CORAZON GOLD CORP

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED DECEMBER 31, 2014

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Corazon Gold Corp.

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Corazon Gold Corp. 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 consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Corazon Gold Corp. to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada Chartered Accountants

April 29, 2015

CORAZON GOLD CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

As at		December 31, 2014		December 31, 2013
ASSETS				
Current				
Cash	$	77,594	$	14,394
Receivables, deposits and prepaid expenses (Note 4)		12,095		40,766
		89,689		55,160
Reclamation bond		21,045		46,932
	$	110,734	$	102,092
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)				
Current				
Accounts payable and accrued liabilities	$	267,260	$	502,830
Shareholders' equity (deficiency)				
Share capital (Note 8)		17,984,622		17,481,328
Reserves (Note 8)		2,349,151		2,349,151
Accumulated other comprehensive income		68,198		72,309
Deficit		(20,558,497)		(20,303,526)
		(156,526)		(400,738)
	$	110,734	$	102,092

Nature and continuance of operations (Note 1)

Approved and authorized by the Board on April 29, 2015

"Bradley Scharfe" Director — *"Jason Scharfe"* Director

Bradley Scharfe — Jason Scharfe

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

CORAZON GOLD CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

For the years ended December 31		2014		2013
EXPENSES				
Consulting	$	114,650	$	199,747
Corporate development		-		11,654
Depreciation		-		58,558
Office		26,211		327,247
Professional fees		34,692		35,379
Property examination costs		-		111,891
Regulatory and filing		29,229		36,937
Salaries and benefits		2,241		294,737
Share-based payments		-		20,297
Travel and accommodation		-		63,998
		(207,023)		(1,160,445)
EXPENSES				
Foreign exchange		(5,371)		(10,656)
Interest income		-		4,152
Realized loss on marketable securities (Note 5)		-		(24,521)
Write-off of property and equipment		-		(87,630)
Write-off of receivables and deposits		(17,305)		(61,667)
Write off of accounts payable		4,271		-
Write-off of reclamation bond		(29,543)		-
Realized loss on sale of property and equipment (Note 6)		-		(25,089)
Impairment of exploration and evaluation assets (Note 7)		-		(5,501,911)
Loss for the year		(254,971)		(6,867,767)
OTHER COMPREHENSIVE INCOME (LOSS)				
Exchange differences on translating foreign operations		(4,111)		69,500
Realized loss on marketable securities		-		12,000
Comprehensive loss for the year	$	(259,082)	$	(6,786,267)
Basic and diluted loss per common share	$	(0.06)	$	(0.93)
Weighted average number of common shares outstanding		4,277,457		1,484,018

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

CORAZON GOLD CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

For the years ended December 31	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (254,971)	$ (6,867,767)
Non-cash items:		
Depreciation	-	58,558
Share-based payments	-	20,297
Impairment of exploration and evaluation assets	-	5,501,911
Write-off of property and equipment	-	87,630
Write-off of receivables and deposits	17,305	61,667
Write-off of reclamation bond	29,543	-
Gain on write-off of accounts payable	(4,271)	-
Loss on sale of property and equipment	-	25,089
Loss on sale of marketable securities	-	24,521
Unrealized foreign exchange	-	(648)
Changes in non-cash working capital items:		
Receivables, deposits and prepaid expenses	1,171	71,469
Accounts payable and accrued liabilities	(227,873)	238,036
	(439,096)	(779,237)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	-	(6,225)
Sale of property and equipment	-	28,108
Sale of marketable securities	-	19,480
Exploration and evaluation expenditures	-	(978,572)
	-	(937,209)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares (Note 9)	514,448	-
Share issuance costs	(4,385)	-
	510,063	-
Change in cash during the year	70,967	(1,716,446)
Effect of exchange rates on cash holdings in foreign operations	(7,767)	73,032
Cash, beginning of year	14,394	1,657,808
Cash, end of year	$ 77,594	$ 14,394

Supplemental disclosure with respect to cash flows (Note 13)

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

CORAZON GOLD CORP.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)

