the balance sheet method whereby deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the balance sheet carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that enactment or substantive enactment occurs. A deferred tax asset is recognized only if it is probable that a deferred tax asset will be recovered. The Company does not recognize deferred tax asset or liability arising on initial recognition where the transaction is not a business combination and at the time of transaction, there is no impact on accounting profit or taxable profit.

o) Loss per share:

The Company calculates basic loss per share using the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding by an amount that assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are applied to repurchase common shares at the average market price for the period in calculating the net dilution impact. Stock options and warrants are dilutive when the Company has income from continuing operations and the average market price of the common shares during the period exceeds the exercise price of the options and warrants. Due to the losses for the periods ended July 31, 2014 and 2013, basic loss per share is equal to dilutive loss per share for the periods presented.

p) Exploration and evaluation assets and mineral properties:

Mineral properties include expenditures incurred in acquiring mineral and development rights and developing new mining operation. Capital mine development costs include expenditures incurred to develop new ore bodies, to define future mineralization in existing ore bodies and to extend the capacity of a mine.

Mine development costs are, upon commencement of productions, depreciated using a unit of production method based on the estimated proven and probable recover to which they relate or are written off if the property is abandoned.

Costs associated with commissioning of new assets are capitalized as mineral property costs in the period before they are opening in the way intended by management.

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Notes to the Consolidated Financial Statements
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4. RECENTLY ADOPTED AND FUTURE ACCOUNTING PRONOUNCEMENTS:

The following IFRS standards have been recently issued by the International Accounting Standards Board ("IASB"). The standards did not result in significant changes to the Company's financial statements.

a) IFRS 10 - Consolidated Financial Statements:

IFRS 10 Consolidated Financial Statements ("IFRS 10") provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 (2008). The Company intends to adopt IFRS 10 in its financial statements for the annual period beginning on August 1, 2013 and is currently evaluating the impact on its consolidated financial statements.

b) IFRS 12 - Disclosure of Interests in Other Entities:

IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. The required disclosures aim to provide information in order to enable users to evaluate the nature of, and the risks associated with, an entity's interest in other entities, and the effects of those interests on the entity's financial position, financial performance and cash flows.

c) IFRS 13 - Fair Value Measurement:

IFRS 13, Fair Value Measurement ("IFRS 13") was issued by the IASB on May 12, 2011. The new standard converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

d) IFRS 9 - Financial Instruments:

IFRS 9, Financial Instruments ("IFRS 9") was issued by the IASB on November 12, 2009, and will replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized costs or fair value, replacing the multiple rules in IAS 39. 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. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of IFRS 9 on its financial statements.

GOLDREA RESOURCES CORP.

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4. RECENTLY ADOPTED AND FUTURE ACCOUNTING PRONOUNCEMENTS:

e) IFRIC21 – Levies

In May 2013, the IASB IFRS Interpretations Committee (“IFRIC”) issued IFRIC 21 – Levies (“IFRIC 21”), an interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets (“IAS 37”), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (“obligating event”). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014.

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position. Disclosure changes are anticipated.

5. CASH AND CASH EQUIVALENTS:

The Company’s cash consists of CAD \$193,012 in the bank in Canada, and US \$9,971 (CAD \$10,745 equivalent) in Goldrea USA Inc. As at July 31, 2014 and 2013, there were no restricted funds.

6. MARKETABLE SECURITIES:

The following tables show the fair value impact of marketable securities, classified as available for sale investment, on the Company:

July 31, 2014	Fair value	Cost	Accumulated other comprehensive loss
Nevada Clean Magnesium Inc.			
45,000 common shares	\$2,025	\$5,000	\$(2,975)
American Manganese Inc.			
198,234 common shares	3,965	19,823	(15,858)
	\$5,990	\$24,823	\$(18,833)

GOLDREA RESOURCES CORP.

