



GTA RESOURCES AND MINING INC.

Financial Statements

March 31, 2015 and 2014

(Expressed in Canadian Dollars)

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March 31, 2015 and 2014

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of GTA Resources and Mining Inc. and the Management Discussion and Analysis are the responsibility of management and have been approved by the Board of Directors. The financial statements necessarily include some amounts that are based on management's best estimates, which have been made using careful judgement.

The financial statements have been prepared by management in accordance with International Financial Reporting Standards. Financial and operating data elsewhere in the Management Discussion and Analysis are consistent with the information contained in the financial statements.

In fulfilling their responsibilities, management of GTA Resources and Mining Inc. has developed and continue to maintain systems of internal accounting controls, and segregation of duties and responsibilities whenever possible.

Although no cost effective system of internal control will prevent or detect all errors and irregularities, these systems are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, transactions are properly recorded and the financial records are reliable for preparing the financial statements.

The Board of Directors carries out its responsibility for the financial statements principally through its Audit Committee, consisting of a majority of non-executive directors.

The financial statements have been audited by Grant Thornton LLP, who have full access to the Audit Committee, with and without the presence of management.

(signed)
Wayne Reid
President and Chief Executive Officer

(signed)
Brian Crawford
Chief Financial Officer

Burlington, Ontario
July 20, 2015

Independent auditor's report

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To the Shareholders of GTA Resources and Mining Inc.,

We have audited the accompanying financial statements of GTA Resources and Mining Inc., which comprise the statements of financial position as at March 31, 2015 and 2014, and the statements of operations and comprehensive loss, statements of changes in shareholders' equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of GTA Resources and Mining Inc. as at March 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Toronto, Canada
July 20, 2015

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

GTA RESOURCES AND MINING INC.
STATEMENTS OF FINANCIAL POSITION
As at March 31, 2015 and 2014
(Expressed in Canadian Dollars)

| | March 31, 2015 | March 31, 2014 (Restated Note 3) |
|---|---------------------------|--|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents (Note 4) | \$ 812,656 | \$ 1,555,645 |
| Miscellaneous receivables (Note 5) | 41,802 | 100,601 |
| Prepaid expenses | 7,204 | 12,352 |
| Total current assets | 861,662 | 1,668,598 |
| Property and equipment (Note 6) | 1,597 | 10,405 |
| Exploration and evaluation assets (Note 7) | 6,011,127 | 5,476,815 |
| Total assets | \$ 6,874,386 | \$ 7,155,818 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 94,271 | \$ 299,651 |
| Liability for flow-through shares | 3,305 | - |
| Total current liabilities | 97,576 | 299,651 |
| Shareholders' equity | | |
| Share capital (Note 8) | 9,580,818 | 9,212,076 |
| Contributed surplus (Note 8) | 588,204 | 656,239 |
| Deficit | (3,392,212) | (3,012,148) |
| Total shareholders' equity | 6,776,810 | 6,856,167 |
| Total liabilities and shareholders' equity | \$ 6,874,386 | \$ 7,155,818 |

Commitments and contingencies (Note 15)
Subsequent events (Note 16)

Approved by the Board of Directors

"Wayne Reid"

Director

"Brian Crawford"

Director

The accompanying notes are an integral part of these financial statements

GTA RESOURCES AND MINING INC.
STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
Years ended March 31, 2015 and 2014
(Expressed in Canadian Dollars)

| | 2015 | 2014 |
|---|-------------------|-------------------|
| Operating expenses | | |
| Filing and transfer agent fees | \$ 31,220 | \$ 23,644 |
| General and administration costs | 456,072 | 605,046 |
| Professional fees | 32,433 | 35,778 |
| Share-based compensation | 78,744 | 38,709 |
| Depreciation (Note 6) | 8,808 | 8,871 |
| Loss before other income (expenses) | 607,277 | 712,048 |
| Write down of exploration and evaluation assets (Note 7) | - | (503,164) |
| Investment income | 11,635 | 36,150 |
| Loss before income taxes | 595,642 | 1,179,062 |
| Deferred tax benefit (Note 11) | (54,820) | (239,573) |
| Net loss and comprehensive loss | \$ 540,822 | \$ 939,489 |
| Basic and diluted loss per share | \$ (0.02) | \$ (0.04) |
| Weighted average number of shares outstanding | 29,822,951 | 26,229,389 |

