Lakeside™

MINERALS INC

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JANUARY 31, 2015 AND 2014

(EXPRESSED IN CANADIAN DOLLARS)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Lakeside Minerals Inc., are the responsibility of the management and Board of Directors of the Company.

The consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the consolidated 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 consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the consolidated 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 consolidated 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 consolidated 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.

"Peter Cashin"
Peter Cashin
Chief Executive Officer

"Al Quong"
Al Quong
Chief Financial Officer

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Lakeside Minerals Inc.

We have audited the accompanying consolidated financial statements of Lakeside Minerals Inc. and its subsidiaries (the “Company”), which comprise the consolidated statements of financial position as at January 31, 2015 and January 31, 2014 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended January 31, 2015 and January 31, 2014 and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Consolidated Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express an opinion on these 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 consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained 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 Lakeside Minerals Inc. and its subsidiaries as at January 31, 2015 and January 31, 2014 and its financial performance and its cash flows for the years ended January 31, 2015 and January 31, 2014 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes the material uncertainties that may cast significant doubt about the ability of the Company and its subsidiaries to continue as a going concern.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Professional Accountants
Toronto, Ontario
May 26, 2015

LAKESIDE MINERALS INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

Assets		**January 31, 2015**		January 31, 2014
Current				
Cash and cash equivalents	**$**	**54,847**	$	3,670
HST receivable and other receivables (note 7)		**24,495**		21,200
Prepaid expenses		**1,250**		3,300
Note receivable (note 8)		**-**		56,542
Total assets	**$**	**80,592**	$	84,712
Liabilities				
Current				
Accounts payable and accrued liabilities (note 9)	$	**183,044**	$	460,507
Long-term debt (note 9)		**86,425**		-
Convertible debentures (note 14)		**25,641**		-
		112,066		-
Total liabilities		**295,110**		460,507
Shareholders' Deficiency				
Share capital (note 11)		**3,717,179**		3,130,895
Conversion component of convertible debentures (note 14)		**6,002**		-
Reserve for warrants (note 12)		**712,901**		674,118
Reserve for options (note 13)		**163,329**		166,329
Accumulated deficit		**(4,813,929)**		(4,347,137)
Total shareholders' deficiency		**(214,518)**		(375,795)
Total liabilities and shareholders' deficiency	**$**	**80,592**	$	84,712

Nature of operations and going concern (note 1)
Commitments and contingencies (note 17)
Subsequent events (note 20)

APPROVED ON BEHALF OF THE BOARD

"Peter Bilodeau" (Director) **" Yannis Banks"** (Director)

LAKESIDE MINERALS INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

Years ended January 31,		**2015**		2014
Expenses				
Management, consulting fees and salaries (note 15)	**$**	**220,519**	$	157,053
Professional fees		**42,835**		21,605
Office and general		**42,795**		16,422
Share based payments (note 13)		**-**		4,747
Exploration and evaluation expenditures (note 6)		**184,469**		24,532
Total expenses		**(490,615)**		(224,359)
Other income (expense)				
Interest (note 8)		**467**		649
Flow-through premium (note 10)		**-**		20,000
Gain on settlement of debt (note 11)		**17,259**		87,820
Forgiveness of debt		**4,420**		15,894
Finance cost (note 14)		**(5,600)**		-
		16,546		124,363
Loss before income taxes		**(474,069)**		(99,996)
Deferred income tax recovery (note 19)		**7,277**		-
Net loss and comprehensive loss	**$**	**(466,792)**	$	(99,996)
Weighted average shares outstanding				
- basic and diluted (note 11)		**18,963,733**		9,954,154
Loss per share				
- basic and diluted (note 11)	**$**	**(0.02)**	$	(0.01)

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

LAKESIDE MINERALS INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

For the years ended January 31,	**2015**	2014
Operating Activities		
Net loss before income tax recovery	**$ (474,069)**	$ (99,996)
Adjustments to reconcile net loss to cash flow:		
Share based payments (note 13)	**-**	4,747
Shares issued for property (note 11)	**24,000**	3,750
Gain on forgiveness of debt	**(4,420)**	(15,894)
Gain on settlement of debt (note 11)	**(17,259)**	(87,820)
Finance cost (note 14)	**5,600**	-
Flow-through premium (note 10)	**-**	(20,000)
Net change in non-cash working capital items:		
HST receivable and other receivables	**(3,295)**	236,433
Accounts payable and accrued liabilities	**47,677**	27,300
Prepaid expenses	**2,050**	3,155
Cash flow provided from (used in) operating activities	**(419,716)**	51,675
Investing Activities		
Loan repayments	**56,542**	(56,542)
Cash provided from (used in) investing activities	**56,542**	-
Financing Activities		
Cash acquired on corporate acquisition (note 18)	**122,055**	-
Issuance of share capital, net of issue costs	**244,796**	-
Convertible debentures issued, net of issue costs	**47,500**	-
Repayment of proceeds for shares to be issued	**-**	4,000
Line of credit	**-**	(5,489)
Cash flow provided from (used in) financing activities	**414,351**	(66,031)
Net increase (decrease) in cash and cash equivalents	**51,177**	(14,356)
Cash and cash equivalents – beginning of year	**3,670**	18,026
Cash and cash equivalents – end of year	**$ 54,847**	$ 3,670

