CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
JUNE 30, 2014 AND 2013

DeVISSER GRAY LLP
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Toro Resources Corp.,

We have audited the accompanying consolidated financial statements of Toro Resources Corp. and its subsidiary, which comprise the consolidated statements of financial position as at June 30, 2014, June 30, 2013, and the consolidated statements of net loss and comprehensive loss, cash flows and changes in equity (deficiency) for the years ended June 30, 2014 and June 30, 2013 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 as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Toro Resources Corp. and its subsidiary as at June 30, 2014 and June 30, 2013 and their financial performance and their cash flows for the years ended June 30, 2014 and June 30, 2013 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has limited working capital, no current sources of revenue and is dependent upon its ability to secure new sources of financing. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

De Visser Gray LLP

CHARTERED ACCOUNTANTS
Vancouver, Canada
October 28, 2014

Toro Resources Corp.

Consolidated Statements of Financial Position

Expressed in Canadian Dollars

TSX.V: **TRK**

	Note		**June 30, 2014**		June 30, 2013
Assets					
Current assets					
Cash		**$**	**38,373**	$	73,550
Amounts receivable			**8,761**		16,739
Prepaid expenses			**2,600**		-
			49,734		90,289
Exploration and evaluation assets	6		**10,000**		966,939
Reclamation deposit	5		**46,804**		46,804
Total Assets		**$**	**106,538**	$	1,104,032
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities		**$**	**413,645**	$	204,556
Loan payable	9		**100,000**		100,000
Total Liabilities			**513,645**		304,556
Shareholders' Equity (Deficiency)					
Share capital	7		**2,239,766**		2,239,766
Other capital reserves	7		**208,951**		187,935
Deficit			**(2,855,824)**		(1,628,225)
			(407,107)		799,476
Total Liabilities and Shareholders' Equity		**$**	**106,538**	$	1,104,032

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

Approved on October 28, 2014 by the Directors:

" Devinder Randhawa"

Devinder Randhawa, Director

"Greg Downey"

Greg Downey, Director

Toro Resources Corp.

Consolidated Statements of Net Loss and Comprehensive Loss

Expressed in Canadian Dollars

TSX.V: **TRK**

	Note	Years Ended June 30, 2014	2013
Expenses			
Consulting and management fees	9	**$ 180,000**	$ 109,000
Depreciation		**-**	445
Interest	9	**6,250**	77
Office and administration	9	**916**	15,363
Professional fees		**28,204**	36,733
Public relations and communications		**3,121**	6,697
Regulatory fees		**2,442**	4,265
Rent	9	**3,000**	9,324
Share-based compensation	9	**21,016**	33,025
Transfer agent		**7,751**	6,072
Travel	9	**6,359**	9,078
		259,059	230,079
Loss before other items		**(259,059)**	(230,079)
Other items - income (expense)			
Interest		**-**	51
Loan bonus	9	**-**	(20,000)
Foreign exchange (loss)		**(242)**	(2,402)
Non-refundable option payment received		**17,058**	-
Write-down of exploration and evaluation assets		**(985,356)**	-
		(968,540)	(22,351)
Net loss and comprehensive loss for the year		**$ (1,227,599)**	$ (252,430)
Basic and diluted loss per common share		**$ (0.05)**	$ (0.01)
Weighted average number of common shares outstanding		**24,198,636**	23,530,828

Toro Resources Corp.

Consolidated Statements of Changes in Equity (Deficiency)

Expressed in Canadian Dollars

TSX.V: **TRK**

	Note	Common Shares			Other Capital			Total Shareholders'
		Shares		Amount		Reserves	Deficit	Equity (Deficiency)
Balance June 30, 2012		23,448,636	$	2,202,266	$	154,910 $	(1,375,795) $	981,381
Shared-based compensation		-		-		33,025	-	33,025
Shares issued for exploration and evaluation assets	7	350,000		17,500		-	-	17,500
Shares issued for short-term loan bonus	7	400,000		20,000		-	-	20,000
Net loss and comprehensive loss		-		-		-	(252,430)	(252,430)
Balance June 30, 2013		24,198,636	$	2,239,766	$	187,935 $	(1,628,225) $	799,476
Shared-based compensation		-		-		**21,016**	-	**21,016**
Shares issued for exploration and evaluation assets		-		-		-	-	**-**
Net loss and comprehensive loss		-		-		-	**(1,227,599)**	**(1,227,599)**
Balance June 30, 2014		**24,198,636**	**$**	**2,239,766**	**$**	**208,951 $**	**(2,855,824) $**	**(407,107)**

Toro Resources Corp.