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

GTA RESOURCES AND MINING INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Years Ended March 31, 2015 and 2014
(Expressed in Canadian Dollars)

| | Number of Shares | Share Capital (Restated Note 3) | Contributed Surplus (Restated Note 3) | Accumulated Deficit (Restated Note 3) | Total |
|--|---------------------|---------------------------------------|--|--|--------------|
| Balance, March 31, 2013 | 25,681,855 | \$ 8,635,550 | \$ 1,630,655 | \$ (2,724,258) | \$ 7,541,947 |
| Shares issued for exploration and evaluation assets | 1,000,000 | 195,000 | - | - | 195,000 |
| Shares issued for services | 100,000 | 20,000 | - | - | 20,000 |
| Stock options exercised | 50,000 | - | - | - | - |
| Stock options cancelled-restated (Note 3) | - | - | (651,599) | 651,599 | - |
| Broker warrants expired-restated (Note3) | - | 361,526 | (361,526) | - | - |
| Share-based compensation | - | - | 38,709 | - | 38,709 |
| Loss and comprehensive loss | - | - | - | (939,055) | (939,055) |
| Balance, March 31, 2014 | 26,831,855 | \$ 9,212,076 | \$ 656,239 | \$ (3,012,148) | \$ 6,856,167 |
| Shares issued for cash | 4,875,000 | 437,500 | - | - | 437,500 |
| Share issue costs | - | (22,327) | - | - | (22,327) |
| Broker warrants issued | - | (7,306) | 7,306 | - | - |
| Shares issued for exploration and evaluation assets (Notes 7,8) | 200,000 | 19,000 | - | - | 19,000 |
| Flow-through share premium | - | (58,125) | - | - | (58,125) |
| Share-based compensation | - | - | 85,417 | - | 85,417 |
| Stock options expired | - | - | (160,758) | 160,758 | - |
| Loss and comprehensive loss | - | - | - | (540,822) | (540,822) |
| Balance, March 31, 2015 | 31,906,855 | \$ 9,580,818 | \$ 588,204 | \$ (3,392,212) | \$ 6,776,810 |

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

GTA RESOURCES AND MINING INC.
STATEMENTS OF CASH FLOWS
Years Ended March 31, 2015 and 2014
(Expressed in Canadian Dollars)

| | 2015 | 2014 |
|---|-------------------|---------------------|
| Operating activities | | |
| Net loss and comprehensive loss for the year | \$ (540,822) | \$ (939,489) |
| Items not affecting cash and cash equivalents | | |
| Deferred income tax | (54,820) | (239,573) |
| Depreciation | 8,808 | 8,871 |
| Share-based compensation | 78,744 | 38,709 |
| Write-down of exploration and evaluation assets | - | 503,164 |
| Change in non-cash working capital: | | |
| Miscellaneous receivables | 58,799 | (47,631) |
| Prepaid expenses | 5,148 | (5,703) |
| Accounts payable and accrued liabilities | (205,380) | 73,259 |
| Net cash used in operating activities | (649,523) | (608,393) |
| Financing activities | | |
| Issuance of common shares, net of issue costs | 415,173 | 195,000 |
| Net cash provided by financing activities | 415,173 | 195,000 |
| Investing activities | | |
| Investment in and expenditures on exploration and evaluation assets | (508,639) | (1,603,042) |
| Net cash used in investing activities | (508,639) | (1,603,042) |
| Net change in cash and cash equivalents | (742,989) | (2,528,386) |
| Cash and cash equivalents, beginning of year | 1,555,645 | 4,084,031 |
| Cash and cash equivalents, end of year | \$ 812,656 | \$ 1,555,645 |
| Supplemental schedule of non-cash transactions: | | |
| Shares issued for mineral property acquisition (Note 7) | \$ 19,000 | \$ 195,000 |
| Shares issued for services (Note 8) | \$ - | \$ 20,000 |
| Options granted for exploration and evaluation assets (Note 10) | \$ 6,673 | \$ - |

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

GTA RESOURCES AND MINING INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended March 31, 2015 and 2014
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

GTA Resources and Mining Inc. (“GTA” or the “Company”) was incorporated pursuant to the provisions of the Business Corporations Act (Ontario) on August 9, 2006. The address of the Company’s registered office is 855 Brant Street, Burlington, Ontario L7R 2J6.