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

LAKESIDE MINERALS INC.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital		Reserves					
	Number of Shares	Amount	Share based payments	Conversion Component of convertible debentures	Warrants	Shares to be Issued	Accumulated Deficit	Total
Balance at February 1, 2013	**8,493,874**	**2,964,683**	**161,582**	**-**	**595,118**	**4,000**	**(4,247,141)**	**(521,758)**
Issued for non-cash consideration:								
Issued for mineral properties (note 11)	37,500	3,750	-	-	-	-	-	3,750
Issued for settlement of debt (note 11)	1,668,196	166,820	-	-	-	-	-	166,820
Share issuance costs (note 11)	-	(4,358)	-	-	-	-	-	(4,358)
Warrants issued for settlement of debt (note 12)	-	-	-	-	79,000	-	-	79,000
Repayment of proceeds received for shares to be issued	-	-	-	-	-	(4,000)	-	(4,000)
Share based payments (note 13)	-	-	4,747	-	-	-	-	4,747
Net loss for the year	-	-	-	-	-	-	(99,996)	(99,996)
Balance at January 31, 2014	**10,199,570**	**3,130,895**	**166,329**	**-**	**674,118**	**-**	**(4,347,137)**	**(375,795)**
Issued for cash consideration:								
Private placement (note 11)	5,800,000	290,000	-	-	-	-	-	290,000
Warrants issued on private placement (Note 11)	-	(58,000)	-	-	58,000	-	-	-
Share issuance costs (notes 12 and 15)	-	(43,675)	-	-	-	-	-	(43,675)
Issued for non-cash consideration:								
Issued for settlement of debt (note 11)	5,425,906	217,036	-	-	-	-	-	217,036
Issued for mineral properties (note 11)	600,000	24,000	-	-	-	-	-	24,000
Warrants issued for debt settlements (note 11)	-	-	-	-	37,000	-	-	37,000
Shares issued on corporate acquisition (Note 18)	2,599,740	69,064	-	-	17,268	-	-	86,332
Fair value assigned to warrants issued on convertible debentures, net of tax (note 12)	-	-	-	-	14,180	-	-	14,180
Conversion component of convertible debentures, net of tax (note 14)	-	-	-	6,002	-	-	-	6,002
Warrants expired and unexercised (note 12)	-	87,665	-	-	(87,665)	-	-	-
Stock options expired and unexercised (note 13)	-	3,000	(3,000)	-	-	-	-	-
Share issuance costs (notes 11 and 15)	-	(2,806)	-	-	-	-	-	(2,806)
Net loss for the year	-	-	-	-	-	-	(466,792)	(466,792)
Balance at January 31, 2015	**24,625,216**	**3,717,179**	**163,329**	**6,002**	**712,901**	**-**	**(4,813,929)**	**(214,518)**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Lakeside Minerals Inc. and its subsidiaries (the "Company") are engaged in the acquisition, exploration and development of mineral resource properties in Canada. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The address of the Company's registered office is 77 King Street West, Suite 2905, Toronto, Ontario M5K 1H1.

The Company is in the process of exploring, and has not yet determined whether there are economically viable reserves on its properties. As such, there is significant uncertainty with respect to the Company's ability to continue as a going concern, dependent upon such events as financing, discovery of reserves, and market demand conditions.

As is common with exploration companies, the Company is dependent upon obtaining necessary equity financing from time to time to finance its on-going and planned exploration activities and to cover administrative costs.

At January 31, 2015, the Company had a working capital deficiency of $102,452 (January 31, 2014 – working capital deficiency of $375,795) has not yet achieved profitable operations, has accumulated losses of $4,813,929 (January 31, 2014 – $4,347,137) and expects to incur further losses in the development of its business, all of which casts significant doubt upon the Company's ability to continue as a going concern. The Company will require additional financing in order to conduct its planned work programs on mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. These consolidated financial statements do not reflect the adjustments to carrying amounts of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the going concern assumption was deemed inappropriate. Such adjustments could be material.

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, unregistered claims, aboriginal claims and noncompliance with regulatory and environmental requirements.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

The Company's consolidated financial statements, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with the International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended January 31, 2015.

These consolidated financial statements were authorized by the Board of Directors of the Company on May 26, 2015.

2.2 Basis of presentation

These consolidated financial statements are presented in Canadian dollars, which is the Company's and its subsidiaries' functional currency.

The consolidated financial statements have been 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.

2. BASIS OF PRESENTATION (continued)

2.3 Adoption of new and revised standards and interpretations

Standards and interpretations adopted

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 consolidated financial information for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods.

Several other new standards and amendments applied for the first time in 2015. However, they did not impact the consolidated financial statements of the Company.

The nature and impact of each new standard/amendment is described below:

- IAS 32 '*Financial instruments, Presentation'* – is effective for annual periods beginning on or after January 1, 2014, with earlier adoption permitted. IAS 32 was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date. The Company adopted this policy February 1, 2014 and there was no effect in its consolidated financial statements.

- 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. The Company adopted this policy February 1, 2014 and there was no effect in its consolidated 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. The amendments to IAS 39 are effective for annual periods beginning on or after January 1, 2014. Earlier adoption is permitted. The Company adopted this policy February 1, 2014 and there was no effect in its consolidated financial statements.

- IFRIC 21 – Levies ("IFRIC 21") was issued in May 2013. IFRIC 21 provides guidance on the accounting for levies within the scope of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"). IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. Earlier adoption is permitted. The Company adopted this policy February 1, 2014 and there was no effect in its consolidated financial statements.

2. BASIS OF PREPARATION (continued)

New standards and interpretations

At the date of authorization of these Financial Statements, the IASB and the IFRS Interpretations Committee ("IFRIC") have issued the following new and revised Standards and Interpretations which are not yet effective and which the Company has not early adopted. However the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of 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 July 2014. It replaces the parts of lAS 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 lAS 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries; Lakeside Minerals Corp., 1183290 Alberta Inc., and Unite Capital Corp.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. The Company controls an entity when it is exposed, or has the rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All significant inter-company transactions and balances are eliminated on consolidation.

b) Mineral properties

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").

c) Share based payments

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be measured reliably, they are measured at fair value of the share-based payment.

