ALBA MINERALS LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2014 AND 2013

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

11th floor, 1050 West Pender Street, Vancouver, BC, Canada V6E 3S7

Tel: 604. 714. 3600 Fax: 604. 714. 3669 Web: manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Alba Minerals Ltd.

We have audited the accompanying consolidated financial statements of Alba Minerals Ltd. which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of comprehensive loss, cash flows and changes in equity for the years then ended, and the related notes comprising 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 as issued by the International Accounting Standards Board, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 audits 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 our 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, we consider 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 in our audits 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 Alba Minerals Ltd. as at December 31, 2014 and 2013, and its financial performance and 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 2 (b) in the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Alba Minerals Ltd. to continue as a going concern.

Manning Elliott LLP

CHARTERED ACCOUNTANTS
Vancouver, British Columbia
April 17, 2015

ALBA MINERALS LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014 AND 2013

(Expressed in Canadian Dollars)

		2014		2013
ASSETS				
Current				
Cash and cash equivalents (Note 4)	$	38,639	$	317,200
Marketable securities (Note 5)		-		104,345
Amounts receivable (Note 9)		8,946		9,000
GST/HST recoverable		2,386		2,181
Prepaid expenses		2,656		5,633
		52,627		438,359
Reclamation bond		12,000		12,000
Mineral properties exploration (Note 6)		252,739		233,539
	$	317,366	$	683,898
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 9)	$	31,811	$	23,092
SHAREHOLDERS' EQUITY				
Share capital (Note 7)		9,064,279		9,064,279
Contributed surplus		773,420		773,420
Deficit		(9,552,144)		(9,176,893)
		285,555		660,806
	$	317,366	$	683,898

Approved on behalf of the Board on April 17, 2015:

"Malcolm Powell"
Malcolm Powell, Director

"Carl Jonsson"
Carl Jonsson, Director

(The Accompanying Notes form an Integral Part of These Consolidated Financial Statements)

ALBA MINERALS LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(Expressed in Canadian Dollars)

	2014	2013
EXPENSES		
Management fees	$ 120,000	$ 120,000
Investor relations	80,503	69,002
Accounting and audit fees	32,847	30,750
Office and general	27,577	20,690
Transfer agent fees	25,242	7,765
Legal	21,437	13,275
Rent	18,936	20,158
Promotion and travel	13,391	25,307
Filing fees	9,597	13,986
Consulting	-	11,000
Share-based compensation (Note 8)	-	2,914
Advertising	-	808
	349,530	335,655
LOSS BEFORE OTHER ITEMS	(349,530)	(335,655)
OTHER ITEMS		
Interest income, net	2,568	5,691
Unrealized loss on marketable securities	-	(375,599)
Loss on sale of marketable securities (Note 5)	(4,289)	(76,340)
Loss on debt forgiveness (Note 9 (a) iv)	(24,000)	-
	(25,721)	(446,248)
NET LOSS AND COMPREHENSIVE LOSS	$ (375,251)	$ (781,903)
LOSS PER SHARE – BASIC AND DILUTED	$ (0.05)	$ (0.10)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	8,152,091	8,152,091

(The Accompanying Notes form an Integral Part of These Consolidated Financial Statements)

ALBA MINERALS LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(Expressed in Canadian Dollars)

	2014	2013
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the year	$ (375,251)	$ (781,903)
Items not involving cash:		
Share-based compensation	-	2,914
Unrealized loss on marketable securities	-	375,599
Loss on sale of marketable securities	4,289	76,340
Loss on debt forgiveness (Note 9 (a) iv)	24,000	-
	(346,962)	(327,050)
Changes in non-cash working capital balances:		
Decrease (increase) in GST/HST recoverable	995	3,195
Decrease (increase) in amounts receivable	(25,147)	(9,000)
Decrease in prepaid expenses	2,977	35
(Decrease) increase in accounts payable and accrued liabilities	8,720	(27,718)
	(359,417)	(360,538)
INVESTING ACTIVITIES		
Mineral properties acquisition and exploration	(19,200)	(16,630)
Proceeds from sale of marketable securities	100,056	36,809
	80,856	20,179
DECREASE IN CASH	(278,561)	(340,359)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	317,200	657,559
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 38,639	$ 317,200
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for:		
Interest	$ –	$ –
Income taxes	$ –	$ –