Consolidated Statements of Cash Flows

Expressed in Canadian Dollars

TSX.V: **TRK**

		Years Ended June 30,		
		2014		2013
Operating activities				
Net loss for the year	**$**	**(1,227,599)**	$	(252,430)
Items not affecting cash:				
Depreciation		**-**		445
Loan bonus		**-**		20,000
Share-based compensation		**21,016**		33,025
Write-down of exploration and evaluation assets		**985,356**		-
		(221,227)		(198,960)
Changes in non-cash working capital items:				
Decrease in amounts receivable		**7,978**		6,590
Decrease (increase) in prepaid expenses		**(2,600)**		5,446
Increase in accounts payable and accrued liabilities		**209,089**		110,228
Cash used in operating activities		**(6,760)**		(76,696)
Investing activity				
Exploration and evaluation assets		**(28,417)**		(90,437)
Cash used in investing activity		**(28,417)**		(90,437)
Financing activity				
Loan proceeds		**-**		100,000
Cash provided by financing activity		**-**		100,000
Net decrease in cash		**(35,177)**		(67,133)
Cash, beginning of year		**73,550**		140,683
Cash, end of year	**$**	**38,373**	$	73,550

Supplementary disclosure for non-cash investing and financing activities				
Fair value of shares issued pursuant to mineral property agreement	**$**	**-**	$	17,500
Fair value of shares issued pursuant to loan agreement		**-**		20,000
	$	**-**	$	37,500

1. NATURE OF OPERATIONS AND GOING CONCERN

Toro Resources Corporation, (the "Company", "TRC") is a company incorporated on June 30, 2005 under the Business Corporation Act of British Columbia, Canada. The registered office of the Company is 700-595 Howe Street, Vancouver, British Columbia, V6C 2T5. The principle address and records office of the Company is 700-1620 Dickson Ave., Kelowna, British Columbia, V1Y 9Y2. The Company's shares are publically listed on the TSX-Venture exchange ("TSX") under the symbol "TRK".

The Company is a natural resource company engaged in the acquisition and exploration of resource properties in the United States of America ("USA"). The Company presently has no proven or probable reserves and on the basis of information to date, it has yet to determine whether these properties contain economically recoverable ore reserves. Consequently, the Company considers itself to be an exploration stage company.

These consolidated financial statements have been prepared by management on a going concern basis with the assumption that the Company will continue for the foreseeable future and will be able to meet its obligations to continue operations. Management has carried out an assessment of the going concern assumption and concludes that the continued operations of the Company are dependent upon equity financing and/or joint venturing project development as primary sources of funding. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The realized values of net assets may be significantly different from carrying values shown and these consolidated financial statements do not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

The Company has had the following history of annual net and comprehensive losses: 2014 ($1,227,599) 2013 ($252,430), 2012 ($221,445), 2011 ($370,316), 2010 ($240,360) and 2009 ($211,360). The accumulated deficit recorded as at June 30, 2014 is ($2,855,824) and at June 30, 2013 ($1,628,225). As at June 30, 2014 the Company has cash of $38,373 ($73,550 at June 30, 2013) and a working capital deficiency of $463,911 ($214,267 at June 30, 2013).

2. BASIS OF PRESENTATION

These consolidated financial statements, including comparative figures, have been prepared using accounting policies in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") .

These consolidated financial statements have been prepared in Canadian dollars on a historical cost basis except for certain financial instruments which are measured at fair value. They include the 100% wholly-owned U.S. subsidiary Toro Resources Inc. ("TRI").

The issuance of these consolidated financial statements has been authorized by the Board of Directors on October 28, 2014.

2. BASIS OF PRESENTATION (Continued)

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. See Note 4 for Critical Accounting Estimates and Judgments made by management in the application of IFRS.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements set out below have been applied consistently in all material respects.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned Nevada subsidiary, Toro Resources Inc. All inter-company balances and transactions have been eliminated upon consolidation.