The costs of equity-settled transactions with employees are measured by reference to the 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 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 reserve for options. Stock options expired and unexercised during the period are recorded a credit to share capital and a debit to share based payments 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 vested 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.

d) Compound instruments

The components of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the contractual agreement. At the date of issue, the fair value of the liability component is estimated using the market interest rate then in effect for a similar convertible instrument. This amount is recorded as a liability, at amortized cost, using the effective interest rate method until its expiry at the time of conversion or maturity of the instrument. The equity component is determined by deducting the amount of the liability component of the total fair value of the compound instrument. This amount is recognized in equity, net of income tax effects, and is not subsequently remeasured. Transaction costs related to the issuance of the convertible debenture are allocated to the liability and equity components in proportion to their initial carrying amounts. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the debenture using the effective interest method. Interest and accretion expense are recognized as a finance cost in the consolidated statements of loss and comprehensive loss.

e) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred income tax

Deferred income tax is provided using the asset and 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:

- 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 comprehensive income.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes conversion, exercise or contingent issuance of options, warrants and securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. For the years ended January 31, 2015 and 2014, no potential shares are included in the computation as they are anti-dilutive. Basic and diluted loss per share are adjusted for the effects of consolidation (note 11).

g) 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 realized gains and losses recognized through earnings. The Company's cash and cash equivalents are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. The Company's note receivable as at January 31, 2014 was classified as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for when there is objective evidence of impairment. At January 31, 2015 and 2014, the Company has not classified any financial assets as available for sale or held to maturity.

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.

h) 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 accounts payable and accrued liabilities, convertible debentures and long-term debt 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 statements of loss and comprehensive loss. At January 31, 2015 and 2014, the Company has not classified any financial liabilities as FVTPL.

In accordance with IFRIC 19, when debt is extinguished with equity, the difference between the carrying amount of the debt extinguished and the fair value of the equity is recognized in the consolidated statement of loss and

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

comprehensive loss.

i) Impairment of financial assets

The Company assesses at each consolidated statement of financial position date 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 asset's 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 net income 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 net income or loss.

Available-for-sale
If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in net income or loss, is transferred from equity to net income or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

j) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and cash held in trust, which are readily convertible into a known amount of cash.

k) 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.

l) Flow-through shares

The Company has financed a portion of its exploration activities through the issuance of flow-through shares, which transfer the tax deductibility of exploration expenditures to the investors. Proceeds received on the issuance of such shares have been credited to share capital less the premium paid for the sale of tax deductions. To the extent that the Company issues common shares to subscribers on a flow-through basis at a premium to the market value of non flow-through common shares, any such premium is recorded as a liability on the Company's statement of financial position at the time of subscription. This liability is reduced, on a pro-rata basis, as the Company fulfills its expenditure renunciation obligation, when renunciation occurs, associated with such flow-

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

through share issuances, with the premium recognized as income. The Company takes the initial recognition exemption on deferred taxes as it relates to flow-through shares.

m) Share issuance costs

Costs incurred in connection with the issuance of share capital are netted against the proceeds received. Costs related to the issuance of share capital and incurred prior to issuance are recorded as deferred share issuance costs and subsequently netted against proceeds when they are received.

n) Share capital

In situations where the Company issues units, the value of warrants is bifurcated and is included as the separate reserve of the Company's equity.

o) Decommissioning, restoration and similar liabilities ("Asset retirement obligation" or "ARO")

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related asset 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 asset retirement obligation, 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. As at January 31, 2015 and 2014, no provision for restoration was necessary.

p) 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 passage of time is recognized as interest expense.

q) Significant accounting judgements and estimates

The preparation of these consolidated 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 consolidated 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 circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to: recoverability of taxes receivable, valuation of deferred income tax amounts, determination of equity portion of convertible debentures, and the valuation of warrants and share-based payments. The most significant judgements relate to going concern assessment, recognition of deferred tax assets and liabilities, determination of the commencement

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

of commercial production and the determination of the economic viability of a project.

4. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of share capital, reserves and accumulated deficit. When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business.

The property in which the Company currently has an interest is in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital within current economic conditions by:

i) minimizing discretionary disbursements;
ii) reducing or eliminating exploration expenditures which are of limited strategic value; and
iii) exploring alternate sources of liquidity.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient potential and if it has adequate financial resources to do so.

As at January 31, 2015, the Company's capital consists of share capital, conversion component of convertible debentures, reserves for warrants, reserves for options and accumulated deficit in the amount of $(214,518) (January 31, 2014 - $(375,795)).

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 year ended January 31, 2015. The Company is not subject to externally imposed capital requirements.

5. RISK FACTORS

Fair value

The carrying amount of cash and cash equivalents, and accounts payables and accrued liabilities, convertible debentures and long-term debt approximate fair value due to the relative short maturity of these financial instruments. As at January 31, 2015, cash and cash equivalents are considered level 1.

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents. Cash and cash equivalents are held with a reputable Canadian chartered bank. Management believes that the credit risk concentration with respect to financial instruments included in cash and cash equivalents and note receivable is minimal.

5. RISK FACTORS (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at January 31, 2015, the Company had a cash and cash equivalents balance of $54,847 (January 31, 2014 - $3,670) and current liabilities of $183,044 (January 31, 2014 - $460,507).