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6. MARKETABLE SECURITIES (Continued)

July 31, 2013	Fair value	Cost	Accumulated other comprehensive loss
Nevada Clean Magnesium Inc. 50,000 common shares	\$500	\$5,000	\$(4,500)
American Manganese Inc. 267,234 common shares	3,965	19,823	(15,858)
	\$4,465	\$24,823	\$(20,358)

Accumulated other comprehensive income continuity is as follows:

Accumulated other comprehensive income at July 31, 2012	\$(5,482)
Unrealized gains on available-for-sale marketable securities	(14,876)
Accumulated other comprehensive income at July 31, 2013	(20,358)
Unrealized losses on available-for-sale marketable securities	1,525
Accumulated other comprehensive income at July 31, 2014	\$(18,833)

7. INVENTORY:

	July 31, 2014	July 31, 2013
Stockpiled ore	-	1,616,296

As at July 31, 2014, the Company had no inventory as a result of the sale of its Chinese subsidiaries (See note 11)

8. RELATED PARTY TRANSACTIONS:

Amounts due to and from officers, directors and companies with common directors are interest free, unsecured and have no specified terms of repayment. They have arisen from the provision of services and expense reimbursements or advances.

The Company has directors and officers in common with American Manganese Inc. (formerly Rocher Deboile Minerals Corp.) (American Manganese).

	July 31, 2014	July 31, 2013
Due from directors and officers of the Company	\$ 15,241	\$ 5,748
Total due from related party	\$ 15,241	\$ 5,748
Due to American Manganese Inc.	\$ -	\$ (167,603)
Due to directors and officers	(24,500)	-
RGG accounts payable to Daye Gold Mine	-	(3,124,354)
Total due to related parties	\$ (24,500)	\$ (3,291,957)

GOLDREA RESOURCES CORP.

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8. RELATED PARTY TRANSACTIONS (Continued)

During the year ended July 31, 2014:

- Consulting fees of \$103,500 (2013 - \$97,361) were paid to executive directors and officers of the Company;

The above transactions were in the normal course of business and were measured at the exchange amount which is the amount agreed to by the related parties.

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9. EQUIPMENT:

	Office equipment	Furniture and fixtures	Computer equipment	Vehicle	Machinery	Corehouse	Contruction in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Costs								
Balance, July 31, 2012	31,278	26,039	57,411	114,852	255,324	14,544	613,908	1,113,356
Additions	-	-	-	-	-	-	-	-
Balance, July 31, 2013	31,278	26,039	57,411	114,852	255,324	14,544	613,908	1,113,356
Disposal of equipment included in sale of Chinese subsidiaries	-	(3,931)	(16,387)	(114,852)	(255,324)	(14,544)	(613,908)	(1,018,946)
Balance, July 31, 2014	31,278	22,108	41,024	-	-	-	-	94,410
Accumulated Depreciation								
Balance, July 31, 2012	25,312	21,629	50,661	107,456	143,835	3,538	-	352,431
Charge for the period	1,598	1,195	1,895	2,048	18,898	692	-	26,326
Balance, July 31, 2013	26,910	22,824	52,556	109,504	162,733	4,230	-	378,757
Charge for the period	867	584	1,408	-	-	-	-	2,859
Disposal of equipment included in sale of Chinese subsidiaries	-	(3,636)	(16,192)	(109,504)	(162,733)	(4,230)	-	(296,295)
Balance, July 31, 2014	27,777	19,772	37,772	-	-	-	-	85,321
Carrying Amounts								
July 31, 2013	4,368	3,215	4,855	5,348	92,591	10,314	613,908	734,599
July 31, 2014	3,501	2,336	3,252	-	-	-	-	9,089

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10. EXPLORATION AND EVALUATION ASSETS:

Exploration and evaluation assets:

a) British Columbia, Canada:

(i) Crowrea Property, Osoyoos and Similkameen Mining Division:

The Company holds a 50% interest in various mineral claims, some of which are partially owned by Nevada Clean Magnesium Inc. (formerly Molycor Gold Corporation). The property is a molybdenum prospect and is located near Summerland, B.C.