The Company is primarily engaged in the acquisition and exploration of mineral properties. To date, the Company has not earned significant revenues and is considered to be an exploration and evaluation stage company.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance and conversion to International Financial Standards

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

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The policies applied in these financial statements are based on IFRS issued and effective as of March 31, 2015. The Board of Directors approved the financial statements on July 20, 2015.

Basis of Presentation

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional Currency

The presentation currency of the Company and the functional currency of the Company is the Canadian dollar.

Measurement Uncertainty

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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas requiring the use of estimates include the rates of depreciation for property and equipment, the collectability of the sundry accounts receivable, the valuation of other assets and accruals, the impairment and recoverability of non-financial assets, the assumptions used in the determination of the fair value of financial instruments and stock-based compensation, and the recognition of deferred income tax assets. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Instruments

Financial assets

All financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following categories: at fair value through profit or loss' ("FVTPL"), 'held-to-maturity investments', 'available-for-sale' or 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial.

The Company has classified its cash and cash equivalents and miscellaneous receivables as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at the fair value, including transaction costs and are subsequently measured at amortized cost. They are included in current assets.

Financial liabilities

Financial liabilities are classified as either 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities:

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

The Company has classified its accounts payable and accrued liabilities as other financial liabilities.

De-recognition of financial liabilities:

The Company derecognizes financial liabilities when the obligations are discharged, cancelled or expire.

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been negatively impacted.

GTA RESOURCES AND MINING INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended March 31, 2015 and 2014
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of a financial asset is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an accounts receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to income. Changes in the carrying amount of the allowance account are recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of operations and comprehensive income (loss) to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the reliability of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at March 31, 2015 and March 31, 2014, none of the Company's financial instruments are recorded at fair value on the statement of financial position.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits at banks, and other short-term highly liquid investments.

Mineral Exploration and Evaluation Assets

Acquisition costs for exploration and evaluation assets are capitalized and include the cash consideration paid and the fair value of common shares issued on acquisition, based on the trading price of the shares on the date the shares are issued.

The Company is in the exploration stage with respect to its investment in mineral properties and follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling.

GTA RESOURCES AND MINING INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended March 31, 2015 and 2014
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES - continued

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment or when it has been determined that there is evidence of impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

Property and Equipment

Recognition and measurement

On initial recognition, property and equipment are recorded at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property and equipment is subsequently carried at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Depreciation

Depreciation is recognized in profit or loss at the following annual rate:

| | |
|-------------------|-----------------------------|
| Computer software | 50% declining balance basis |
| Equipment | three year straight line |

Additions during the year are depreciated at one-half the annual rates.

Depreciation methods, useful lives and residual values are reviewed at a minimum at each financial year-end and adjusted if appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Impairment of Non-financial Assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less disposal costs or its value in use. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment.

Reversal of Impairment

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, if no impairment loss had been recognized.

Restoration, Rehabilitation and Environmental Obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as at March 31, 2015 and March 31, 2014 as the disturbance to date is minimal.

Income Taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income (loss).

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax basis, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Share-Based Compensation

The fair value of share options granted to employees at the date of grant is recognized as an expense over the vesting period with a corresponding increase in contributed surplus. 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 a direct employee, including directors of the Company.

In situations where share options are issued to non-employees and some or all of the goods or services received by the Company as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment transaction and the fair value of any identified goods or services received at the grant date.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Stock option expense incorporates an expected forfeiture rate.

All equity settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid. If an option is not exercised prior to its expiration, the amount previously reflected in contributed surplus is credited to retained earnings (deficit).

Share Capital

The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company.

Commissions paid to agents, and other related share issue costs, such as legal, auditing, and printing, on the issue of the Company's shares are charged directly to share capital.

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to common shares issued in the private placements at their fair value as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the warrants. Any fair value attributed to the warrants is recorded as contributed surplus in shareholders' equity. Share issue costs are netted against share proceeds on a pro rata basis.