6. EXPLORATION AND EVALUATION EXPENDITURES

Lakeside Minerals Inc. is engaged, through Lakeside Minerals Corp., a wholly-owned subsidiary of the Company, in acquiring, exploring, and developing mineral properties in the mining friendly jurisdiction of Quebec. Currently the Company holds a portfolio of properties with an emphasis on gold.

To January 31, 2015, Lakeside holds one main property, Launay. On August 8, 2013, the Company terminated the option agreement on the original 36 claims of the Disson property and no longer considers the Disson property a material property. The Launay property, for which the Company incurred exploration and evaluation expenditures of $209,001 in 2015 and 2014 years, is briefly described below.

Launay Property

The property is located 48 km northeast of Rouyn-Noranda, in Launay, Privat, and Manneville Townships, northwestern Quebec. Through staking, option and purchase agreements, the Company consolidated a land package over the prospective Macamic deformation zone, a major deformation zone in the Abitibi subprovince. The Launay property currently comprises 178 non-contiguous claims that cover a total area of 71.84 sq km:

- 29 claims, 11.8 sq km, are under option agreement to the Company to acquire a 100% interest, subject to property payments, work commitments and subject to a 2% NSR with buyback of 1% NSR for $1,000,000.
- 21 claims, 8.8 sq km, are 100% owned by the Company; these claims were purchased from Melkior Resources Inc. with Company shares: 15 of these claims are subject to a 2% NSR with buyback of 1% NSR for $1,000,000; the other 6 claims are subject to a 1% NSR with total buyback for $500,000.
- 13 claims, 5.3 sq km, (initially 35 claims, 16.0 sq km) are 100% owned by the Company; these claims were acquired from Les Explorations Carat Inc. with cash payments and Company shares; claims are subject to a 2% NSR with buyback of 1% NSR for $1,000,000.
- 11 claims, 4.5 sq km, are 100% owned by the Company; the claims were purchased from Jack Stoch Geoconsultant Services Ltd. with Company shares, subject to a 2% gross metal royalty ("GMR"); the Company has the option of first refusal to buy back a 1% GMR.
- 15 claims, 6.7 sq km, are 100% owned by the Company; these claims were purchased from 9219-8845 Québec inc. with Company shares; claims are subject to a 2% NSR with buyback of 1% NSR for $1,000,000.
- The remaining 89 claims were staked and are 100% owned by the Company.

The Company entered into an agreement with arm's length parties dated December 7, 2010, to acquire a 100% interest in the Launay property originally consisting of 29 non-contiguous claims covering 11.8 sq km. Pursuant

6. EXPLORATION AND EVALUATION EXPENDITURES (continued)

to the terms of the Launay Agreement, the Company issued 1,000,000 (250,000 post consolidation) shares of its common stock issued at an estimated fair value of $0.05 per common share and paid $10,000 to the vendors immediately upon signing the agreement. The Company also agreed to issue an additional 750,000 (187,500 post consolidation) common shares and pay $90,000 as follows:

a) $15,000 due within seven days of the Company completing a going public transaction (paid).
b) $20,000 and 250,000 (62,500 post consolidation) shares on the first anniversary of the agreement (paid and issued).
c) $25,000 (amended as per below) and 250,000 (62,500 post consolidation) shares on the second anniversary.
d) $30,000 (amended as per below) and 250,000 (62,500 post consolidation) shares on the third anniversary.

The Company was to perform $250,000 in exploration on the mining claims over a period of three years from the date of the agreement, which was completed.

On October 22, 2012, the Company and its vendors amended the terms of the agreement relating to 29 of 229 claims of the Launay property. The cash payments of $25,000 payable on December 7, 2012 and $30,000 payable on December 7, 2013 have been amended to:

(a) $25,000 payable to the vendors on June 1, 2013 (amended as per below)
(b) $30,000 payable to the vendors on June 1, 2014.

All of the common shares issuable remain the same.

As of June 11, 2013, the Company and vendors negotiated an amendment to the terms of the option agreement relating to 29 claims of the Launay property. The cash payment of $25,000 payable on June 1, 2013 has been amended to $10,000 payable on June 1, 2013 (paid) and $15,000 payable on the earlier of the closing of any equity or convertible debt financing undertaken by the Company, or June 1, 2014 and $30,000 payable on June 1, 2014. In addition, the vendors acknowledge that the work commitments have been fulfilled and the Company's obligation is therein fully discharged.

On June 18, 2014, the Company amended the terms to its Launay property agreement. The final payment of $45,000 which had been due on June 1st, 2014 has now been restructured as follows:

- $30,000 will be payable in shares for a total issuance of 600,000 (issued) shares at $0.04
- $15,000 (paid) will be payable on June 30th, 2014
- An additional $15,000 will be payable on December 15th, 2014

On December 11, 2014, the Company amended the Launay property agreement, to revise the payment schedule from $15,000 payable on December 15, 2014, to as follows:

a) $7,500 (paid) payable on December 15, 2014;
b) $7,500 payable on March 15, 2015.

The Launay property agreement was further amended on March 11, 2015, as described in Note 20.

6. EXPLORATION AND EVALUATION EXPENDITURES, (continued)

On April 30, 2012, the Company entered into an agreement with Melkior Resources Inc. (TSX-V: MKR) ("Melkior") to acquire 21 mineral claims, the Trojan and Launay South blocks, which are adjacent to Lakeside's Launay property claim blocks located in Privat and Launay Townships. Under the terms of the agreement, Lakeside acquired 100% interest in the mineral claims by issuing 750,000 (187,500 post consolidation) common shares (issued) to Melkior and recognizing the continuance of third party net smelter royalties on the mineral claims.

