



EXPLORATION SCHYAN EXPLORATION INC.

Audited Financial Statements

**For the years ended
December 31, 2014 and 2013**



EXPLORATION SCHYAN EXPLORATION INC.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Schyan Exploration Inc. / Exploration Schyan Inc. [the "Company"] are the responsibility of the management and Board of Directors of the Company.

The financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with International Financial Reporting Standards as disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the Statement of Financial Position date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide them with sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the year presented by the financial statements and (ii) the financial statements fairly present in all material respects the financial condition and results of operations of the Company, as of the date of and for the year presented by the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Mitchell E Lavery"

President and Chief Executive Officer

"George W. Rayfield"

Treasurer

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Schyan Exploration Inc.

We have audited the accompanying financial statements of Schyan Exploration Inc., which comprise the statements of financial position as at December 31, 2014 and 2013, and the statements of loss and comprehensive loss, statements of changes in deficiency and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

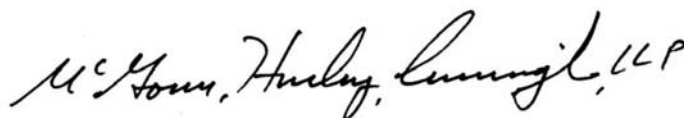
Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Schyan Exploration Inc. as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company had continuing losses during the year ended December 31, 2014 and a working capital deficiency as at December 31, 2014. These conditions along with other matters set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

McGOVERN, HURLEY, CUNNINGHAM, LLP



Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
April 28, 2015



EXPLORATION SCHYAN EXPLORATION INC.

Statements of Financial Position
(Expressed in Canadian Dollars)

<i>As at December 31,</i>	2014	2013
	\$	\$
Assets		
Current Assets		
Cash and cash equivalents <i>(Note 7)</i>	93,466	197,150
Short-term investments <i>(Note 8)</i>	78,000	48,500
Trade and other receivables <i>(Note 9)</i>	8,768	1,897
Total assets	180,234	247,547
Liabilities		
Current Liabilities		
Trade and other payables <i>(Note 10)</i>	227,482	130,140
Due to related parties <i>(Note 11)</i>	286,014	247,451
Total liabilities	513,496	377,591
Shareholders' Deficiency		
Capital Stock <i>(Note 13)</i>	531,694	531,694
Share-based Payment Reserves <i>(Note 14)</i>	36,262	36,262
Deficit	(901,218)	(698,000)
Total shareholders' deficiency	(333,262)	(130,044)
Total liabilities and shareholder' deficiency	180,234	247,547

Nature of Operations and Going Concern (Note 1)
Commitments and Contingencies (Note 17)

APPROVED ON BEHALF OF THE BOARD ON APRIL 28, 2015:

Signed "James N. Fairbairn"
Director

Signed "George W. Rayfield"
Director

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

**EXPLORATION SCHYAN EXPLORATION INC.****Statements of Loss and Comprehensive Loss**
(Expressed in Canadian Dollars)

<i>For the Years Ended December 31,</i>	2014	2013
	\$	\$
Revenue		
Interest Income	1,376	1,824
Administrative Expenses		
General and administrative	19,402	9,541
Shareholder information	15,869	6,029
Investor relations and travel	47,930	10,227
Management and consulting fees	90,000	-
Professional fees	35,186	10,100
Exploration and evaluation expenditures (<i>Note 15</i>)	25,707	-
	(234,094)	(35,897)
Loss before the undernoted	(232,718)	(34,073)
Change in fair value of short-term investment	29,500	(26,500)
Net Loss and Comprehensive loss for year	(203,218)	(60,573)
Loss per share - basic and diluted	(0.05)	(0.015)
Weighted average number of shares outstanding – basic and diluted	3,961,372	3,961,372

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



EXPLORATION **SCHYAN** EXPLORATION INC.