(The Accompanying Notes form an Integral Part of These Consolidated Financial Statements)

ALBA MINERALS LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(Expressed in Canadian Dollars)

	Number of Common Shares (After consolidation – Note 7)	Share Capital Amount	Contributed Surplus	Deficit	Total
As at December 31, 2012	8,152,091	$ 9,064,279	$ 770,506	$ (8,394,990)	$ 1,439,795
Share-based compensation	–	–	2,914	–	2,914
Net loss for the year	–	–	–	(781,903)	(781,903)
As at December 31, 2013	8,152,091	$ 9,064,279	$ 773,420	$ (9,176,893)	$ 660,806
Net loss for the year	–	–	–	(375,251)	(375,251)
As at December 31, 2014	8,152,091	$ 9,064,279	$ 773,420	$ (9,552,144)	$ 285,555

(The Accompanying Notes form an Integral Part of These Consolidated Financial Statements)

1. CORPORATE INFORMATION AND NATURE OF OPERATIONS

Alba Minerals Ltd. (the "Company"), incorporated in British Columbia ("B.C."), is a public company listed on the TSX Venture Exchange ("TSXV") and trades under the symbol AA. The address of the Company's corporate office and its principal place of business is 9131 Jaskow Gate, Richmond B.C., Canada. The Company changed its name from formerly Acrex Ventures Ltd. to Alba Minerals Ltd. on July 9, 2014.

The Company is in the exploration stage and its principal business activity is the sourcing and exploration of mineral properties in North America. The Company is in the process of exploring and evaluating its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related capitalized exploration expenditures is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition thereof.

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

b) Going Concern

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. The Company has incurred losses since its inception and has an accumulated deficit of $9,552,144 at December 31, 2014 which has been funded primarily by issuance of shares. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the ability to fund its existing acquisition and exploration commitments on its resource properties when they come due, which would cease to exist if the Company decides to terminate its commitments. The Company may be able to generate working capital to fund its operations by the sale of its resource properties or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These factors form a material uncertainty that may raise significant doubt regarding the Company's ability to continue as a going concern. These financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

c) Consolidation

The consolidated financial statements include the accounts of the Company and its 100% wholly owned subsidiary, Acrex Minerals (U.S.) Inc. ("Acrex US"). Acrex US was incorporated in the State of Nevada. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement basis - These consolidated financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out in Note 3. All amounts are expressed in Canadian dollars unless otherwise stated.

Cash and cash equivalents - The Company considers deposits with banks or highly liquid short-term interest bearing securities that are readily convertible to known amounts of cash and those that have maturities of 90 days or less when acquired to be cash equivalents.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Marketable securities - The Company has classified its marketable securities as fair value through profit or loss and therefore carries them at fair value based on quoted market share prices with the unrealized gain or loss recorded in net income or loss for the period.

Mineral properties exploration - All expenditures related to the cost of exploration and evaluation of mineral resources including acquisition costs for interests in mineral claims are capitalized as mineral properties exploration and are classified as intangible assets. General exploration costs not related to specific mineral properties are expensed as incurred. If economically recoverable reserves are developed, capitalized costs of the related property are reclassified as mining assets and upon commencement of commercial production, are amortized using the units of production method over estimated recoverable reserves. Impairment is assessed at the level of cash-generating units. Management regularly assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if one of the following factors are present: the rights to explore have expired or are near to expiry with no expectation of renewal, no further substantive expenditures are planned or budgeted, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, indications that in an area with development likely to proceed the carrying amount is unlikely to be recovered in full by development or sale.