On June 5, 2012, the Company entered into an agreement with Les Explorations Carat Inc. ("Les Explorations") to acquire 35 mineral claims, located east of the Rochette block and east and west of the Labreteche block. Under the terms of the agreement, Lakeside acquired 100% interest in the mineral claims by agreeing to make two cash payments of $5,000 each within 6 months (paid) and 12 months of the execution of the agreement; issuing 200,000 (50,000 post consolidation) common shares (issued) to Les Explorations; and, granting of a 2% net smelter royalty on the mineral claims. The Company can buy back half of the 2% net smelter royalty with a payment of $1,000,000.

Upon successful completion of all these obligations the vendor shall transfer title to the claims to the Company, subject to a NSR of 2%, of which a 1% NSR may be acquired upon payment of $1,000,000.

On September 7, 2012, the Company entered into an agreement with privately owned Jack Stoch Geoconsultant Services Ltd. (JSGS) to acquire 11 mineral claims covering 4.5 sq km, also known as the Freegold property. Under the terms of the agreement, the Company can acquire a 100% interest in the Freegold property subject to the Company issuing 600,000 (150,000 post consolidation) common shares (issued) to JSGS. JSGS retains a two percent (2%) GMR and the Company has the option of first refusal to buy back a one percent (1%) GMR.

On January 8, 2013, the Company entered into an agreement with 9219-8845 Quebec Inc. ("Canadian Mining House") to acquire 15 mineral claims. Under the terms of the agreement, the Company can acquire 100% interest subject to the Company issuing 150,000 (37,500 post consolidation) shares (issued). Canadian Mining House retains a 2% net smelter royalty on the claims. The Company can buy back half of the 2% net smelter royalty with a payment of $1,000,000.

7. HST RECEIVABLE AND OTHER RECEIVABLES

The Company's HST and other receivables arise from harmonized services tax ("HST"), and amounts due from government taxation authorities.

The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables, which are due in less than one year.

8. NOTE RECEIVABLE

On December 23, 2013, the Company loaned USD$52,411 to Alpaca Resources Inc., bearing interest at 10% per annum. This note receivable was considered as an advance payment relating to a joint venture arrangement to be entered between the Company and Alpaca Resources Inc. The loan was repaid during the year due to the joint venture not proceeding.

(Expressed in Canadian Dollars)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities, professional fees, amounts payable for financing activities and payroll liabilities.

The following is an aged analysis of the accounts payables and accrued liabilities:

		January 31, 2015		January 31, 2014
Less than 90 days	**$**	**64,973**	$	101,314
Greater than 90 days		**118,071**		359,193
Total accounts payable and accrued liabilities	**$**	**183,044**	$	460,507

During the year ended January 31, 2015, the terms for two accounts totaling $86,425 (January 31, 2014 - $nil) in accounts payable were deferred on payment schedules extending to 2017, payable in monthly instalments of $750 and $500, with the outstanding balances of $64,306 and $12,473 due on April 30, 2016 and April 30, 2017 respectively.

10. FLOW-THROUGH PREMIUM

The Company can finance its exploration activities through the issuance of flow-through shares, which transfer the tax deductibility of exploration expenditures to the investors. To the extent that the Company issued common shares to subscribers on a flow-through basis at a premium to the market value of non-flow-through common shares, any such premium was recorded as a liability on the Company's statement of financial position at the time of subscription. This liability was reduced when renunciation occurred, associated with such flow-through share issuances, with the premium recognized as other income during the year ended January 31, 2014. During the current period, the Company did not issue any flow-through shares.

11. SHARE CAPITAL

Share Issuances

<u>During the year ended January 31, 2015:</u>

(i) On June 13, 2014, the Company completed the consolidation of its outstanding common shares on a ratio of 4 old for 1 new share. Number of shares for the year ended January 31, 2014 is adjusted for the effects of consolidation. Basic and diluted loss per share for the years ended January 31, 2015 and 2014, respectively are adjusted for effects of consolidation.

(ii) On June 15, 2014, the Company issued 600,000 shares at a price of $0.04 in exchange for mineral properties (note 6).

(iii) On June 23, 2014, the Company entered into shares for debt agreements totalling $95,170, with arm's length and non-arm's length parties. Following the share consolidation a total of 217,303 Lakeside units for gross proceeds of $10,865 were issued to unrelated parties for settlement of debt, and 1,686,107 Lakeside shares for gross proceeds of $67,444 were issued to insiders and related parties for outstanding fees. Each unit is comprised of one share and one half share purchase warrant exercisable for a period of 36 months at $0.10. Details of the warrant valuation are described in Note 12.

11. SHARE CAPITAL (continued)

The 1,686,107 Lakeside shares issued to insiders and related parties are for settlements of outstanding fees to the following: $51,605 to the Foundation Opportunities Inc., (“FOI”), with an officer in common, and $32,700 to Cavalry Corporate Solutions Ltd. (“Cavalry”), with a director in common.

(iv) On June 23, 2014, the Company entered into shares for debt agreement totalling $77,884, with an arm's length party. Following the share consolidation, a total of 1,557,676 Lakeside units for gross proceeds of $77,884 were issued to Forages M. Rouillier Drilling Inc, a Quebec-based underground and surface drilling company. Each unit is comprised of one share and one half share purchase warrant exercisable for a period of 36 months at $0.10. Details of the warrant valuation are described in Note 12.

(v) On June 23, 2014, the Company entered into shares for debt agreements totalling $15,641, with an arm's length party. Following the share consolidation, a total of 312,820 Lakeside units for gross proceeds of $15,641 were issued for settlement of debt. Each unit is comprised of one share and one half share purchase warrant exercisable for a period of 36 months at $0.10. Details of the warrant valuation are described in Note 12.