Flow-through Shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to the individual investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium if any, which is recognized as a liability, and ii) share capital. Upon qualifying expenditures being incurred, the Company derecognizes the premium liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. Any resulting deferred tax as a result of tax rate differential is recognized as a deferred tax recovery or expense.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the year end is disclosed separately as flow-through share liability in Note 15.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the look-back Rule, in accordance with Government Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The Company had no material provisions at March 31, 2015 and March 31, 2014.

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting years beginning on or after April 1, 2015. Many are not applicable or do not have a significant impact to the Company and have been excluded from the list below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

- (i) IFRS 9 Financial instruments (“IFRS 9”) is a partial replacement of IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.
- (ii) IFRS 15 Revenue from Contracts with Customers (“IFRS 15”) presents new requirements for the recognition of revenue, replacing IAS 18 ‘Revenue’, IAS 11 ‘Construction Contracts’, and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. IFRS 15 is effective for reporting periods beginning on or after January 1, 2017. The Company’s management has not yet assessed the impact of IFRS 15 on the financial statements.
- (iii) Amendments to IFRS 11 Joint Arrangements (“IFRS 11”) provide guidance on the accounting for acquisitions of interests in joint operations constituting a business. The amendments require all such transactions to be accounted for using the principles on business combinations accounting in IFRS 3 ‘Business Combinations’ and other IFRSs except where those principles conflict with IFRS 11. Acquisitions of interests in joint ventures are not impacted by this new guidance. The amendments are effective for reporting periods beginning on or after January 1, 2016 and are not expected to have a material impact on the consolidated financial statements at adoption.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Company’s accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The most significant critical judgment that members of management have made in the process of applying the entity’s accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements is the policy on exploration and evaluation assets.

GTA RESOURCES AND MINING INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended March 31, 2015 and 2014
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES - continued

In particular, management is required to assess exploration and evaluation assets for impairment. Note 7 discloses the carrying values of such assets. As part of this assessment, management must make an assessment as to whether there are indicators of impairment. If there are indicators, management performs an impairment test on the major assets within this balance.

Estimates and underlying assumptions are reviewed on an ongoing 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 future periods if the revision affects both current and future periods.

The Black-Scholes Option Pricing Model was developed for use in estimating the fair value of traded options which are fully tradable with no vesting restrictions. This option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options and warrants have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

3. ACCOUNTING CHANGE

During the fiscal year ended March 31, 2015, the Company amended its accounting policy with respect to stock based transactions retrospectively per IAS 8 whereby in the event stock options expire or are cancelled prior to their expiration date, amounts previously credited to contributed surplus will be credited to deficit.

Similarly, broker warrants not exercised prior to their expiration, previously credited to contributed surplus will be credited to share capital.

The effect of this change in 2014 was a reallocation from contributed surplus of \$1,013,125; \$651,599 cancelled stock options were reclassified to deficit, \$361,526 expired broker warrants were reclassified to share capital.

No stock options or broker warrants expired unexercised or were cancelled prior to the fiscal year end March 31, 2014.

4. CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents are as follows:

| | March 31, 2015 | | March 31, 2014 | |
|------------------------------------|-----------------------|---------|-----------------------|-----------|
| Cash in bank | \$ | 812,656 | \$ | 96,522 |
| Guaranteed investment certificates | | - | | 1,459,122 |
| | \$ | 812,656 | \$ | 1,555,645 |

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5. MISCELLANEOUS RECEIVABLES

The components of miscellaneous receivables are as follows:

| | | March 31, 2015 | | March 31, 2014 |
|-------------------------------|----|-----------------------|----|-----------------------|
| Miscellaneous receivables | \$ | 12,934 | \$ | 31,197 |
| Government entity receivables | | 28,868 | | 69,404 |
| | \$ | 41,802 | | 100,601 |

6. PROPERTY AND EQUIPMENT

| | | Computer Software | | Equipment | | Total |
|---------------------------------|----|------------------------------|----|------------------|----|--------------|
| Cost | | | | | | |
| Balance March 31, 2014 | \$ | 1,350 | \$ | 26,229 | \$ | 27,579 |
| Balance March 31, 2015 | \$ | 1,350 | \$ | 26,229 | \$ | 27,579 |
| Accumulated depreciation | | | | | | |
| Balance March 31, 2013 | \$ | 1,097 | \$ | 7,206 | \$ | 8,303 |
| Depreciation expense | | 127 | | 8,744 | | 8,871 |
| Balance March 31, 2014 | | 1,224 | | 15,950 | | 17,174 |
| Depreciation expense | | 64 | | 8,744 | | 8,808 |
| Balance March 31, 2015 | \$ | 1,288 | \$ | 24,694 | \$ | 25,982 |
| Carrying amounts: | | | | | | |
| At March 31, 2014 | \$ | 126 | \$ | 10,279 | \$ | 10,405 |
| At March 31, 2015 | \$ | 62 | \$ | 1,535 | \$ | 1,597 |