(ii) Flap, Nicola Mining Division:

The Company acquired by staking an undivided 50% joint venture interest in certain mineral claims. The property is located at Tadpole Lake, approximately 45 km west of Kelowna, B.C.

(iii) Empress Property, Osoyoos and Similkameen Mining Division:

The Company acquired by staking a 50% interest in the Empress Mineral claim, which is partially owned by Nevada Clean Magnesium Inc. (formerly Molycor Gold Corporation). It is a molybdenum prospect in the middle of the Crowrea Property near Summerland, B.C.

(iv) Wigwam Property, Vancouver Mining Division

The Company acquired 100% interests in Wigwam property in June, 2011, subject to 2% NSR, for a price of \$20,000 in cash and issuance of 400,000 common shares to the vendor. The property is located at Wigwam Bay, eight kilometres southwest of the head of Seymour Inlet, British Columbia. The claim expired on January 3, 2013, as a result, the Company recorded a mineral property write-down of \$55,963.

b) Arizona, U.S.A.:

(i) Gold Chain Property:

During the year ended July 31, 2003, the Company entered into an agreement to purchase the Gold Chain group claims located in Mohave County, Arizona. Under the terms of the agreement the Company purchased a 100% interest, subject to 3% NSR, of which, the Company has a option to purchase from the vendor two points of the NSR for the sum of US\$2,000,000, in the property for US\$5,000 and issuance of 100,000 common shares at a price of \$0.31 per share to two individuals. On December 9, 2010, the Company announced an option agreement whereby Sandfield Resources Ltd (Sandfield) can earn a 60% interest in the Gold Chain and Gold Rush Properties by paying \$60,000 in cash, issue 300,000 shares, and incur \$500,000 in exploration expenditures. On December 10, 2013, Sandfield terminated its option agreement.

(ii) Gold Rush Property:

During the year ended July 31, 2007, the Company entered into an agreement to purchase a 100% undivided interest in eighteen unpatented Lode Mining claims located in Mohave County, Arizona. Under the terms of the agreement the Company purchased the 100% interest, subject to 3% NSR, of which, the Company has a 10-year option to purchase from the vendor two points of the NSR for the sum of US\$2,000,000 and the issuance of 100,000 common shares.

On December 9, 2010, the Company announced an option agreement whereby Sandfield Resources Ltd (Sandfield) can earn a 60% interest in the Gold Chain and Gold Rush Properties by paying \$60,000 in cash, issue 300,000 shares, and incur \$500,000 in exploration expenditures. On December 10, 2013, Sandfield terminated its option agreement.

GOLDREA RESOURCES CORP.

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11. DISPOSITION OF CHINESE SUBSIDIARIES:

Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and

- (a) represents a separate major line of business or geographical area of operations,
- (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or;
- (c) is a subsidiary acquired exclusively with a view to resale.

A component of the Company is comprised of operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Company. Net income (loss) of a discontinued operation and any gain or loss on disposal are combined and presented as net income (loss) from discontinued operations in the Consolidated Statements of Loss and Comprehensive Loss. Comparative periods are restated to reflect discontinued operations presentation.

On December 24, 2013, the Company announced that an agreement was reached to sell its interest the Rushan Goldrea Gold property ("RGG") for a total of \$1.5 million CDN to Xuguang Su. ("the Purchaser")

Under the terms of the Agreement, the Company agreed to sell to an arm's length party 100% of the issued and outstanding shares of Gold Frame Holdings Ltd. ("Gold Frame"), a wholly owned subsidiary which holds the Company's Rushan Daye Gold project indirectly.

The Company received \$500,000 as "good faith" payment, on June 19, 2013. After the closing of this agreement the Company received \$1 million from the Purchaser to complete the transaction.

From these proceeds the Company paid the following;

- 1. \$220,080 CDN in fees to complete the sale of RGG (this includes Goods and Services Tax of \$10,480, and \$29,200 in previous fees owing);
- 2. The Company also repaid a loan of Rmb 1,200,000 (CDN \$185,217) borrowed from Chinese investors in March, 2013.