Basic and Diluted Loss per Share

Basic earnings per share are computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflect the dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the “if converted” method. Diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to insignificant risk of change, with maturities within three months, held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. At June 30, 2014 and 2013 the Company held no cash equivalents.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exploration and Evaluation Assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures for mineral properties

Once the legal right to explore a property has been acquired, exploration and evaluation expenditures are recognized and capitalized. Mineral exploration costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. Once the technical feasibility and commercial viability of extraction of the mineral resources has been determined, the property is considered to be a property under development and is reclassified as such. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore reserves, while those costs for the prospects abandoned are written off.

On an annual basis or when impairment indicators arise, the Company evaluates the future recoverability of its mineral property costs. Impairment losses or write-downs are recorded in the event the net book value of such assets exceeds the estimated indicated future cash flows attributable to such assets.

The recoverability of the amounts capitalized for the undeveloped mineral property is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to its mineral properties and, to the best of its knowledge, the title to its properties are in good standing.

Management's capitalization of exploration and evaluation expenditures and assumptions regarding the future recoverability of such costs are subject to significant measurement uncertainty. Management's assessment of recoverability is based on, among other things, the Company's estimate of current mineral reserves and resources which are supported by geological estimates, estimated commodity prices, and the procurement of all necessary regulatory permits and approvals. These assumptions and estimates could change in the future and this could materially affect the carrying value and the ultimate recoverability of the amounts recorded for mineral properties.

Option Payments Received

Option payments received are treated as a reduction of the carrying value of the related exploration and evaluation assets, and the balance, if any, is taken into income.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based Payments

Equity-settled share-based payments for directors, officers and employees are measured at fair value at the date of grant and recorded as compensation expense in the financial statements. The fair value determined at the grant date of the equity-settled share based payments is expensed using the graded vesting method over the vesting period based on the Company's estimate of shares that will eventually vest. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share based payments is credited to share capital. Shares are issued from treasury upon the exercise of equity-settled share based instruments.

Compensation expense on stock options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested using the fair value method and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Income Taxes

Income tax expense comprises of current and deferred tax. Current and deferred tax is recognized in the statement of net loss and comprehensive loss except to the extent that it relates to a business combination or items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current income taxes are the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets and liabilities are presented as non-current.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-lived Assets

The Company's tangible and intangible assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in the statement of net loss and comprehensive loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

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

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial assets in the following categories depending on the purpose for which the instruments were acquired:

Financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity investments, available for sale ("AFS") financial assets and loans and receivable.

The Company has classified cash and reclamation deposit as FVTPL and amounts receivable as loans and receivables.

When one or more events that occurred after the initial recognition of the financial asset have been impacted, financial assets are impaired. At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of net loss and comprehensive loss.

Impairment losses on loans and receivables carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available-for-sale equity instruments are not reversed.

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at FVTPL, or other financial liabilities, as appropriate.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value.

The Company's financial liabilities include accounts payable, accrued liabilities and loan payable, which are classified as other financial liabilities. Subsequent to initial recognition, accounts payable, accrued financial liabilities, and the loan payable are measured at amortized cost using the effective interest method.

Rehabilitation Provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of tangible long-lived assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates is capitalized to the amount of the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as the related asset. The liability is progressively increased each period as the effect of discounting unwinds, creating an expense recognition in the statement of net loss and comprehensive loss.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision.

The Company's estimates are reviewed at each reporting date for changes in regulatory requirements, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to the statement of net loss and comprehensive loss for the year.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Translation of Foreign Currencies

The functional currency of the Company's foreign subsidiary is the Canadian dollar, being the currency of the primary economic environment of the parent entity. The consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined and not subsequently restated.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of net loss and comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

New Standards, Amendments and Interpretations

The IASB issued the following pronouncements that are effective for years beginning January 1, 2013 or later. These new accounting policies were adopted by the Company on July 1, 2013 and have had no significant impact on the Company's financial position and results of operation.