	Share capital						
	Number	**Amount**	**Commitment to issue shares**	**Reserves**	**Accumulated other comprehensive income (loss)**	**Deficit**	**Total**
Balance, December 31, 2012	1,440,523	$ 17,170,268	$ 288,560	$ 2,328,854	$ (9,191)	$ (13,435,759)	$ 6,342,732
Acquisition of ICN Resources Ltd.	78,514	288,560	(288,560)	-	-	-	-
Shares issued – exploration and evaluation assets (Note 8)	10,000	22,500	-	-	-	-	22,500
Share-based payments	-	-	-	20,297	-	-	20,297
Other comprehensive loss	-	-	-	-	81,500	-	81,500
Loss for the year	-	-	-	-	-	(6,867,767)	(6,867,767)
Balance, December 31, 2013	1,529,037	17,481,328	-	2,349,151	72,309	(20,303,526)	(400,738)
Private placements	8,574,132	514,448	-	-	-	-	514,448
Share issuance costs	-	(11,154)	-	-	-	-	(11,154)
Share-based payments	-	-	-	-	-	-	-
Other comprehensive loss	-	-	-	-	(4,111)	-	(4,111)
Loss for the year	-	-	-	-	-	(254,971)	(254,971)
Balance, December 31, 2014	10,103,169	$ 17,984,622	$ -	$ 2,349,151	$ 68,198	$ (20,558,497)	$ (156,526)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Corazon Gold Corp. (the "Company"), formerly ReMac Zinc Corp., was incorporated on April 20, 2005, under the laws of the province of Alberta, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada, United States of America and Nicaragua. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "CGW".

The Company's head office, registered and records office is 700 – 510 West Hastings Street, Vancouver, British Columbia, Canada, V6B 1L8.

On March 25 and May 5, 2014, the Board of Directors authorized a 15-for-1 and a 5-for-1 share consolidation, respectively. The number of issued and outstanding shares, options, warrants and per share amounts has been retrospectively restated for all periods presented unless otherwise stated.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available or be available on favourable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. These material uncertainties may cast significant doubt about the ability of the Company to continue as a going concern.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements, including comparatives, have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Use of estimates and judgments

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

Significant assumptions about the future and other sources of estimation and judgment uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

Critical accounting estimates

i. Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected share price volatility. Because the Company's warrants have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

ii. The valuation of shares issued in non-cash transactions are generally based on the value of goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

Critical accounting judgments

i. The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project.

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION *(cont'd…)*

Use of estimates and judgments *(cont'd…)*

Critical accounting judgments (cont'd…)

ii. The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and the entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

The consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

	Country of incorporation	2014 and 2013 Percentage owned
ReMac Zinc Development Corp. ("RMZD")	Canada	100%
0887398 B.C. Ltd.	Canada	100%
0887406 B.C. Ltd.	Canada	100%
Corazon Exploraciones, S.A. ("COEXSA")	Nicaragua	100%
ICN Resources Ltd ("ICN")	Canada	100%
Esmeralda Gold Inc.	USA	100%
Eureka Gold Inc.	USA	100%
Washoe Gold Inc.	USA	100%

The operating results of subsidiaries acquired during the year are included in the statement of loss and comprehensive loss from the effective date of acquisition. Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated on consolidation.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

Financial instruments *(cont'd…)*

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss and comprehensive loss.

Available-for-sale financial assets - These assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

<u>Financial liabilities</u>

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Other financial liabilities: This category includes promissory notes, amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified its cash as fair value through profit and loss. The Company's receivables are classified as loans and receivables. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares in dilutive calculations includes options, warrants, and similar instruments. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

When significant parts of an item of equipment have different useful lives, they are accounted for as separate items (major component) of equipment. The cost of replacing or overhauling a component of equipment is recognized in the carrying amount when there is a future economic benefit to the Company and its cost is reasonably determinable. The carrying amount of the replaced component is written off. Costs of repairs and maintenance are charged to the statement of operations and comprehensive loss during the financial period in which they are incurred.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

Equipment *(cont'd…)*

Depreciation is calculated to write off the cost of the assets to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property and equipment are as follows:

Class of equipment	**Depreciation rate**
Vehicles	30% declining balance
Office equipment	20% declining balance
Computer equipment	30% and 55% declining balance
Leasehold improvements	3 years straight line

Exploration and evaluation assets

Pre-exploration costs are expensed as incurred. Costs related to the acquisition and exploration of mineral properties are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the mineral property. If payments received exceed the capitalized cost of the mineral property, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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 is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that 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. A reversal of an impairment loss is recognized immediately in profit or loss.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

Share-based payments *(cont'd…)*

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

Provisions

a) Environmental rehabilitation provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an environmental rehabilitation obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount.