On March 17, 2014 the Company received regulatory and shareholder approval to complete this transaction.

The assets and liabilities sold amounted to:

Carrying value of assets sold:

Cash	\$ (541,325)
Accounts receivable	(575,094)
Inventory	(1,616,296)
Equipment	(108,744)
Exploration and evaluation assets	(2,054,331)
Accounts payable and accrued liabilities	3,557,475
Non-controlling interest	13,490
	<hr/>
Net assets sold	(1,324,825)
Consideration received	1,500,000
	<hr/>
Net proceeds from sale of Chinese subsidiaries	\$ 175,175

GOLDREA RESOURCES CORP.

Notes to the Consolidated Financial Statements
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11. DISPOSITION OF CHINESE SUBSIDIARIES (Continued)

Income (loss) from discontinued operations is comprised of the following for the years ended July 31, 2014 and 2013:

	July 31, 2014	July 31, 2013
Consulting (recovery)	\$ -	\$ (16,091)
Office and administration expenses	41,422	16,790
Investment income	5	-
Foreign exchange loss	1,811	235,619
Net proceeds from sale of Chinese subsidiaries	(175,175)	-
Gain (loss) on sale of Chinese subsidiaries	\$ 131,937	\$ (236,318)

12. SHARE CAPITAL AND RESERVES:

a) Authorized:

Authorized share capital comprises an unlimited number of common shares without par value.

b) Issued:

As at July 31, 2014 and 2013, there were 75,379,252 issued and fully paid common shares .

c) Stock options:

Exercise price	Expiry date	July 31, 2013	Issued	Exercised	Forfeited /Expired	July 31, 2014
\$		#	#	#	#	#
0.14	February 24, 2015	3,100,000	-	-	(1,600,000)	1,500,000
		3,100,000	-	-	(1,600,000)	1,500,000

Exercise price	Expiry date	July 31, 2012	Issued	Exercised	Forfeited/ Expired	July 31, 2013
\$		#	#	#	#	#
0.14	February 24, 2015	6,030,000	-	-	(2,930,000)	3,100,000
		6,030,000	-	-	(2,930,000)	3,100,000

The following table summarizes information about stock options outstanding at July 31, 2014:

Number of shares	Exercise price	Number exercisable	Weighted average remaining contractual life (years)	Expiry date
1,500,000	\$0.14	1,500,000	0.57	February 24, 2015
1,500,000		1,500,000	0.57	

GOLDREA RESOURCES CORP.

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12. SHARE CAPITAL AND RESERVES (Continued)

d) Share purchase warrants:

Exercise price	Expiry date	July 31, 2013	Issued	Exercised	Forfeited/ Expired	July 31, 2014
\$		#	#	#	#	
0.10	November 5, 2014	7,918,000	-	-	-	7,918,000
0.05	October 5, 2014	3,900,000				3,900,000
0.10	January 8, 2015	200,000				200,000
		12,018,000	-	-	-	12,018,000

Exercise price	Expiry date	July 31, 2012	Issued	Exercised	Forfeited/ Expired	July 31, 2013
\$		#	#	#	#	
0.10	November 5, 2014	7,918,000	-	-	-	7,918,000
0.10	November 5, 2012	128,000	-	-	(128,000)	-
0.16	March 25, 2013	1,000,000			(1,000,000)	-
0.05	October 5, 2014		3,900,000			3,900,000
0.10	January 8, 2015		200,000			200,000
		9,046,000	4,100,000	-	(1,128,000)	12,018,000

The following table summarizes information about share purchase warrants outstanding at July 31, 2014:

Number of shares	Exercise price	Weighted average remaining contractual life (years)	Expiry date
7,918,000	\$0.10	0.27	November 5, 2014 *
3,900,000	\$0.05	0.18	October 5, 2014 *
200,000	\$0.10	0.44	January 8, 2015
12,018,000		0.25	

*Note: The TSX Venture Exchange approved a one year extension for the 7,918,000 outstanding share purchase warrants expiring November 5, 2013. Each warrant is exercisable for one common share at a price of \$0.10 and the new expiry date for is November 5, 2014. Subsequent to year end, all of these have expired unexercised.