- IAS 1–*Presentation of Financial Statements*
- IAS 24– *Related Parties Disclosures*
- IAS 28–*Investments in Associates and Joint Ventures*
- IFRS 7–*Financial Instruments: Disclosures*
- IFRS 10–*Consolidated Financial Statements*
- IFRS 11–*Joint Arrangements*
- IFRS 12–*Disclosure of Interests in Other Entities*
- IFRS 13–*Fair Value Measurement*

On July 24, 2014 the IASB issued IFRS 9 - *Financial Instruments*. This is the final version of the Standard and supersedes all previous versions. The Standard has a mandatory effective date for annual periods beginning on or after January 1, 2018, with earlier application permitted. This standard introduces new requirements for the impairment of financial assets measured at amortized cost and classification and measurement of financial instruments. The Company will be analyzing the possible impacts of these amendments on its future consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Critical judgments in applying accounting policies:

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

i) The determination that the Company will continue as a going concern for the next year; and

ii) The determination that there have been no additional events or changes in circumstances that indicate the carrying amount of exploration and evaluation assets may not be recoverable.

5. RECLAMATION DEPOSIT

During the year ended June 30, 2012, the Company was required to post a reclamation deposit in the amount of $46,804 (US$45,900) with the USDA Forest Service ("USFS") in order to continue its exploration of the Morgan Peak property. The deposit is to be refunded to the Company upon completion of reclamation to the satisfaction of the USFS. The reclamation deposit is being held in term deposits with various interest rates. See Note 12 – Subsequent Events.

6. EXPLORATION AND EVALUATION ASSETS

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

Exploration and evaluation expenditures for the years ended June 30, 2014 and 2013:

	2014	2013
Acquisition costs		
Balance, beginning of year	$ **341,243**	$ 264,208
Additions	**10,000**	77,035
Relinquishment	**(341,243)**	-
Balance, end of year	**10,000**	341,243
Deferred exploration and evaluation expenditures		
Balance, beginning of year	**625,696**	594,794
Assessments and fees	**16,218**	15,747
Consulting and engineering	**-**	9,959
Drilling	**-**	-
Field and travel	**-**	2,109
Office	**-**	-
Reports and maps	**-**	-
Storage	**2,199**	3,087
Relinquishment	**(644,113)**	-
Balance, end of year	**-**	625,696
Total exploration and evaluation assets	$ **10,000**	$ 966,939

Morgan Peak, Arizona, USA

On December 10, 2009, the Company entered into a letter of intent with MinQuest Inc. ("MinQuest") to acquire a 100% undivided interest in the Morgan Peak Property in Arizona, USA, comprising 102 unpatented mineral claims covering a total of 2,020 acres. Upon execution of the letter of intent, the Company paid to MinQuest a $10,862 (US$10,000) non-refundable deposit.

On February 1, 2010, the Company entered into a definitive mineral property agreement (amended June 6, 2012) with MinQuest in respect to the option to acquire a 100% interest in the property subject to a 3% Net Smelter Returns Royalty. At that time, the non-refundable deposit became part of the amount due upon signing the agreement.

On March 10, 2010, the Company assigned all its rights and obligations pursuant to the mineral contract to its wholly-owned subsidiary, TRI, a company incorporated in Nevada.

6. EXPLORATION AND EVALUATION ASSETS (Continued)

In order to earn the interest, TRC is required to issue an aggregate of 3,000,000 shares of common stock, and TRI is required to make cash payments to MinQuest totalling US$1,000,000 and incur an aggregate of US$4,300,000 in exploration expenditures as follows:

	CASH COMPENSATION (US $)	SHARE CONSIDERATION (NUMBER OF SHARES)	EXPLORATION EXPENDITURES
Upon signing the agreement	$ 20,000 (paid)	250,000 (issued)	$ -
February 1, 2011	20,000 (paid)	250,000 (issued)	250,000 (spent)
February 1, 2012	25,000 (paid)	300,000 (issued)	350,000 (spent)
February 1, 2013	30,000 (paid)	350,000 (issued)	-
February 1, 2014	40,000	400,000	950,000
February 1, 2015	50,000	450,000	750,000
February 1, 2016	50,000	500,000	1,000,000
February 1, 2017	50,000	500,000	1,000,000
February 1, 2018	715,000	-	-
	$ 1,000,000	3,000,000	$ 4,300,000

TRI also assumed the obligation to make cash payments totalling US$665,000 to the underlying property vendor as follows:

	CASH COMPENSATION (US $)
Upon signing the agreement	$ 10,000 (paid)
December 5, 2010	10,000 (paid)
December 5, 2011	25,000 (paid)
December 5, 2012	30,000 (paid)
December 5, 2013	40,000
December 5, 2014	50,000
December 5, 2015	50,000
December 5, 2016	50,000
December 5, 2017	400,000
	$ 665,000

As at June 30, 2014, the Company has paid $176,209 (US$170,000) and issued 1,150,000 common shares with an aggregate fair value of $155,000 pursuant to the agreement. During the year, the Company entered into an agreement with MinQuest to defer exploration expenditures and share issuances pending the sale of the project to PBar Land and Minerals, LLC (“PBar”) as per the revised PBar agreement dated March 18, 2014. See Note 12 - Subsequent Events.

As at June 30, 2014, the Company wrote down the Morgan Peak property to $Nil and recorded a write-down of $985,356 in the year.

6. EXPLORATION AND EVALUATION ASSETS (Continued)

Taxco Property

During the year ended June 30, 2014, the Company entered into a preliminary agreement to acquire under an option agreement the Taxco property from 1002679 B.C. Ltd. The 915 hectare property is located 125 km southwest of Vanderhoof, 175 km southwest of Prince George, and approximately 150 km west of Quesnel, British Columbia. The Company commissioned an updated 43:101 report on the property in June of 2014 which has been accounted for as an acquisition cost.

The Property is subject to a royalty in favor of 1002679 B.C. Ltd. equal to a 3% Net Smelter Royalty (NSR), one half of which may be purchased for a cash payment of $250,000. A non-refundable cash payment of $2,500 is due before October 31, 2014 and issuance of 50,000 shares or cash payment of $5,000 is due upon regulatory approval. Under the terms of the agreement, TRC will hold 100% beneficial interest in the Taxco Property by making cash payments, issuing shares and carrying out exploration work as per the following anniversary dates:

End of Year	Cash Payment	Shares Issued	Expenditures
1	$ 10,000	100,000	$ 50,000
2	20,000	150,000	100,000
3	50,000	200,000	250,000
	$ 80,000	450,000	$ 400,000

7. SHARE CAPITAL

a) Authorized:

Unlimited voting common shares without par value
Unlimited non-voting preferred shares with a par value of $1 each (none issued)

b) Issued and Outstanding - Common Shares:

During the year ended June 30, 2014, the Company issued Nil common shares (2013 – 750,000 common shares) pursuant to the Morgan Creek mineral property agreement with a fair value of $Nil (2013 - $37,500).

c) Share Purchase Warrants

As at June 30, 2014 and 2013, no share purchase warrants for the acquisition of common shares were outstanding.

7. SHARE CAPITAL (Continued)

d) Stock Options

The Company has a stock option plan that provides for the issuance of stock options to its officers, directors, employees and consultants. Stock options must be non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 10% of the issued shares of the Company at the time of granting and may not exceed 5% to any individual.

The exercise price of stock options is determined by the board of directors of the Company at the time of grant and may not be less than the closing market price of the Company's shares on the day immediately prior to the award date, less any discount which may be permitted by the exchange on which the Company is listed. Options have a maximum term of five years. Upon exercise of any stock options, consideration paid by the option holder together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

As at June 30, 2014, stock options outstanding for the purchase of common shares are:

NUMBER OF OPTIONS	EXERCISE PRICE PER SHARE	NUMBER EXERCISABLE AT JUNE 30, 2014	EXPIRY DATE
1,800,000	$ 0.10	1,800,000	May 15, 2017
1,800,000		1,800,000	

STOCK OPTION SUMMARY	**YEAR ENDED JUNE 30, 2014**			YEAR ENDED JUNE 30, 2013		
	NUMBER		**WEIGHTED AVERAGE EXERCISE PRICE**	NUMBER		WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of year	**2,050,000**	**$**	**0.10**	1,450,000	$	0.13
Granted	**-**		**-**	1,400,000		0.10
Exercised	**-**		**-**	-		-
Forfeited	**(250,000)**		**0.10**	(800,000)		0.14
Balance, end of year	**1,800,000**	**$**	**0.10**	2,050,000	$	0.10

7. SHARE CAPITAL (Continued)

e) Share-based Payments

During the year ended June 30, 2014, the Company recorded $21,016 (2013 - $33,025) in share-based payments for options granted or vesting during the year.