Statements of Changes in Deficiency

(Expressed in Canadian Dollars)

	<u>Capital Stock (Note 13)</u>		<u>Reserves</u>		Retained earnings (Deficit)	Total
	Number of shares	Amount	Share based payments			
Balance at December 31, 2012	3,961,372	\$ 531,694	\$ 36,262	\$ (637,427)	\$ (69,471)	
Net loss for the year	-	-	-	(60,573)	(60,573)	
Balance at December 31, 2013	3,961,372	\$ 531,694	\$ 36,262	\$ (698,000)	\$ (130,044)	
Net loss for the year	-	-	-	(203,218)	(203,218)	
Balance at December 31, 2014	3,961,372	\$ 531,694	\$ 36,262	\$ (901,218)	\$ (333,262)	

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

**EXPLORATION SCHYAN EXPLORATION INC.****Statements of Cash Flows***(Expressed in Canadian Dollars)*

<i>For the Years Ended December 31,</i>	2014	2013
	\$	\$
Operating activities		
Net loss for the year	(203,218)	(60,573)
Adjustment to reconcile net loss to net cash used by operating activities:		
Change in fair value of short-term investment	(29,500)	26,500
	(232,718)	(34,073)
Net Change in non-working capital items:		
Due to related parties	38,563	19,539
Trade and other receivables	(6,871)	22,770
Trade and other payables	97,342	(16,419)
Cash flows used in operating activities	(103,684)	(8,183)
(Decrease) in cash and cash equivalents	(103,684)	(8,183)
Cash and cash equivalents at beginning of year (Note 7)	197,150	205,333
Cash and cash equivalents at end of year (Note 7)	93,466	197,150

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



1. NATURE OF OPERATIONS AND GOING CONCERN

Schyan Exploration Inc. / Exploration Schyan Inc. (the "Company") was incorporated in Canada under the Business Corporations Act (Ontario) and carries on business in one segment, being the acquisition, exploration and development of mineral properties in Canada. The Company's registered and head office is located at 370 Steeles Avenue West, Suite 203, Thornhill, Ontario, L4J 6X1.

As at December 31, 2014, the Company had a working capital deficiency of \$333,262 (2013 - \$130,044), had not yet achieved profitable operations, has accumulated losses of \$901,218 (2013 - \$698,000) and expects to incur future losses in the development of its business, all of which represent material uncertainties which cast substantial doubt about the Company's ability to continue as a going concern. These financial statements have been prepared on a going concern basis and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, aboriginal claims, unregistered claims, and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiating contracts and political uncertainty.

Management plans to secure the necessary financing through a combination of the issue of new equity or debt instruments and the entering into joint venture arrangements. Nevertheless, there is no assurance that these initiatives will be successful.

The Company will require substantial additional funds to further explore and, if warranted, develop its exploration properties. The Company has limited financial resources and no current source of recurring revenue, and there is no assurance that additional funding will be available to the Company to carry out the completion of its planned exploration activities. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and property development. The terms of any additional financing obtained by the Company could result in substantial dilution to the shareholders of the Company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

These financial statements were authorized for issuance by the Board of Directors of the Company on April 28, 2015.

2.2 Basis of presentation and functional and presentation currency

These financial statements have been prepared on a going concern basis, under the historical cost convention, except fair value through profit and loss assets which are carried at fair value, and have been prepared using the accrual basis of accounting except for cash flow information, as explained in the accounting policies set out in Note 3.

The financial statements are presented in Canadian Dollars, which is the functional currency of the Company.



2. BASIS OF PREPARATION (continued)

2.3 Adoption of new and revised standards and interpretations

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2015 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

- IFRS 9, 'Financial instruments', effective for annual periods beginning on or after January 1, 2018, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.
- IFRS 13 – Fair Value Measurement ("IFRS 13") was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32. The amendment is effective for annual periods beginning on or after July 1, 2014.
- IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.
- IAS 24 – Related Party Disclosures ("IAS 24") was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The amendments to IAS 24 are effective for annual periods beginning on or after July 1, 2014.

Changes in Accounting Policies

The IASB issued a number of new and revised International Accounting Standards, International Financial Reporting Standards, amendments and related interpretations which are effective for the Company's financial year beginning on or after January 1, 2014. For the purpose of preparing and presenting the Financial Information for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods.

The following new standards have been adopted:

- IAS 32 - Financial Instruments, Presentation ("IAS 32"). IAS 32 was amended to clarify that the right of offset must be available on the current date and cannot be contingent on a future date. On January 1, 2014, the Company adopted this pronouncement and there was no impact on the Company's financial statements.