Subsequently, these capitalized asset retirement costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional rehabilitation costs). The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated.

Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to the statement of loss and comprehensive loss. The Company had no rehabilitation obligations as December 31, 2014 or December 31, 2013.

a) Other 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. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

Government assistance and tax credits

Government assistance is recorded as either a reduction of the cost of the applicable asset or credit in the statement of loss and comprehensive loss as determined by the terms and conditions of the agreement under which the assistance is provided to the Company.

Tax credits are recorded as either a reduction of the cost of applicable assets or credited in the statement of loss and comprehensive loss depending on the nature of the expenditures which gave rise to the credits. Claims for tax credits are accrued upon the Company attaining reasonable assurance of collections from the applicable government agency.

Foreign exchange

The functional currency of each entity in the consolidated group is the currency of the primary economic environment in which it operates. For the Company and all entities excluding COEXSA, this is the Canadian dollar. The functional currency of COEXSA is the US dollar. Transactions denominated in currencies other than the functional currency are recorded using the exchange rates prevailing on the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are translated at the rates prevailing on the statement of financial position date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognized in profit and loss in the period in which they arise. For the purpose of presenting the consolidated financial statements, the assets and liabilities of COEXSA are translated into Canadian dollars at the rate of exchange prevailing at the end of the reporting period. Income and expenses are translated at the average exchange rates for the period where these approximate the rates on the dates of transactions, and where exchange differences arise, they are recognized as a separate component of equity.

New standards, interpretations and amendments adopted

As of January 1, 2014, the Company adopted new and amended IFRS pronouncements in accordance with transitional provision outlined in the respective standards. The Company has adopted these new and amended standards without any significant effect on its financial statements. Several other new standards and amendments apply for the first time in 2014. However, they are not applicable to the annual consolidated financial statements of the Company.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

Under the amended IAS 36, Impairment, the recoverable amount of a CGU is required to be disclosed only when an impairment loss has been recognized or reversed.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

The amendment to IAS 32, Financial Instruments: Presentation, requires that a financial asset and financial liability should only be offset and the net amount reported when an entity has a legal enforceable right to set off the amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

IFRIC 21, Levies

IFRIC 21 clarifies that obligating events giving rise to a liability to pay a levy is the activity described in the relevant legislation that triggers payments of the levy.

New standard not yet adopted

IFRS 9 Financial Instruments (Revised) was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing derecognition requirements from IAS 39 Financial instruments: recognition and measurement. The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The impact of IFRS 9 on the Company's financial instruments has not yet been determined.

(Expressed in Canadian Dollars)

4. RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	2014	2013
Value-added tax and GST receivables	$ 6,872	$ 4,098
Other receivables	-	32,086
Prepaid expenses	5,223	4,582
	$ 12,095	$ 40,766

5. MARKETABLE SECURITIES

As at December 31, 2012, the Company held 400,000 common shares of Pacific Rim Mining Corp. which had a fair value of $32,000. These marketable securities were classified as available-for-sale. During the year ended December 31, 2013, the Company sold the marketable securities for $19,480 and recognized a loss on sale of marketable securities of $36,521.

6. PROPERTY AND EQUIPMENT

	Vehicles	Office equipment	Computer equipment	Leasehold improvements	Total
Cost					
Balance, December 31, 2012	98,282	158,616	43,152	77,454	377,504
Additions	-	6,042	-	-	6,042
Disposals	(97,748)	(164,060)	(42,600)	(77,454)	(381,862)
Effect of foreign exchange	(534)	(598)	(552)	-	(1,684)
Balance, December 31, 2013	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Effect of foreign exchange	-	-	-	-	-
Balance, December 31, 2014	$ -	$ -	$ -	$ -	$ -
Accumulated depreciation					
Balance, December 31, 2012	46,567	34,844	26,718	45,182	153,311
Additions	2,520	25,659	6,175	24,204	58,558
Disposals	(49,620)	(61,132)	(33,396)	(69,386)	(213,534)
Effect of foreign exchange	533	629	503	-	1,665
Balance, December 31, 2013	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Effect of foreign exchange	-	-	-	-	-
Balance, December 31, 2014	$ -	$ -	$ -	$ -	$ -
As at December 31, 2013	$ -	$ -	$ -	$ -	$ -
As at December 31, 2014	$ -	$ -	$ -	$ -	$ -

During the year ended December 31, 2013, the Company made the following sales in property and equipment:

- Sold office and computer equipment with a book value of $67,495 at the time of sale to an arm's length third party for $10,000 cash and $27,500 in accounts receivable and recognized a loss on sale of property and equipment of $29,995 on the consolidated statements of loss and comprehensive loss.