13. SHARE-BASED PAYMENT:

The Company has a stock option plan that provides for the issuance of options to its directors, officers, employees and consultants. The options have a maximum term of five years, and vest 25% on the date of grant and 25% every nine months thereafter.

The Company has not granted any options during the years ended July 31, 2014 and 2013.

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14. SEGMENTED INFORMATION:

The Company's mineral properties are located in two geographic regions, Canada, and USA and its corporate assets are located in Canada. A summary of total assets and net loss by geographic region is as follows:

	July 31, 2014	July 31, 2013
Net loss for the period		
Canada	\$ 128,072	\$ 207,506
China	-	236,318
USA	25,681	18,001
	\$ 153,753	\$ 461,825
Mineral properties and Exploration and Evaluation Assets		
Canada	\$ 564,723	\$ 556,940
China	-	1,440,424
USA	202,319	196,465
	\$ 767,042	\$ 2,193,829
Assets		
Canada	\$ 1,249,214	\$ 956,057
China	-	3,779,372
USA	(138,203)	183,344
	\$ 1,111,011	\$ 4,918,773

15. INCOME TAXES:

a) Income taxes:

The Company is subject to income taxes in Canada and the People's Republic of China. The consolidated provision for income taxes varies from the amount that would be computed from applying the combined federal, provincial and income tax rates to the net loss before income taxes as follows:

	2014	2013
Combined statutory tax rate	26%	25%
Computed tax recovery	\$ (40,000)	\$ (117,000)
Permanent differences	(31,000)	-
Change in deferred tax not recognized	71,000	117,000
Recovery of income taxes	\$ -	\$ -

b) Deferred tax assets have not been recognized with respect to the following:

	2014	2013
Deductible temporary difference	\$ 804,000	\$ 436,000
Tax losses (Canada)	2,033,000	2,396,000
	\$ 2,837,000	\$ 2,832,000

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15. INCOME TAXES (Continued)

- b) Deferred tax assets have not been recognized with respect to the following (Continued)

The Corporation has Canadian tax loss carry forwards as approximately \$7,818,000 CAD as at July 31, 2014. The non-capital losses in Canada expire at various dates to 2034.

No deferred tax asset has been recognized in respect of the above as the Company does not have any source of taxable income and there is uncertainty as to whether the Company will earn taxable income in the future. As a result, it is not currently probable that the benefit of such amounts will be realized.

16. FINANCIAL RISK MANAGEMENT:

- a) Fair value of financial instruments:

The fair values of these financial instruments approximate their carrying values because of their short term nature and or the existence of market related interest rates on the instruments. Fair values were obtained by Level 1 hierarchy inputs for amounts receivable and marketable securities. Fair value was obtained by level 2 hierarchy for the non-current loan.

- b) Financial instruments risk

The Company is exposed in varying degrees to a variety of financial risks. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management procedures.

The types of risk exposure and the way such exposure is managed are provided as follows:

- (i) Credit risk:

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is subject to credit risk on the cash balances at the bank, its short-term bank guaranteed investment certificates and amounts receivable. Cash and investments are with Schedule 1 banks or equivalent, with the majority of cash held in Chinese Renminbi in Chinese banking institutions. The credit risk in amounts receivable is considered low by management as they consist primarily of amounts owing from government authorities in relation to refundable GST as well as refundable Mineral Exploration Tax Credits ("METC")