The recoverability of mineral properties and capitalized exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

Mineral properties are regularly reviewed for impairment or whenever events or changes in circumstances indicate that the carrying amount of reserve properties may exceed its recoverable amount. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of value in use (being the present value of expected future cash flows of the relevant cash-generating unit) and fair value less costs to sell. If the carrying amount of an asset exceeds the recoverable amount an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Provisions - Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. At each financial position reporting date presented, the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government assistance - B.C. mining exploration tax credits for certain exploration expenditures incurred in B.C. are treated as a reduction of the exploration and development costs of the respective mineral property.

Foreign currency translation - The presentation currency and functional currency of the Company and its US subsidiary is the Canadian dollar as this is the principal currency of the economic environment in which they operate. The Company's US subsidiary is financially and operationally dependent on the Company. The Company translates transaction in foreign currencies into Canadian dollars at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities are translated at the exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical rates. The resulting exchange gains or losses are recognized in income.

Income taxes - The Company provides for income taxes using the liability method of tax allocation. Under this method deferred income tax assets and liabilities are determined based on temporary differences between the accounting and tax bases of existing assets and liabilities, and are measured using enacted or substantially enacted tax rates expected to apply when these differences reverse. Deferred income tax assets are recognized to the extent that it is probable the asset will be realized.

Share-based payments - The Company records all share-based payments at their fair value. The share-based compensation costs are charged to operations over the stock option vesting period and agents' options and warrants issued in connection with common share placements are recorded at their fair value on the date of issue as share issuance costs. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options expected to vest. On the exercise of stock options and agents' options and warrants, share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Company uses the Black-Scholes option pricing model ("Black-Scholes model") to estimate the fair value of share-based compensation. The model requires management to make estimates which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

Loss per share - Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted loss per share. Diluted loss per share excludes all potentially dilutive common shares if their effect is anti-dilutive.

Share issue costs - Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred share issue costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred share issue costs related to financing transactions that are not completed are charged to expenses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments - All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available for sale, loans and receivable or at fair value through profit or loss ("FVTPL"). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities. Financial instruments comprise cash and cash equivalents, marketable securities, amounts receivable and accounts payable. At initial recognition management has classified financial assets and liabilities as follows:

a) Financial assets

The Company has classified its cash and cash equivalents and marketable securities at FVTPL. A financial instrument is classified at FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial instruments at FVTPL are measured at fair value and changes therein are recognized in income. The Company has classified its amounts receivable as loans and receivables.

b) Financial liabilities

The Company has classified its accounts payable as other financial liabilities. Accounts payable are recognized at the amount required to be paid less, when material, a discount to reduce the payable to fair value. The Company derecognizes a financial liability when it its contractual obligations are discharged, cancelled or expire.

Flow-through shares - The Company finances some exploration expenditures through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. When the common shares are offered, the difference ("premium") between the amount recognized in common shares and the amount the investors pay for the shares is recognized as a flow-through share related liabilities which is reversed into the statement of comprehensive loss within other income when the eligible expenditures are incurred.

Use of estimates and judgements - The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses for the periods reported. The Company bases its estimates and assumptions on current and various other factors that it believes to be reasonable under the circumstances. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

a) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates and judgements (continued)

b) Impairment

The carrying value of non-financial assets is reviewed each reporting period upon the occurrence of events or changes in circumstances indicating that the carrying value of assets may not be recoverable and when criteria of assets held for sale are met to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in the consolidated statement of operations and comprehensive loss. The assessment of fair values, including those of the cash generating units (the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflow from other assets or groups of assets) ("CGUs") for purposes of testing goodwill, require the use of estimates and assumptions for recoverable production, long-term commodity prices, discount rates, foreign exchange rates, future capital requirements and operating performance. Changes in any of the assumptions or estimates used in determining the fair value of goodwill or other assets could impact the impairment analysis.

c) Site Closure and Reclamation Provisions

The Company assesses its mineral properties' rehabilitation provision at each reporting date or when new material information becomes available. Exploration, development and mining activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation obligations requires management to make estimates of the future costs that the Company will incur to complete the reclamation work required to comply with existing laws and regulations at each location. Actual costs incurred may differ from those amounts estimated.

Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

d) Title to Mineral Properties

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

e) Share-Based Payments

Management uses valuation techniques in measuring the fair value of share options granted. The fair value is determined using the Black Scholes option pricing model which requires management to make certain estimates, judgements, and assumptions in relation to the expected life of the share options, expected volatility, expected risk-free rate, and expected forfeiture rate (Note 8). Changes to these assumptions could have a material impact on the Company's consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Deferred Income Taxes

Judgement is required to determine which types of arrangements are considered to be a tax on income in contrast to an operating cost. Judgement is also required in determining whether deferred tax liabilities are recognised in the consolidated statement of financial position. Deferred tax assets, including those potentially arising from un-utilised tax losses, require management to assess the likelihood that the Company will generate sufficient taxable income in future periods, in order to recognise deferred tax assets. Assumptions about the generation of future taxable income depend on management's estimates of future operations and cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize deferred tax assets or offset these against any deferred tax liabilities recorded at the reporting date could be impacted.

Adoption of New and Revised Accounting Standards and Interpretations

The IASB issued a number of new and revised standards which are effective for the Company's financial year beginning on January 1, 2014. The mandatory adoption of these standards did not have a significant impact on the Company's consolidated financial statements. Specifically, the Company has adopted all of the following new standards for the year ended December 31, 2014:

IAS 36 – Impairment of Assets

In May 2013, the IASB issued an amendment to address the disclosure of information about the recoverable amount of impaired assets or a CGU for periods in which an impairment loss has been recognized or reversed. The amendments also address disclosure requirements applicable when an asset's or a CGU's recoverable amount is based on fair value less costs of disposal.

IFRIC 21 – Levies

In May 2013, the IASB 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.

New accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for accounting periods beginning after January 1, 2015, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New and Revised Accounting Standards and Interpretations (continued)

IFRS 15 – Revenue from Contracts with Customers
In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") which supersedes IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers*, and SIC 31 *Revenue Barter Transactions Involving Advertising Services*. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2017. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

IFRS 9 – Financial Instruments
The IASB intends to replace IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety with IFRS 9 *Financial Instruments* ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

Annual improvements
In December 2013, the IASB issued the Annual Improvements 2010-2012 and 2011-2013 cycles, effective for annual periods beginning on or after July 1, 2014. In September 2014, the IASB issued the Annual Improvements 2012-2014 cycle, effective for annual periods beginning on or after July 1, 2016. These Annual Improvements made necessary but non-urgent amendments to existing IFRSs. These amendments are not expected to have a significant impact on the Company's consolidated financial statements.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include redeemable guaranteed investment certificates ("GICs") with interest rates of 1.05% (2013 – 1.05% to 1.20%) per annum.

		2014		2013
Cash (bank indebtedness)	$	(6,361)	$	42,200
GICs		45,000		275,000
	$	38,639	$	317,200

5. MARKETABLE SECURITIES

During the year ended December 31, 2014, the Company disposed of 1,734,000 common shares of Spanish Mountain Gold Ltd. and the gold bullion for total sale proceeds of $100,056, resulting in a realized loss on sale of $4,289.

		2014		2013
Spanish Mountain Gold Ltd.	$	-	$	95,370
Gold bullion		-		8,975
	$	-	$	104,345

(Expressed in Canadian dollars)

6. MINERAL PROPERTIES EXPLORATION

Expenditures on interests in mineral properties are considered exploration and evaluation assets.

December 31, 2014		**Rainbow Canyon**
Acquisition costs		
Balance, December 31, 2013	$	193,852
Staking and title maintenance		15,471
Subtotal of acquisition costs		209,323
Exploration and evaluation		
Balance, December 31, 2013		39,687
Consulting fees		3,729
Subtotal of exploration and evaluation		43,416
Balance, December 31, 2014	**$**	**252,739**

December 31, 2013		**Rainbow Canyon**
Acquisition costs		
Balance, December 31, 2012	$	178,950
Staking and title maintenance		14,902
Subtotal of acquisition costs		193,852
Exploration and evaluation		
Balance, December 31, 2012		37,959
Consulting fees		1,728
Subtotal of exploration and evaluation		39,687
Balance, December 31, 2013	**$**	**233,539**

Rainbow Canyon, Nevada – By an Agreement dated March 25, 2011 the Company purchased 52 non-patented mineral claims, covering approximately 421 hectares, located approximately 40 kilometers east of Reno, in Washoe County, Nevada, USA. The purchase price for the claims was US$125,000 (CAN$123,719). A 3% Net Smelter Return royalty is reserved to the vendor subject to the Company's right to purchase back up to a 2% NSR royalty by the payment of $500,000 for each 1% NSR royalty interest purchased.