- Sold a vehicle with a book value of $13,890 at the time of sale for gross proceeds of $18,796 and recognized a gain of sale of property and equipment of $4,906 on the consolidated statements of loss and comprehensive loss.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation asset expenditures are detailed on the following table:

	Trout Creek (JJ)	Hog Ranch and Estill	King's River	Silver Cliff	Goldfield	La Ranchera	Rio Coco	SDL	Total
Balance, December 31, 2012	$ 48,603	$ 1,389,597	$ 81,440	$ 34,348	$ 2,207,287	$ 1,722	$ 902,557	$ 71,743	$ 4,737,298
Acquisition costs									
Cash payments	-	-	-	10,000	12,500	-	-	-	22,500
Common shares issued	-	-	-	30,307	50,000	-	-	-	80,307
	-	-	-	40,307	62,500	-	-	-	102,807
Deferred exploration expenditures									
Assays	-	-	-	-	34,905	-	10,309	-	45,214
Consulting Geological	-	-	-	-	371,445	-	32,629	-	404,074
Corporate Social Responsibility	-	-	-	966	-	-	-	-	966
Land / Legal	-	1,318	-	53,043	47,169	976	-	5,282	107,788
Labour Costs	-	-	-	-	-	-	21,208	-	21,208
Project Administration	-	-	-	3,473	16,014	-	3,633	-	23,120
Surveying and Mapping	-	-	-	-	23,194	-	-	-	23,194
Travel and accommodation	-	-	-	5,860	29,234	-	1,148	-	36,242
	-	1,318	-	63,342	521,961	976	68,927	5,282	661,806
Impairment	(48,603)	(1,390,915)	(81,440)	(137,997)	(2,791,748)	(2,698)	(971,484)	(77,025)	(5,501,911)
Balance, December 31, 2013 and 2014	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

7. EXPLORATION AND EVALUATION ASSETS *(cont'd …)*

La Ranchera Project, Nicaragua

In February 2012, Nicaragua's Ministry of Energy and Mines ("MEM") granted the Company a 25-year exploration and exploitation concession for La Ranchera. The concessions are subject to a 3% government royalty.

During the year ended December 31, 2013, the Company decided not to continue with the La Ranchera Project and wrote-off the balance to the statement of loss and comprehensive loss.

SDL Project, Nicaragua

In February 2012, Nicaragua's MEM granted the Company two exploration and exploitation concessions, Pijibay and Pilatos, in the Santo Domingo-La Libertad mining district. The concessions are subject to a 3% government royalty.

During the year ended December 31, 2013, the Company decided not to continue with the SDL Project and wrote-off the balance to the statement of loss and comprehensive loss.

Rio Coco Project, Nicaragua

In April 2012, the Company was granted three contiguous, 25-year exploration and exploitation concessions by Nicaragua's MEM and the Autonomous Region of the Northern Atlantic ("RAAN"). The three contiguous Arcosa, Azul and Calcedonia concessions are located along the Rio Coco River. The concessions are subject to a 3% government royalty.

During the year ended December 31, 2013, the Company decided not to continue with the Rio Coco Project, and wrote-off the balance to the statement of loss and comprehensive loss.

ReMac Zinc property, BC, Canada

The Company maintains ownership of 1 claim in the ReMac Zinc property. The Company wrote-off the balance in the year ended December 31, 2011 and has no future exploration plans for the property.

Hog Ranch and Estill Property, Nevada, USA

During the year ended December 31, 2013, the Company decided not to continue with the Hog Ranch and Estill property and wrote-off the balance to the statement of loss and comprehensive loss.

Trout Creek (JJ) Property, Nevada, USA

During the year ended December 31, 2013, the Company decided not to continue with the Trout Creek Property and wrote-off the balance to the statement of loss and comprehensive loss.

Goldfield Bonanza Property, Nevada, USA

During the year ended December 31, 2013, the Company decided not to continue with the Goldfield Bonanza property and wrote-off the balance to the statement of loss and comprehensive loss.

Kings River Property, Nevada, USA

During the year ended December 31, 2013, the Company decided not to continue with the Kings River property and wrote-off the balance to the statement of loss and comprehensive loss.