- (ii) 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 in place a planning and budgeting process to assist in determining the funds required supporting normal operating requirements on an ongoing basis, including capital development and exploration expenditures. This process resulted in the decision in January 2008 to enter into a service agreement with Daye Gold Mine for the underground operation of Golden Rose Shaft, the agreement was extended in January 2009 and renewed on annual basis. As at July 31, 2014, the Company has a cash and cash equivalent balance of \$203,757 (July 31, 2013 - \$170,871) to settle current liabilities of \$124,654 (July 31, 2013 - \$3,775,696). Accounts payable and accrued liabilities are due within the current operating period. As at July 31, 2014, the Company has working capital \$122,406 compared to a working capital deficiency at July 31, 2013 of \$1,860,980 and was relying on the financial support of a related company and subsequently on equity financing activity. These financial statements assume the related company will not demand repayment of the debt prior to Goldrea generating sufficient cash to repay this amount. See note 1 for additional discussion on going concern.

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16. FINANCIAL RISK MANAGEMENT (Continued)

b) Financial instruments risk (Continued)

(iii) Market risk:

The Company's primary market risk is in the areas of metal prices and foreign exchange risk on financial instruments denominated in other than Canadian dollars. At July 31, 2014, the Company had no hedging agreements in place with respect to metal prices or foreign exchange rates.

A) Commodity price risk:

The value of the Company's primary mineral property is dependent on the price of gold and the outlook for this mineral. The value of exploration stage gold and molybdenum properties is also dependent on the price of gold and molybdenum and the outlook for the minerals.

Market prices for these metals historically have fluctuated widely and are affected by numerous factors outside of the Company's control including but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators, as well as certain other factors related specifically to gold.

The profitability of the Company's primary property is highly correlated to the market price of gold. If gold prices decline for a prolonged period below the cost of production it may not be economically feasible to continue towards production.

The Company has not entered into any hedging or commodity based derivative financial instruments.

B) Currency risk:

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company has offices in Canada, and the United States, and holds cash in Canadian, and United States currencies in line with forecasted expenditures. A significant change in the currency exchange rates between the Canadian dollar relative to US dollar and it could have an effect on the Company's results of operations, financial position or cash flows.

At July 31, 2014, the Company is exposed to currency risk through the following assets and liabilities denominated in USD currencies.

Cash and cash equivalent	\$	9,883
Accounts payable and accrued liabilities		187,965
Total	\$	197,848
Canadian dollar foreign exchange rate		1.0872
Balance sheet exposure in Canadian dollar equivalent	\$	215,101

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16. FINANCIAL RISK MANAGEMENT (Continued)

b) Financial instruments risk (Continued)

(iii) Market risk (continued):

C) Sensitivity analysis:

A 10% strengthening (weakening) in the Canadian dollar against the USD at July 31, 2014 would have increased (decreased) net loss by the amounts shown below. This analysis assumes that all other variables, in particular, interest rate, remain constant:

July 31, 2014	Change in CAD\$
USD	21,510

D) Equity price risk:

Equity price risk arises from available-for-sale equity securities. The Company's exposure at July 31, 2014 was \$4,465. The shares are publicly traded, market-prices are readily available, and their carrying value is equal to the market value at July 31, 2014.

E) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents contain highly liquid investments that earn interest at market rates and have maturities of 90 days or less. The interest is typical of Canadian banking rates, which are presently low; however this conservative investment strategy mitigates the risk of deterioration to the investment. A change of 100 basis points in the interest rates would not be material to the financial statements.

17. CAPITAL MANAGEMENT:

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The management of the capital structure is based on the funds available to the Company in order to support the acquisition, exploration and development of mineral properties and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders.

The properties in which the Company currently has an interest in are in the exploration and pre-development stages, as such, the Company does not recognize revenue from its exploration properties.

The Company's historical sources of capital have consisted of the sale of equity securities and interest income. 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 expects to raise additional amounts externally as needed. There were no changes in the Company's management of capital during the year ended July 31, 2014.