(vi) On June 23, 2014, the Company entered into shares for debt agreement with an arm's length party. Following the share consolidation, an additional 1,652,000 Lakeside Units for gross proceeds of $82,600 was issued to an unrelated party for settlement of debt. Each unit is comprised of one share and one half share purchase warrant exercisable for a period of 36 months at $0.10. Details of the warrant valuation are described in Note 12.

(vii) On June 24, 2014, pursuant to the terms of the subscription agreement dated March 12, 2014 between Lakeside and Canada Pacific Capital Corp. ("Canada Pacific"), Canada Pacific subscribed for 5,800,000 units of Lakeside at a price of $0.05 per unit, for aggregate consideration of $290,000 in cash. Each unit consists of one common share and one-half of one common share purchase warrants exercisable at a price of $0.10 per share at any time prior the third anniversary of issuance. Details of the warrant valuation are disclosed in Note 12. Share issue costs of $43,675 were incurred.

The total aggregate amount of debt settled for shares is $271,295 that resulted in the issuance of 3,739,799 Lakeside units and 1,686,107 Lakeside shares. Share issue costs included cash payments of $2,806. The total gain on forgiveness of debt was $17,259.

<u>During the year ended January 31, 2014:</u>

On March 4, 2013, the Company issued 150,000 shares (37,500 post consolidation shares) as part of its property option agreement for the Launay property. The shares were valued at $3,750 using the market price of the shares on the date of issuance.

On March 25, 2013, the Company entered into shares for debt agreements totalling $333,640 with arm's length and non-arm's length parties. A total of 5,865,734 units (1,466,433 post consolidation units), for gross proceeds of $293,287 were issued to unrelated parties for settlement of debt, and 807,053 common shares (201,763 post consolidation shares) for gross proceeds of $40,353 were issued to insiders and related parties for outstanding fees. Each unit, priced at $0.05 ($0.20 post consolidation), consists of one (1) Share and one (1) share purchase warrant. Each full warrant entitles the holder to acquire one common share of the Company at a price of $0.10

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

($0.40 post consolidation) per share for a period of five years from the closing date. The term of the warrant is subject to an acceleration right at the option of the Company, provided that the common shares of the Company trade at or above $0.40 ($1.60 post consolidation) for a full 20 consecutive trading days and the Company has provided warrant holders with 30 days prior written notice of the accelerated warrant exercise date. The shares issued were valued at $166,820, based on the market price of the shares on date of issuance, and the warrants were valued at $79,000 as per note 12 resulting in the Company recognizing a gain on settlement of debt in the amount of $87,820 for the year ended January 31, 2014.

12. RESERVE FOR WARRANTS

Warrants to purchase common shares carry exercise prices and terms to maturity at January 31, 2015 as follows:

Date of Expiry	No. of warrants	Exercise Price ($)
September 16, 2016	1,000,000	0.07
June 23, 2017	1,869,899	0.10
June 25, 2017	4,199,877	0.10
March 26, 2018	1,466,434	0.40
	8,536,210	

The following table summarizes the weighted average assumptions used with the Black-Scholes valuation model for the determination of the fair value of the warrants and broker warrants granted during the year ended January 31, 2015:

Issue date	June 23, 2014	June 24, 2014	June 24, 2014 (i)	September 16, 2014	Total
No. of warrants	1,869,899	2,900,000	1,299,877	1,000,000	7,069,776
Share price	$ 0.04	$ 0.04	$ 0.04	$ 0.04	
Exercise price	$ 0.10	$ 0.10	$ 0.10	$ 0.07	
Expected life in years	3.00	3.00	3.00	2.00	
Volatility	100%	100%	100%	139%	
Risk-free interest rate	1.23%	1.21%	1.21%	1.23%	
Dividend yield	-	-	-	-	
Fair value of warrants	$ 37,000	$ 58,000	$ (ii) 26,000	$ 19,293	$ 140,293

(i) Issued as part of corporate acquisition (see Note 18)
(ii) Prior to proration to net assets acquired (see Note 18)

Expected volatility is based on comparable companies.

The following table summarizes the weighted average assumptions used with the Black-Scholes valuation model for the determination of the fair value of the warrants and broker warrants granted during the year ended January 31, 2014 and adjusted for the share consolidation (note 11).

(Expressed in Canadian Dollars)

12. RESERVE FOR WARRANTS (continued)

Issue date	**March 26, 2013**	**Total**
No. of warrants	1,466,434	1,466,434
Share price	$ 0.10	
Exercise price	$ 0.40	
Expected life in years	5.00	
Volatility	100%	
Risk-free interest rate	1.33%	
Dividend yield	-	
Fair value of warrants	$ 79,000	$ 79,000

Expected volatility is based on comparable companies.

13. RESERVE FOR OPTIONS

The Company awards stock options to directors, management and employees of the Company. The compensation expense is recognized when options are issued if exercisable immediately; otherwise, expense is recognized over the vesting term.

The Company established a stock option plan to provide additional incentive to its directors, officers, employees and consultants in their efforts on behalf of the Company in the conduct of its affairs. The stock option plan provides that the total number of shares which may be issued thereunder is limited to 10% of the aggregate number of shares outstanding. Under the terms of the plan, options vest immediately and expire on the fifth anniversary from the date of issue unless otherwise stated. As at January 31, 2015, the Company has 2,225,022 (January 31, 2014 – 457,457 post share consolidation) options available for issuance under the plan.