2. BASIS OF PREPARATION (continued)

2.3 Adoption of new and revised standards and interpretations (continued)

Changes in Accounting Policies (continued)

- IAS 36 – Impairments of Assets (“IAS 36”) was amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. At January 1, 2014, the Company adopted this pronouncement and there was no impact on the Company’s financial statements.
- IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”) was amended by the IASB in June 2013 to clarify that novation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations does not terminate hedge accounting. On January 1, 2014, the Company adopted this pronouncement and there was no impact on the Company’s financial statements.
- IFRIC 21 Levies - In May 2013, the IASB issued IFRIC 21 – Levies (“IFRIC 21”), an interpretation of IAS 37 – Provision, 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 (“obligation 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. On January 1, 2014, the Company adopted this pronouncement and there was no impact on the Company’s financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Mineral properties

All acquisition and exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into Property, plant and equipment (“PPE”). On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

Quebec refundable tax credit

The Company is entitled to a refundable tax credit on qualified expenditures incurred. The refundable tax credit for exploration expenditures may reach 35% of qualified expenditures incurred prior to June 5, 2014 and 28% for the qualified expenditures incurred after June 5, 2014.

The Company estimates the benefits to be recognized from refundable tax credits relating to qualified expenditures incurred. These receivables are recognized to the extent that it is probable that the Company has met all eligibility requirements for the expenditures in the period they are incurred and the refundable tax credit has been received. The Company presents these credits as refundable provincial exploration tax credits in the statements of comprehensive loss.

3.2 Decommissioning, restoration and similar liabilities

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties and PPE, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for a decommissioning provision is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding decommissioning provision is expensed to the statement of loss and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the decommissioning provision, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Share based payments

Share based payment transactions

Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

Share based payment transactions involving non-employees are measured at the estimated fair value of the goods or services received. In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the estimated fair value of the share-based payment.

Equity settled transactions

The costs of equity-settled transactions with employees are measured by reference to the estimated fair value of the equity instruments at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

3.4 Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax

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

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Taxation (continued)

Deferred income tax (continued)

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of loss and comprehensive loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

3.5 Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. Diluted loss per share assumes proceeds received upon the exercise of the options and warrants are used to purchase common shares at the average market price during the year. During the years ended December 31, 2014 and 2013 all the outstanding stock options and warrants were anti-dilutive.

3.6 Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The Company's cash equivalents and short-term investments are classified as FVTPL.

Financial assets classified as loans-and-receivables are measured at amortized cost. The Company's cash and trade and other receivables are classified as loans-and-receivables.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the settlement date.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.

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

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. At December 31, 2014 and 2013, the Company has not classified any financial liabilities as FVTPL.

3.8 Impairment of financial assets

The Company assesses at each date of the statement of financial position whether a financial asset is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

3.9 Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive loss, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

3.11 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

3.12 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3.13 Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, 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) the inputs used in accounting for valuation of warrants and options which are included in the statement of financial position and the statements of loss and comprehensive loss;
- (ii) the nil provision for asset retirement obligations which is included in the statement of financial position; and
- (iii) the nil provision for income taxes which is included in the statements of loss and comprehensive loss and composition of deferred income tax assets and liabilities included in the statements of financial position.

4. CAPITAL MANAGEMENT

The Company considers its capital to be equity, which is comprised of share capital, reserve accounts and deficit, which as at December 31, 2014 totaled (\$333,262), (2013 totaled (\$130,044)). The Company's capital structure is adjusted based on the funds available to the Company such that it may continue exploration and development of its properties for the mining of minerals that are economically recoverable. The Board of Directors does not establish quantitative return on capital criteria, but rather relies on the expertise of management and other professionals to sustain future development of the business.

The Company's properties are in the exploration and evaluation stage and, as a result, the Company currently has no source of operating cash flow. The Company intends to raise such funds as and when required to complete its projects. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The only sources of future funds presently available to the Company are through the exercise of outstanding stock options or warrants, the sale of equity capital of the Company or the sale by the Company of an interest in any of its properties in whole or in part. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.



4. CAPITAL MANAGEMENT (continued)

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the years ended December 31, 2014 and 2013. The Company is not subject to externally imposed capital restrictions.

5. FINANCIAL INSTRUMENTS

Fair value

The Company has designated its cash equivalents and short-term investments as FVTPL, which are measured at fair value. Cash and trade and other receivables are classified for accounting purposes as loans and receivables, which are measured at amortized cost. Trade and other payables and due to related parties are classified for accounting purposes as other financial liabilities, which are measured at amortized cost.