7. EXPLORATION AND EVALUATION ASSETS

| | | Auden Property | Northshore Property | Squid East Property | | Ivanhoe Property | | Burnt Pond Property | | Total |
|--------------------------------|----|---------------------------|--------------------------------|--------------------------------|----|-----------------------------|----|--------------------------------|----|--------------|
| Balance, March 31, 2013 | \$ | 1,230,839 | 2,554,456 | \$ 59,691 | \$ | - | \$ | - | \$ | 3,844,986 |
| Acquisition costs | | 50,081 | 240,000 | - | | - | | - | | 290,081 |
| Deferred exploration costs | | 931,051 | 470,388 | 443,473 | | - | | - | | 1,844,912 |
| Write-downs | | - | - | (503,164) | | - | | - | | (503,164) |
| Balance, March 31, 2014 | \$ | 2,211,971 | 3,264,844 | - | - | - | - | - | \$ | 5,476,815 |
| Acquisition costs | | 864 | 1,721 | - | | 95,020 | | 900 | | 98,505 |
| Deferred exploration costs | | 75,015 | 69,501 | - | | 291,291 | | - | | 435,807 |
| Balance, March 31, 2015 | \$ | 2,287,850 | 3,336,066 | \$ | - | \$ 386,311 | \$ | 900 | \$ | 6,011,127 |

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7. EXPLORATION AND EVALUATION ASSETS - continued

Auden

On June 21, 2010, the Company completed the acquisition of the Auden property located in Northern Ontario from 1518164 Ontario Inc., an unrelated party. Pursuant to the terms of the Acquisition Agreement, the Company acquired a 100% interest in and to the Auden Property in consideration for the issuance of 5,074,855 common shares.

The Auden property is subject to a 3% net smelter return and a 10% gross overriding in royalty in favour of the shareholders of the previous owner of the claims. The Company may purchase one-half of each royalty for an aggregate amount of \$2,000,000 at any time.

As at March 31, 2015, the Auden property consisted of 118 unpatented mining claims comprising 1,748 claim units covering 27,967 hectares in a largely contiguous block.

The Company has incurred exploration expenditures of \$1,008,432 and \$1,076,774 to March 31, 2014 and to March 31, 2015 respectively.

Northshore

On July 27, 2011 the Company and Balmoral Resources Ltd. entered into an Option Agreement whereby the Company has been granted the right to acquire up to a 70% interest in Balmoral's interest in the Northshore Property.

Under the terms of the Option Agreement, the Company may earn an initial 51% interest ("First Option") in the Northshore Property by making cash payments to Balmoral of \$50,000, issuing in favour of Balmoral 2,500,000 common shares of GTA and incurring a minimum of \$2,500,000 in eligible exploration expenditures on the Property over a three-year period from receipt of regulatory approval. A cash payment of \$10,000, issuance of 1,000,000 shares and a year one exploration expenditure of \$350,000 (including the production of a 43-101 technical report) are firm commitments by GTA under the Option Agreement. The Company has made cash payments of \$70,000 and issued 2,500,000 common shares under the terms of the Option Agreement. In addition the Company has incurred exploration expenditures of \$2,609,144 and \$2,678,646 to March 31, 2014 and to March 31, 2015, respectively.

Upon exercise of the First Option outlined above, the Company would have the right to elect to proceed with a Second Option, under which the Company would have the ability to earn an additional 19% interest in the Northshore Property by making an additional cash payment of \$100,000, issuing an additional 1,000,000 shares in favour of Balmoral upon exercising its right and incurring additional exploration expenditures totalling \$3,000,000 over an additional 24 month time frame.

A portion of the property is subject to a variable (2% to 5%) net smelter return royalty on gold production from the claims.