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	YEARS ENDED JUNE 30, 2014	2013
Risk free interest rate	**1.713%**	1.713%
Expected life	**3 years**	3 years
Expected volatility	**99.70%**	99.70%
Expected dividend yield	**0**	0
Expected forfeiture	**n/a**	n/a
Weighted average of fair value of options granted	**$0.10**	$0.10

8. INCOME TAXES

The Company is subject to income taxes on its unconsolidated financial statements in both Canada and the United States. The consolidated provision for income taxes varies from the amount that would be computed from applying the combined statutory income tax rates to the net loss before taxes. The income tax provision is approximately as follows:

	2014	2013
Combined statutory tax rate	**33%**	26%
Expected income tax recovery	**$ 407,000**	$ 64,000
Non-deductible differences	**(344,000)**	29,000
Effect of changes in tax rate	**87,400**	200
Unrecognized benefit of loss carry forwards	**(150,400)**	(93,200)
Income tax provision	**$ -**	$ -

8. INCOME TAXES (Continued)

The significant components of the company's deferred income tax assets were approximately as follows:

	2014	2013
Losses available for future periods	**$ 673,000**	$ 602,000
Exploration and evaluation expenditures and equipment	**37,000**	37,000
Share issuance costs	**-**	4,000
Valuation allowance	**(710,000)**	(643,000)
Net deferred income tax asset	**$ -**	$ -

As of June 30, 2014, the Company has Canadian and U.S. non-capital losses of approximately $2,237,000 which may be carried forward and applied against taxable income in future years. These losses expire as follows:

CANADA		U.S.	
2026	$ 33,000	2026	$ -
2027	165,000	2027	-
2028	139,000	2028	-
2029	69,000	2029	-
2030	138,000	2030	3,000
2031	340,000	2031	488,000
2032	218,000	2032	126,000
2033	250,000	2033	29,000
2034	252,000	2034	4,000
	$ 1,604,000		$ 650,000

The Company has resource pools of approximately $144,000 (2013 – $144,000) in Canada and $Nil (2013 - $Nil) in the U.S. available to offset future taxable income. The tax benefit of these amounts is available for carry-forward indefinitely. The potential tax benefits of these items have not been recognized as realization is not considered more likely than not.

9. RELATED PARTY TRANSACTIONS

The following related party transactions were in the normal course of operations and measured at the exchange amount, which is the amount established and agreed to by the related parties. Unless otherwise noted, amounts due to and from related parties were non-interest bearing, unsecured and had no fixed terms of repayment.

9. RELATED PARTY TRANSACTIONS (continued)

In addition to those related party transactions disclosed elsewhere in the consolidated financial statements the Company incurred the following transactions and balances:

a) On April 26, 2013, the Company secured an interim loan of $100,000 with interest of 5% per annum, calculated monthly, from RD Capital Inc. a company controlled by Dev Randhawa, Chairman and CEO. This short-term financing was to ensure that the Company could meet its commitments on its Morgan Peak Copper project. On May 21, 2013 the Company issued 400,000 loan bonus shares to RD Capital Inc. valued at $0.05 per share. This loan is due on demand and is secured by a promissory note.

b) Included in accounts payable and accrued liabilities is $376,180 (2013 – $180,780) payable to related corporations with related directors and executives and to executives.

c) During the year ended June 30, 2014 and 2013, the Company incurred the following expenses paid or payable to key management personnel, directors, and companies with a common director or officer. Key management personnel are considered to be the CEO, CFO, President and Vice President of Operations:

	YEARS ENDED JUNE 30	
	2014	2013
Amounts paid or payable to key management personnel:		
Office expenses	**$ 227**	$ 2,796
Travel	**-**	5,687
Management fees	**180,000**	109,000
Share-based payments	**13,510**	21,230
Loan interest/bonus	**6,250**	20,000
Amounts included in exploration and evaluation assets	**-**	8,186
	199,987	166,899
Amounts paid or payable to other related parties:		
Office expenses	**384**	1,666
Rent	**3,000**	-
Travel	**6,359**	-
	9,743	1,666
	$ 209,730	$ 168,565

10. CAPITAL DISCLOSURES

The Company was formed for the purpose of acquiring exploration and development stage natural resource properties. The Board determines the Company's capital structure and makes adjustments to it based on funds available to the Company in order to support the acquisition, exploration and development of mineral properties. The Directors have not established quantitative return on capital criteria for capital management.