As at December 31 2014, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these instruments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The fair value of short-term investments are based on quoted market prices in active markets and are classified as level 1 financial instruments under the fair value hierarchy. Cash equivalents are classified as level 2 financial instruments.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

i) Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is attributable to various financial instruments, as noted below. The credit risk is limited to the carrying value amount carried on the statement of financial position.

- a. **Cash and cash equivalents** – Cash and cash equivalents are held with major Canadian banks and therefore the risk of loss is minimal.
- b. **Trade and other receivables** – The Company is not exposed to significant credit risk as this amount is due from the Canadian Federal government.

ii) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at December 31, 2014, the Company had a working capital deficiency of \$333,262 (2013 - \$130,044). In order to meet its longer-term working capital and property exploration expenditures, the Company intends on securing further financing to ensure that those obligations are properly discharged. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Company to forfeit some or all of its interests and reduce or terminate its operations therein.

**5. FINANCIAL INSTRUMENTS** (continued)

Fair value (continued)

iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity prices and/or stock market movements (price risk).

a. Interest rate risk

The Company is not exposed to significant interest rate price risk due to the short-term nature of its monetary assets and liabilities. Cash not required in the short term, is invested in short-term guaranteed investment certificates, as appropriate.

b. Price risk

The Company holds the common shares of a TSX-traded company. The Company has classified this investment as FVTPL and such common shares are subject to stock market volatility. The value of this financial instrument fluctuates on a daily basis due to external market factors that are not within the control of the Company. The Company monitors the trading value of these common shares in order to ensure that, if in the best interest of the Company, sale of the shares is made under favourable conditions.

6. SENSITIVITY ANALYSIS

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a one year period:

The Company's short-term investments are subject to fair value fluctuations. As at December 31, 2014, if the fair value of short-term investments had decreased/increased by 25% net loss would have been approximately \$19,500 (2013 - \$12,125) higher/lower. Similarly, as at December 31, 2014, reported equity would have been approximately \$19,500 (2013 - \$12,125) lower/higher as a result of a 25% decrease/increase in the fair value of short-term investments.

7. CASH AND CASH EQUIVALENTS

The balance at December 31, 2014, consists of \$93,466 (2013 - \$197,150) on deposit with a major Canadian bank.

Cash and cash equivalents consists of the following:

	As at,	
	December 31, 2014	December 31, 2013
Cash	\$ 17,858	\$ 43,914
Cash equivalents	75,608	153,236
Total Cash and Cash Equivalents	\$ 93,466	\$ 197,150

8. SHORT-TERM INVESTMENTS

Short-term investments are comprised of 100,000 (2013 - 100,000) common shares of Lake Shore Gold Inc., a publicly listed company. As at December 31, 2014, the short-term investment had a quoted market value approximating \$78,000, (2013 - \$48,500). The impact to the financial statements of this revaluation to quoted market value resulted in an increase of \$29,500 (2013 - a decrease of \$26,500) to the value of the investments with a corresponding gain(loss) on change in fair value of short-term investment of \$29,500 (2013- (\$26,500)).

**9. TRADE AND OTHER RECEIVABLES**

The Company's trade and other receivables are broken down as follows:

	As at,	
	December 31, 2014	December 31, 2013
HST receivable	\$ 8,768	\$ 1,897
Total Trade and Other Receivables	\$ 8,768	\$ 1,897

At December 31, 2014, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The Company holds no collateral for any receivable amounts outstanding as at December 31, 2014.

10. TRADE AND OTHER PAYABLES

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and amounts payable for operating and financing activities.

The following is an aged analysis of the trade and other payables:

	As at,	
	December 31, 2014	December 31, 2013
Less than 1 month	\$ 12,901	\$ 374
Over 3 months	214,581	129,766
Total Trade and Other Payables	\$ 227,482	\$ 130,140

11. DUE TO RELATED PARTIES

	December 31, 2014	December 31, 2013
Balance, beginning of year	\$ 247,451	\$ 227,912
Transactions in the year:		
Related party reimbursements payable	38,563	19,539
Balance, end of year	\$ 286,014	\$ 247,451

The balances due to related parties are owing to a director and officer of the Company and are unsecured, non-interest bearing and due on demand.

12. KEY MANAGEMENT COMPENSATION

The financial statements include balances and transactions with directors and/or officers of the Company.