On July 14, 2014 the Company, pursuant to the Northshore Option Agreement, delivered to Balmoral the Exercise Notice to vest the Company's initial 51% interest in the Northshore Property and elected to form a 51/49 co-ownership on the Property with Balmoral. The Company will be the initial operator. The Company has incurred exploration expenditures of \$30,415 subsequent to the formation of the co-ownership with Balmoral.

Squid East

On February 27, 2013 the Company and Metals Creek Resources Corp. entered into a Letter Agreement whereby the Company was granted the right to acquire up to a 70% interest in Metals Creek's interest in the Squid East Property.

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7. EXPLORATION AND EVALUATION ASSETS - continued

Under the terms of the Letter Agreement, the Company could earn an initial 51% interest ("First Option") in the Squid East Property by making cash payments to Metals Creek of \$60,000, issuing in favour of Metals Creek 2,000,000 common shares of GTA and incurring a minimum of \$2,000,000 in eligible exploration expenditures on the Property over a three-year period from receipt of regulatory approval.

Upon exercise of the First Option outlined above, the Company had the right to elect to proceed with a Second Option, under which the Company would have the ability to earn an additional 19% interest in the Squid East Property by making an additional cash payment of \$100,000, issuing an additional 1,000,000 shares in favour of Metals Creek upon exercising its right and incurring additional exploration expenditures totalling \$1,000,000 over an additional 24 month time frame.

A cash payment of \$20,000, issuance of 200,000 shares and a year one exploration expenditure of \$500,000 were firm commitments by GTA under the Letter Agreement. The Company made a cash payment of \$20,000 and issued 200,000 common shares during the year ended March 31, 2013. In addition the Company has incurred cumulative exploration expenditures of \$9,691 and \$453,164 to March 31, 2013 and to March 31, 2014, respectively.

On January 9, 2014, the Company announced it would not continue exploration activities on the Squid East Property. As a result the Company has no further interest in and has written off the carrying amounts related to the Squid East Property.

Ivanhoe

On April 25, 2014 the Company entered into an Option Agreement with an individual and a private company to acquire a 100% interest in mining claims comprising the Ivanhoe Property in Northeastern Ontario.

Under the terms of the Option Agreement, GTA can earn a 100% interest in the Ivanhoe Property by making staged cash payments totaling \$260,000 and share issuances totaling 1,000,000 common shares over a 5 year period, and incurring minimum exploration expenditures of \$250,000 over a two year period. The Company may elect to accelerate some or all of the cash and share payments in order to exercise the Option at an earlier time.

The vendors will retain a 3% Net Smelter Royalty, half of which can be purchased for \$1,500,000.

During the year ended March 31, 2015 GTA commenced a program of prospecting and drill core sampling on the Ivanhoe Property and incurred exploration and evaluation expenditures of \$291,291.

Burnt Pond

On January 16, 2015 the Company staked 15 claim units of a mineral property known as the Burnt Pond Property in Central Newfoundland.

Subsequent to the year end the Company acquired an additional 88 claim units of the Burnt Pond Property.

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8. SHARE CAPITAL

Authorized

Unlimited number of common shares

Issued

| | Number of Shares | | Share Capital | | Contributed Surplus |
|--|-------------------|-----------|------------------|-----------|---------------------|
| Balance, March 31, 2013 | 25,681,855 | \$ | 8,635,550 | \$ | 1,630,655 |
| Stock options exercised | 50,000 | | - | | - |
| Shares issued for exploration and evaluation assets | 1,000,000 | | 195,000 | | - |
| Shares issued for services | 100,000 | | 20,000 | | - |
| Broker warrants expired (Note 3) | - | | 361,526 | | (361,526) |
| Stock options cancelled (Note 3) | - | | - | | (651,599) |
| Share-based compensation | - | | - | | 38,709 |
| Balance, March 31, 2014 | 26,831,855 | \$ | 9,212,076 | \$ | 656,239 |
| Shares issued for acquisition of mining claims (Note 7) | 200,000 | | 19,000 | | - |
| Shares issued for cash | 4,875,000 | | 437,500 | | - |
| Share issue cost | - | | (22,327) | | - |
| Flow-through share premium | - | | (58,125) | | - |
| Stock options expired | - | | - | | (160,758) |
| Share-based compensation | - | | - | | 85,417 |
| Broker warrants issued | - | | (7,306) | | 7,306 |
| Balance, March 31, 2015 | 31,906,855 | \$ | 9,580,818 | \$ | 588,204 |