The Company does not generate any revenue, and accordingly the Company will be dependent in the future upon external financing to fund future exploration programs and its administrative costs. The Company will spend existing working capital and raise additional amounts as needed.

10. CAPITAL DISCLOSURES (Continued)

The Company will continue to assess new properties and to seek to acquire an interest in additional properties if management decides there is sufficient geologic and/or economic potential. The Directors review their capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, assuring continued returns for shareholders and benefits for other stakeholders.

The Company considers the items included in the statement of shareholders' equity (deficiency) as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company has no externally imposed capital requirements.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The Company has no assets or liabilities subject to fair value measurement on a recurring basis. For assets and liabilities measured at fair value on a non-recurring basis, the following table provides the fair value measures by level of valuation assumptions used:

	FAIR VALUE	**YEAR ENDED JUNE 30, 2014**		YEAR ENDED JUNE 30, 2013	
	INPUT LEVEL	**CARRYING AMOUNT**	**ESTIMATED FAIR VALUE**	CARRYING AMOUNT	ESTIMATED FAIR VALUE
Financial Assets:					
Cash	1	**$ 38,373**	**$ 38,373**	$ 73,550	$ 73,550
Reclamation deposit	2	**46,804**	**46,804**	46,804	46,804
		$ 85,177	**$ 85,177**	$ 120,354	$ 120,354

Due to the relatively short term nature of cash, amounts receivable, reclamation deposit and accounts payable and accrued liabilities, the fair value of these instruments approximates their carrying value. Risk management is carried out by the Company's management team with guidance from the Board of Directors.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

a) Credit Risk

The Company's credit risk is primarily attributable to cash and amounts receivable. Cash and is held with one reputable Canadian chartered bank which is closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments included in cash, short-term investments and amounts receivable is minimal.

b) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2014, the Company held cash of $38,373 (2013 - $73,550) and had current liabilities of $513,645 (2013 - $304,556). All of the Company's current liabilities, excluding the loan payable, have contractual maturities of less than 30 days and are subject to normal trade terms.

c) Market Risk

i) Interest Rate Risk

The Company had cash balances, and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its banks.

ii) Foreign Currency Risk

The Company's functional currency and the reporting currency is the Canadian dollar ("CDN$"). Periodically the Company incurs charges to its operations for settlement in currencies other than its functional currency and any gain or loss arising on such transactions is recorded in operations for the year.

The Company holds a 100% interest in its subsidiary TRI which operates in the United States of America. TRI has transactions which are recorded in the US Dollar ("US$").

As a result, the Company is subject to foreign currency and exchange risk on the translation of these transactions and year end balances to the reporting currency. Any gains or losses arising in the year are included in operations for the year.

As at June 30, 2014 and June 30, 2013, a 1% strengthening in the US$ relative to the CDN$ does not have a significant impact on the net loss for the year.

Any unrealized translation adjustments arising at year end are included in operating loss for the year.

The Company does not participate in any hedging activities to mitigate any gains or losses which may arise as a result of exchange rate changes.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

As at June 30, 2014, financial assets and liabilities denominated in currencies other than the Canadian dollar are as follows:

2014		2013	
FINANCIAL ASSETS	**FINANCIAL LIABILITIES**	FINANCIAL ASSETS	FINANCIAL LIABILITIES
US$ 61,643	**US$ -**	US$ 48,169	US$ -

iii) Commodity 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. To mitigate price risk, the Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

12. SUBSEQUENT EVENTS

On July 31, 2014, the Company signed an option agreement on the Taxco property, having received the updated 43:101 report. The initial payment of $2,500 is due 90 days after the signing of the agreement and the 50,000 shares (or $5,000) are to be issued upon regulatory approval. See Note 6.

The agreement with PBar to sell the Morgan Peak property was terminated on July 2, 2014 as PBar could not meet the terms of the agreement. The drilling permit issued by the USFS was concurrently cancelled on August 1, 2014 as the agreed work program to be carried out by PBar had not commenced on the property. The reclamation work as required by the USFS on the Morgan Peak property was completed in September 2014 at a total cost of US$3,627. See Note 6.