Lakeside has the following stock options outstanding:

	January 31, 2015		January 31, 2014 (post consolidation)	
	Weighted Average Exercise Price	**Number of Options**	Weighted Average Exercise Price	Number of Options
Outstanding - beginning of year	**$ 0.85**	**562,500**	$ 0.92	662,500
Transactions during the year:				
Granted	-	-	0.40	185,000
Expired/cancelled	**0.80**	**(325,000)**	0.68	(285,000)
Outstanding	**$ 0.93**	**237,500**	$ 0.85	562,500
Exercisable	**$ 0.93**	**237,500**	$ 0.85	562,500

The weighted average remaining contractual life for outstanding options is as follows:

(Expressed in Canadian Dollars)

13. RESERVE FOR OPTIONS (continued)

Price Range	Number of Options	Weighted Average Remaining Life (years)	Number of Options - exercisable	Weighted Average Exercise Price
$0.80	200,000	0.90	200,000	$ 0.80
$1.60	37,500	1.88	37,500	$ 1.60
$0.40 - $1.60	237,500	1.06	237,500	$ 0.93

During the year ended January 31, 2014, $4,000 of share based payments was recorded in connection with 400,000 (100,000 post consolidation) options issued on May 1, 2013, $500 of share based payments was recorded in connection with vesting of 85,000 (21,250 post consolidation) options out of 340,000 (85,000 post consolidation) options issued on May 18, 2013 and $247 of share based payments expense was recognized in relation to the vesting of the options issued on March 23, 2011.

The estimated fair value of share based compensation during the year ended January 31, 2014 was determined using the Black-Scholes option pricing model with the following assumptions:

	May 1, 2013	May 18, 2013
Share price	$0.020	$0.015
Risk-free interest rate	1.15%	1.35%
Expected life of options	5 years	5 years
Expected volatility	100%	100%
Expected dividend yield	0%	0%

Option pricing models require the input of highly subjective assumptions including the expected price volatility.

Changes in the subjective input assumptions can materially affect the fair value estimated, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company’s stock options. Expected volatility is based on comparable companies.

14. CONVERTIBLE DEBENTURES

On September 16, 2014, the Company closed a non-brokered private placement of an unsecured convertible debenture under SIDEX’s program “Field Action 2014” for total gross proceeds of $50,000. The debentures mature 2 years from the closing date. These debentures were issued at face value and are convertible, at the option of the holder, at any time prior to the maturity date, into common shares of the Company at a conversion price equal to $0.05 per common share until September 16, 2015, and $0.10 per share from September 17, 2015 until September 16, 2016.

The rate of interest on the Debentures is 12% per annum, payable semi annually in equal installments on March 16, and September 16, of each year beginning on March 16, 2015, in cash or common shares of the Company. The debentures may be repaid at any time by the Company, subject to 45 days notice, and is repayable at maturity in cash or shares at the option of the Company.

As an incentive for purchasing Debentures, the Company issued 1,000,000 warrants at the closing. Each warrant

(Expressed in Canadian Dollars)

14. CONVERTIBLE DEBENTURES (continued)

is Finaexercisable into shares at a price of $0.07 per Share, for a period of 2 years from the closing date and had a
value of $19,293 (see note 12 for estimates used in the valuation of warrants). The warrant value of $19,293 prior to tax effect has been recognized in equity for the year ended January 31, 2015. The warrants are subject to a four month hold period from the date of issuance.

The debentures are classified as a liability, with the exception of the portion relating to the conversion feature, resulting in the carrying value of the debentures being less than face value. The discount is being accreted over the term of the debentures utilizing the effective interest rate method at a 36.92% discount rate. The interest rate to discount comparable debt without the conversion feature is 16%.

The following table reflects the continuity of convertible debentures for the year ended January 31, 2015.

Year ended,		January 31, 2015
Debentures issued	$	50,000
Transaction costs relating to convertible debentures – warrants, net of tax		(14,180)
Transaction costs relating to convertible debentures - cash		(2,500)
Conversion component of convertible debenture, net of tax		(6,002)
Interest expense		2,271
Accretion expense		3,329
Deferred tax liability		(7,277)
	$	25,641

15. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The Company and FMI Capital Advisory Inc. (“FMI”) (formerly Foundation Opportunities Inc.) entered into a financial advisory and consulting agreement on October 15, 2010. FMI is a subsidiary of Foundation Financial Holdings Corp. (“FFHC”). FFHC is an entity in which Adam Szweras, an officer of the Company, is a director of FFHC and his minor children hold an indirect interest, and Yannis Banks, a director of FFHC and former officer of the Company, holds an indirect interest. For the year ended January 31, 2015, the Company was charged $80,000 by FMI, which includes a fee of $20,000 for a one-time special project (2014 - $60,000). At January 31, 2015, $45,250 (2014 - $62,905) is included in accounts payable and accrued liabilities.

The Company and Cavalry Corporate Solutions Inc. (“Cavalry”) entered into a management services agreement on November 1, 2010. The management services agreement includes the services of the Company’s Chief Financial Officer (“CFO”). Cavalry is an entity in which FFHC is the sole shareholder. For the year ended January 31, 2015, the Company recorded $5,000 (2014 - $67,500) for management services provided by Cavalry. At January 31, 2015, $11,300 (January 31, 2014 - $41,740) is included in accounts payable and accrued liabilities.

The Company and Branson Corporate Services (“Branson”) entered into a management services agreement on March 1, 2014, which includes the services of the Company’s Chief Financial Officer (“CFO”), as well as other accounting and administrative services. Branson is an entity in which FFHC owns 49% of the shares. In consideration for services the Company agreed $4,500 per month for services. For the year ended January 31, 2015, the Company recorded $50,250 (2014 - $nil) for management services provided by Branson. At January 31, 2015, $5,403 (January 31, 2014 - $nil) is included in accounts payable and accrued liabilities in relation to Branson.