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Schedule of Exploration and Evaluation Assets (Unaudited)
Period ended July 31, 2014

	July 31, 2012	Expenditures (recoveries or write- downs)	July 31, 2013	Expenditures (recoveries or write-downs)	July 31, 2014
Canada - British Columbia:					
Crowrea:					
Acquisition	\$9,377	\$ -	\$9,377	\$ -	\$9,377
Assay and analysis	9,649	-	9,649	381	10,030
Camp and supplies	665	-	665	-	665
Drilling	119,645	-	119,645	-	119,645
Engineering and geological	70,228	-	70,228	3,617	73,845
Equipment rentals and subcontractor	6,904	-	6,904	-	6,904
METC refund	(54,774)	(519)	(55,293)	-	(55,293)
	161,694	(519)	161,175	3,998	165,173
Flap:					
Acquisition	8,588	-	8,588	420	9,008
Assay and analysis	30,971	-	30,971	-	30,971
Drilling	34,383	-	34,383	-	34,383
Engineering and geological	62,095	-	62,095	-	62,095
METC refund	(4,454)	(30,252)	(34,706)	-	(34,706)
	131,583	(30,252)	101,331	420	101,751
Empress:					
Acquisition	4,724	(916)	3,808	-	3,808
Assay and analysis	10,451	-	10,451	320	10,771
Drilling	192,341	-	192,341	-	192,341
Engineering and geological	58,561	-	58,561	3,045	61,606
METC refund	(75,180)	(2,151)	(77,331)	776	(76,555)
	190,897	(3,067)	187,830	4,141	191,971
Wigwam					
Write-Down	-	(55,963)	(55,963)	-	(55,963)
Acquisition	42,658	-	42,658	-	42,658
Assay and analysis	1,429	280	1,709	-	1,709
Engineering and geological	11,596	-	11,596	-	11,596
	55,683	(55,683)	-	-	-
USA - Arizona:					
Gold Chain:					
Option payments received	(19,787)	-	(19,787)	-	(19,787)
Acquisition	54,351	-	54,351	2,539	56,890
Assay and analysis	21,577	-	21,577	-	21,577
Drilling	43,245	780	44,025	-	44,025
Engineering and geological	31,672	-	31,672	-	31,672
	131,058	780	131,838	2,539	134,377
Gold Rush:					
Option payments received	(19,787)	-	(19,787)	-	(19,787)
Acquisition	66,416	-	66,416	2,539	68,955
Assay and analysis	24,821	-	24,821	-	24,821
Drilling	37,773	780	38,553	-	38,553
Engineering and geological	61,228	-	61,228	-	61,228
	170,451	780	171,231	2,539	173,770
Total exploration and evaluation assets	\$ 841,366	\$ (87,961)	\$ 753,405	\$ 13,637	\$ 767,042

GOLDREA RESOURCES CORP.

Schedule of Mineral Property Assets (Unaudited)
Period ended July 31, 2014

	July 31, 2012	Expenditures (recoveries or write- downs)	July 31, 2013	Disposal of mineral property assets included in sale of Chinese subsidiaries (Note 11)	July 31, 2014
China - Shandong Province:					
Rushan Goldrea Gold (RGG):					
Acquisition	\$ 2,306,117	\$ 23,257	\$ 2,329,374	\$ (2,329,374)	\$ -
Mineral rights contributed (note 2(a))	702,702	-	702,702	(702,702)	-
Administration	682,459	217,250	899,709	(899,709)	-
Assay and analysis	116,952	(83)	116,869	(116,869)	-
Drilling	2,643,265	-	2,643,265	(2,643,265)	-
Engineering and geological	684,659	-	684,659	(684,659)	-
Shaft	1,136,601	-	1,136,601	(1,136,601)	-
Travel	98,078	-	98,078	(98,078)	-
Recovery of mineral property costs	(6,670,833)	-	(6,670,833)	6,670,833	-
Cash deposit received on RGG purchase	-	(500,000)	(500,000)	500,000	-
Total mineral property assets	1,700,000	(259,576)	1,440,424	(1,440,424)	-
Total exploration, evaluation					
and mineral property assets	\$ 2,541,366	\$(347,537)	\$ 2,193,829	\$ (1,426,787)	\$ 767,042