Silver Cliff Property, Colorado, USA

During the year ended December 31, 2013, the Company decided not to continue with the Silver Cliff property and wrote-off the balance to the statement of loss and comprehensive loss.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES

a) Authorized share capital

Unlimited number of common and preferred shares without par value.

b) Issued share capital

During the year ended December 31, 2014, the Company completed a non-brokered private placement by issuing 8,574,123 units for $0.06 per unit for gross proceeds of $514,448. Each unit consisted of one common share and one share purchase warrant with each share purchase warrant exercisable at $0.08 until September 5, 2016. In connection with the private placement, the Company paid or accrued $11,154 for share issuance costs.

c) Stock options and warrants

The Company has adopted an incentive share option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable share options.

Stock options and warrants transactions are summarized as follows:

	Options		Warrants	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Balance, December 31, 2012	62,666	$ 38.05	30,000	$ 20.35
Cancelled / expired	(62,666)	38.05	(23,333)	23.15
Balance, December 31, 2013	-	-	6,667	10.50
Granted	-	-	8,574,132	0.08
Cancelled / expired	-	-	(6,667)	10.50
Balance, December 31, 2014	-	$ -	8,574,132	$ 0.08

The Company did not grant any stock options for the years ended December 31, 2013 and 2014.

As at December 31, 2014, share purchase warrants were outstanding as follows:

	Number	Exercise price	Expiry date
Share Purchase Warrants	8,574,132	0.08	September 5, 2016

9. RELATED PARTY TRANSACTIONS

Key management personnel comprise of the Chief Executive Officer, Chief Financial Officer, and Directors of the Company. The remuneration of the key management personnel is as follows:

- Paid or accrued salaries, wages, and consulting fees of $114,650 (2013 - $328,401).
- Share-based payments issued or vested with a fair value of $Nil (2013 - $13,976).

The amount of $32,775 (2013 - $98,179) is due to related parties. All balances are unsecured, non-interest bearing, have no fixed repayment terms, and are due on demand.

(Expressed in Canadian Dollars)

10. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2014	2013
Loss before income taxes	$ (254,971)	$ (6,867,767)
Expected income tax (recovery)	$ (66,000)	$ (1,768,000)
Change in statutory, foreign tax, foreign exchange and other	(718,000)	(1,272,000)
Permanent differences	467,000	195,000
Change in unrecognized deductible temporary differences	317,000	2,845,000
Total income tax expense (recovery)	$ -	$ -

The significant components of the Company's temporary differences, unused tax losses that have not been included on the consolidated statement of financial position are as follows:

Temporary differences	2014	Expire Date Range	2013	Expire Date Range
Exploration and evaluation asset	$ 11,938,000	N/A	$ 11,130,000	N/A
Property and equipment	110,000	N/A	108,000	N/A
Share issue costs	193,000	2034 - 2037	369,000	2033 – 2036
Non-capital losses available for future period	19,835,000	2014 – 2033	15,081,000	2014 – 2032

11. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, accounts payable and accrued liabilities approximate their carrying value, which is the amount recorded on the consolidated statement of financial position. Cash under the fair value hierarchy are based on level one quoted prices in active markets for identical assets or liabilities.

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

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its other receivables. This includes a GST receivable of $6,872 from the Government of Canada. Management believes that the credit risk concentration with respect to receivables is minimal.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(cont'd…)*

Liquidity risk

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

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding (see Note 1).

All of the contractual maturities of the Company's non-derivative financial liabilities are within one year of the financial statement end date.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash is minimal.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable and accounts payable and accrued liabilities that are denominated in US Dollars (USD). Based on management's knowledge and experience of the financial markets, the Company believes that 10% fluctuation in the USD against the Canadian dollar would affect net loss for the period by approximately $10,000.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral exploration concessions, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes components of shareholders' equity (deficiency).

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

12. SEGMENTED INFORMATION

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

13. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

There were no significant non-cash transactions during the year ended December 31, 2014.

During the year period ended December 31, 2013, the Company:

a) Issued 50,000 common shares with a fair value of $22,500 for exploration and evaluation asset acquisition costs;

b) Accrued $27,500 on the sale of property and equipment;

c) Issued 392,571 common shares valued at $288,560 from commitment to issue shares; and

d) Reallocated $24,001 from accumulated other comprehensive income / loss to realized loss on disposal of marketable securities.