These expenditures are summarized as follows:

	Years Ended	
	December 31, 2014	December 31, 2013
Legal fees paid to an officer's firm	\$ 19,921	\$ -
Management and consulting fees	\$ 90,000	\$ -

In accordance with IAS 24, Related Party Disclosures, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.



12. KEY MANAGEMENT COMPENSATION (continued)

During the year ended December 31, 2014, \$19,921 (2013 - \$NIL) was expensed as professional fees to a law firm in which one of the Directors of the Company is a partner.

Included in Trade and Other Payables as at December 31, 2014 is \$97,899 (2013 - \$1,290) owing to related parties. These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

13. CAPITAL STOCK

Capital Stock

The Company is authorized to issue an unlimited number of common shares without par value. The issued and outstanding common shares consist of the following:

	# of shares	Amount
Balance at December 31, 2014 and 2013	3,961,372	\$ 531,694

Stock Options

The Company has a stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors, employees and consultants. The plan allows for the issuance of up to 367,000 stock options. As at December 31, 2014; the Company had 67,000, (2013 – 67,000) options available for issuance. A continuity of the unexercised options to purchase common shares is as follows:

	December 31, 2014		December 31, 2013	
	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options
Outstanding at beginning of year	\$ 0.10	300,000	\$ 0.10	300,000
Transactions during the year				
Granted	-	-	-	-
Outstanding at end of year	\$ 0.10	300,000	\$ 0.10	300,000

The following table provides additional information about outstanding stock options as at December 31, 2014:

No. of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	No. of Options Exercisable	Weighted Average Exercisable Exercise Price	Estimated Grant Date Fair Value
300,000	0.34	\$ 0.10	300,000	\$ 0.10	\$20,012

14. RESERVE FOR SHARE BASED PAYMENTS

A summary of the changes in the Company's reserve for share based payments for the years ended December 31, 2014 and 2013 is set out below:

	December 31, 2014	December 31, 2013
Balance at beginning of year	\$ 36,262	\$ 36,262
Transactions during the year	-	-
Balance at end year	\$ 36,262	\$ 36,262

**15. EXPLORATION AND EVALUATION EXPENDITURES**

The evaluation and exploration expenses of the Company are broken down as follows:

	Years ended December 31,		Cumulative to date*
	2014	2013	
Casino Property	\$ 14,397	\$ -	\$ 270,300
Star Lake Property	\$ 11,310	\$ -	\$ 11,310
Exploration and evaluation costs	\$ 25,707	\$ -	\$ 281,610

* Only properties currently under exploration are included in this figure.

Casino Property

Pursuant to a purchase agreement dated August 29, 2008, the Company acquired 22 mining claims located in the Township of Cadillac, county of Abitibi, in the Province of Quebec. The purchase price of \$100,000 was settled by the issuance of 1,000,000 common shares of the Company at a price of \$0.10 per share. The property was acquired from a director and officer of the Company.

Star Lake Property

The Company has signed letters of intent to acquire certain claim units in the Keefer Township located in Ontario.

16. INCOME TAXES**(a) Provision for Income Taxes**

The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate. A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rate is as follows:

For the year ended December 31,	2014	2013
	\$	\$
Loss before income taxes	(203,218)	(60,573)
Combined statutory rate	26.50%	26.50%
Expected income tax benefit	(53,900)	(16,100)
Non-deductible differences	(3,900)	3,500
Tax benefits not realized	57,800	12,600
Income tax expense (recovery)	-	-

**16. INCOME TAXES** (continued)**(b) Deferred Income Tax Balances**

Deferred tax assets have not been recognized in respect of the following temporary differences because it is not probable that future taxable profits will be available against which the Company can utilize the benefits.

As at December 31,	2014	2013
Exploration and evaluation assets	\$ 664,000	\$ 466,000
Non-capital loss carry forwards	96,000	64,000
	\$ 760,000	\$ 530,000

(c) Tax Loss Carry-forwards

The Company has accumulated non-capital losses of \$96,000 (2013-\$64,000), which may be deducted in the calculation of taxable income in future years. The losses expire as follows: \$64,000 in 2028 and \$32,000 in 2033. The Company's accumulated exploration and evaluation tax balances generally do not expire.

17. COMMITMENTS AND CONTINGENCIES

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

18. SUBSEQUENT EVENT

At April 28, 2015, management has evaluated that there were no additional subsequent events occurring after December 31, 2014 that required disclosure in these financial statements.