7. SHARE CAPITAL

The Company has authorized share capital of an unlimited number of common voting shares without par value. Disclosures on any common shares issued are provided in the Statements of Changes in Shareholders' Equity.

On June 20, 2014 the Company completed a share consolidation of its issued and outstanding common shares on a 5 old to 1 new basis. All share and per share amounts in these consolidated financial statements have been adjusted to give retroactive effect to the share consolidation.

(Expressed in Canadian dollars)

8. STOCK OPTION PLAN AND SHARE-BASED PAYMENTS

The Company has established a stock option plan for directors, employees, and consultants. The following table summarizes the stock options outstanding and exercisable at December 31, 2014:

Price	Number Outstanding	Number Exercisable	Expiry Date
$0.50	82,000	82,000	July 19, 2015
$0.50	135,000	135,000	August 9, 2016
$0.50	80,000	80,000	August 30, 2017
$0.50	20,000	20,000	February 4, 2018
	317,000	317,000	

Under the Company's stock option plan, the exercise price of each option is determined by the Board, subject to the pricing policies of the TSXV. Options vest immediately when granted and expire five years from the date of the grant, unless the Board establishes more restrictive terms.

The aggregate number of shares issuable pursuant to options granted under the plan is limited to 10% of the Company's issued shares at the time the options are granted. The aggregate number of options granted to any one optionee in a 12-month period is limited to 5% of the issued shares of the corporation.

The continuity of options is as follows:

	Number	Weighted Average Exercise Price
Outstanding, December 31, 2012	390,000	$ 0.50
Expired	(93,000)	$ 0.50
Granted	20,000	$ 0.50
Outstanding, December 31, 2013 and 2014	317,000	$ 0.50

For purposes of the calculations, the following weighted average assumptions were used under the Black-Scholes model:

	2014	2013
Share price at grant date	$-	$0.15
Risk-free interest rate	-	1.50%
Expected dividend yield	-	0%
Expected stock price volatility	-	214%
Expected life of options	-	5 years
Expected forfeiture rate	-	0%

The weighted average grant date fair value of stock options granted during the year ended December 31, 2014 was $NIL (2013 - $0.15) per option.

(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

a) The Company has identified its President and a certain Director as its key management personnel and the compensation costs for key management personnel and companies related to them were recorded at their exchange amounts as agreed upon by transacting parties:

  i) The Company incurred legal fees of $19,450 (2013 - $13,275) from a law firm of which a director is a principal.

  ii) The Company incurred equipment rental charges of $19,320 (2013 - $19,514) from a company owned by a director.

  iii) The Company received reimbursements for investor relations, promotions and office expenses totalling $13,725 (2013 - $36,000) from companies controlled by common directors.

  iv) The Company forgave debts due from to companies with common directors totalling $24,000 (2013 - $Nil).

  v) The aggregate remuneration of the Company's key management consists of:

	2014	2013
Management fees and investor relations	$ 200,503	$ 189,002
Share-based compensation	-	2,914
Total	$ 200,503	$ 191,916

b) At December 31, 2014, accounts payable and accrued liabilities included $3,809 (2013 - $2,087) for amounts due to a law firm of which a director is a principal.

c) At December 31, 2014, amounts receivable include $8,946 (2013 - $9,000) for amounts due from a company with common directors and officers.

10. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2014	2013
Canadian statutory income tax rate	26%	25.75%
Expected income tax recovery	$ 97,565	$ 201,350
Non-deductible expenses and others	(1,465)	(60,025)
Rate change	-	40,175
Change in unrecognized deferred income tax assets	(96,100)	(181,500)
Income tax recovery	$ –	$ –

Significant components of the Company's potential deferred income tax assets are as follows:

	2014	2013
Non-capital losses	$ 787,800	$ 691,500
Capital losses	92,400	9,800
Marketable securities and others	-	82,800
Resource properties	367,500	367,500
	1,247,700	1,151,600
Unrecognized deferred income tax assets	(1,247,700)	(1,151,600)
Net deferred income tax assets	$ –	$ –

(Expressed in Canadian dollars)

10. INCOME TAXES (continued)

The Company has Canadian non-capital losses for income tax purposes of $3,030,000 which may be carried forward and offset against deferred taxable income. The non-capital losses expire as follows:

Year	Amount
2026	469,000
2027	551,000
2028	452,000
2030	471,000
2031	394,000
2033	323,000
2034	370,000
	$3,030,000

The Company has capital losses for income tax purposes of $711,000 which may be carried forward indefinitely to apply against capital gains in future years.

In assessing the realizability of deferred income tax assets, management considers whether it is probable that some portion of the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax assets considered realizable could change materially in the near term based on future taxable income during the carry forward period.

11. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of mineral properties in Canada and the US. The Company does not have any externally imposed capital requirements to which it is subject.

As at December 31, 2014, the Company had capital resources consisting of cash and cash equivalents and marketable securities. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash and cash equivalents.

The Company's investment policy is to invest its cash in investment instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of exploration and development expenditures from continuing operations.

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

(Expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS AND RISK

The following table summarizes information regarding the carrying values of the Company's financial instruments:

		2014		2013
Fair value through profit or loss (i)	$	38,639	$	421,545
Loans and receivables (ii)		8,946		9,000
Other financial liabilities (iii)		10,811		8,092

(i) Cash and cash equivalents and marketable securities
(ii) Amounts receivable
(iii) Accounts payable

IFRS 7 *Financial Instruments – Disclosures*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 7 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The fair values of the Company's financial assets and liabilities as of December 31, 2014 were calculated as follows:

	Balance at December 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	$	$	$	$
Financial Assets:				
Cash and cash equivalents	38,639	38,639	–	–

The Company believes that the recorded value of amounts receivable and accounts payable approximate their current fair values because of their nature and relatively short maturity dates or durations.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents. To minimize the credit risk the Company places these instruments with a high credit quality financial institution.

(Expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS AND RISK (continued)

Liquidity Risk

The Company ensures its holding of cash and cash equivalents is sufficient to meet its short-term exploration, development, and general and administrative expenditures. The Company's cash equivalents are invested in business guaranteed investment certificates which are immediately available on demand when required. The Company does not have investments in any asset backed deposits.

Foreign Exchange Risk

The Company does not have significant foreign currency denominated financial instruments and is not exposed to significant foreign exchange risk.

Interest Rate Risk

The Company manages its interest rate risk by obtaining the best commercial deposit interest rates available in the market by the major Canadian financial institutions.

The Company has investments in guaranteed investment certificates. The following table summaries the impact of reasonable possible changes on interest rates for the Company at December 31, 2014 and 2013. The sensitivity analysis is based on the assumption that interest rate changes by 1% with all other variables remaining constant. The 1% sensitivity is based on reasonably possible changes over a financial year, using the observed range of historical rates for the preceding year.

	2014	2013
Impact on net loss:		
1% increase	$ 398	$ 1,421
1% decrease	$398	$(1,421)

Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The sale of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity prices. The Company is exposed to market risk in trading its investments, and unfavourable market conditions could result in dispositions of investments at less than favourable prices. The Company's investments are accounted for at estimated fair values and are sensitive to changes in market prices, such that changes in market prices result in a proportionate change in the carrying value of the Company's investments. The Company's ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

13. OPERATING SEGMENT INFORMATION

The Company's operations are limited to a single industry segment being the acquisition, exploration and development of mineral properties. The Company has mineral property located in the United States in the State of Nevada.