During the year ended January 31, 2015, Fogler Rubinoff LLP ("Fogler") a law firm in which Adam Szweras

15. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (continued)

an officer of the Company is also a partner, provided $47,607 (2014 - $5,558) of legal services, which are included in professional fees and cost of share issuance in equity. Of this amount, $36,126 was related to the cost of share issuance in equity in relation to the Canada Pacific Capital Corp and Unite Capital Corp transactions. As at January 31, 2015, $50,642 (2014 - $92,757) due to Fogler is included in accounts payable and accrued liabilities.

During the year ended January 31, 2015, $40,269 (2014 - $18,000) was paid to the former Chief Executive Officer, including fees of $6,000 and a bonus of $34,269 pursuant to a consulting agreement entered into on April 29, 2013. The agreement was terminated on October 27, 2014.

During the year ended January 31, 2015, $45,000 (2014 - $29,500) was paid to the Chief Executive Officer. As at January 31, 2015, $nil (2014 - $5,731) is included in accounts payable and accrued liabilities

On June 23, 2014, the Company issued 1,686,107 shares to insiders and related parties for settlements of outstanding fees as follows: $51,605 to the FMI, and $32,700 to Cavalry. No warrants were issued pursuant to settlements by insiders and related parties.

16. SEGMENTED INFORMATION

At January 31, 2015, the Company's operations comprise of a single reporting operating segment engaged in mineral exploration in Quebec.

17. COMMITMENTS AND CONTINGENCIES

Environmental Contingencies
The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

18. CORPORATE ACQUISITION

Unite Capital Corp:
On June 24, 2014, Lakeside acquired 100% of the issued and outstanding shares of Unite Capital Corp. ("Unite"). Pursuant to the acquisition, the Company issued 2,599,753 Lakeside Shares and 1,299,877 warrants in exchange for the outstanding common shares of Unite. Each warrant entitles the holder to purchase one Lakeside share at a price of $0.10 per share for a period of three years from issuance. All of the outstanding stock options of Unite were cancelled on completion of the transaction. Since the Acquisition resulted in the Lakeside shareholders holding 100% of the issued and outstanding shares of Unite, Lakeside is considered to be the acquirer for accounting purposes. The operations and changes in cash flow of Unite have been included from the date control was acquired (i.e. June 24, 2014) to the date of these consolidated financial statements. As Unite does not meet the definition of a business per IFRS 3, the Acquisition of Unite has been accounted for as an asset acquisition, whereby Lakeside is considered to issue additional shares in return for the net assets of Unite at their fair value as follows:

(Expressed in Canadian Dollars)

18. CORPORATE ACQUISITION (continued)

The following summarizes the consideration transferred and the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

Consideration:		
Shares issued on acquisition		69,064
Warrants considered issued on acquisition (Note 12)		17,268
Total	$	86,332
Identifiable net assets acquired:		
Cash		122,055
Accounts payable and accrued liabilities		(35,723)
Total	$	86,332

19. INCOME TAX

Provision for Income Taxes

No deferred tax asset has been recognized because of the uncertainty as to the utilization of the losses for income tax purposes. The Company has accumulated losses for Canadian income tax purposes of approximately $3,525,391 (2014 - $3,147,595) which will expire between 2028 and 2035.

The Company has not deducted Canadian exploration and development expenditures of $635,629 (2014 - $451,160) available for deduction against future Canadian taxable income.

	January 31, 2015	January 31, 2014
Loss before income taxes	$ (474,069)	$ (99,996)
Tax rate	26.50%	26.50%
Calculated income tax recovery	(125,628)	(26,499)
Quebec rebate receivable	-	-
Non deductible expense and non taxable income	171	(3,946)
Change in rate and others	(12,317)	(8,357)
Change in deferred taxes not recognized	130,497	38,802
Deferred income tax recovery	$ (7,277)	$ -

The tax effects of temporary differences that give rise to future income tax assets and liabilities are as follows:

(Expressed in Canadian Dollars)

19. INCOME TAX (continued)

	January 31, 2015	January 31, 2014
Deferred income tax assets		
Non-capital loss carry forwards	$ 934,228	$ 834,113
Convertible debt	(6,395)	-
Share issue costs	49,165	61,273
Cumulative exploration and development expenses	168,442	119,557
	1,145,440	1,014,943
Less: Deferred taxes not recognized	(1,145,440)	(1,014,943)
	$ -	$ -

20. SUBSEQUENT EVENTS

On March 11, 2015, the Company amended the Launay property agreement, to revise the payment schedule from $7,500 payable on March 15, 2015, to June 15, 2015.

On April 16, 2015, the Company entered into an agreement to acquire 100% interest in Misery Lake Scandium Project from a private entity controlled by the Chief Executive Officer. Under the terms of the agreement, the Company has agreed to issue 13,500,000 common shares to the vendor. Closing of the acquisition is subject to the Company closing an equity financing for minimum gross proceeds of $500,000 within 120 days of the date of the agreement, and obtaining all necessary regulatory and shareholder approvals.

On May 25, 2015, the Company modified the Misery Lake Scandium Project transfer agreement by increasing the amount of shares to be issued to the private entity holding 100% rights on the project to 21,000,000 shares. The closing of the modified acquisition agreement is subject to the Company closing an equity financing for a minimum gross proceeds of $300,000 within 120 days of the date of the revised agreement, and obtaining all necessary regulatory and shareholder approvals.