Share issuances

During the year ended March 31, 2015:

- a. On May 5, 2014 the Company issued 200,000 common shares as consideration to acquire its initial interest in the Ivanhoe Property.
- b. On August 1, 2014 the Company issued 3,875,000 flow-through units at \$0.10 per unit with each flow-through unit consisting of 1 common share and 1 common share purchase warrant exercisable at \$0.15 per common share until August 1, 2015. The Company received gross cash proceeds of \$387,500 and incurred cash commissions of \$19,750 and other cash costs of \$2,577. In addition 160,000 broker warrants were issued entitling the holder to acquire 1 common share for \$0.15 until August 1, 2015. The broker warrants were valued on the date of issue using the modified Black-Scholes option pricing model with the following assumptions: dividend yield of 0%, risk free interest rate of 1.02%, expected volatility of 158% and an expected life of 12 months. The value attributed to the 160,000 broker warrants was \$7,306.
- c. On January 2, 2015 the Company issued 1,000,000 units at \$0.05 per unit with each unit consisting of 1 common share and 1 common share purchase warrant exercisable at \$0.08 per common share until January 2, 2016. The Company received gross proceeds of \$50,000.

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8. SHARE CAPITAL – continued

During the year ended March 31, 2014:

- a. On September 27, 2013 the Company issued 1,000,000 common shares as its third payment to acquire the Northshore Property.
- b. On October 24, 2013 the Company issued 100,000 common shares as partial consideration for the execution of an exploration agreement with respect to the Auden Property. The Company is holding the shares in trust for the recipient.
- c. On June 7, 2013 the Company issued 50,000 common shares as the final payment for mineral claims acquired in June 2011.

9. WARRANTS

The following common share purchase warrants entitle the holders thereof the right to purchase one common share for each common share purchase warrant. Warrants transactions are summarized as follows:

| | Number of Warrants | | Weighted Average Exercise Price |
|--------------------------------|-------------------------------|----|--|
| Balance, March 31, 2013 | 2,103,691 | \$ | 1.19 |
| Warrants expired | (2,103,691) | \$ | 1.19 |
| Balance, March 31, 2014 | - | \$ | - |
| Warrants issued | 5,035,000 | \$ | 0.14 |
| Balance, March 31, 2015 | 5,035,000 | \$ | 0.14 |

10. SHARE-BASED COMPENSATION

The Company has a formal stock option plan in accordance with the policies of the TSX Venture Exchange (the “Exchange”) under which it is authorized to grant options to directors, officers, employees and consultants to purchase common shares of the Company. The stock option plan is a rolling plan and the maximum number of authorized but unissued shares available to be granted shall not exceed 10% of its issued and outstanding common shares. Each stock option granted is for a term not exceeding five years unless otherwise specified. Outstanding options vest immediately at date of grant. Options granted to investor relations personnel vest in accordance with Exchange regulations.

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10. SHARE-BASED PAYMENTS - continued

A summary of the status of the stock option plan and changes for the year ended March 31, 2015 are presented below:

| | | <u>During the year</u> | | | | | | |
|---------------------------------|--------------------|------------------------|------------------------|------------------|------------------|------------------|------------------------|-------------------------------|
| <u>Grant date</u> | <u>Expiry date</u> | <u>Exercise Price</u> | <u>Opening Balance</u> | <u>Granted</u> | <u>Exercised</u> | <u>Expired</u> | <u>Closing Balance</u> | <u>Vested and Exercisable</u> |
| April 19, 2012 | April 19, 2014 | \$1.05 | 200,000 | - | - | (200,000) | - | - |
| June 21, 2010 | June 21, 2015 | \$0.20 | 180,000 | - | - | - | 180,000 | 180,000 |
| February 23, 2012 | February 23, 2017 | \$1.00 | 10,000 | - | - | - | 10,000 | 10,000 |
| March 22, 2012 | March 22, 2017 | \$0.90 | 870,000 | - | - | - | 870,000 | 870,000 |
| September 18, 2012 | September 18, 2017 | \$0.50 | 37,500 | - | - | - | 37,500 | 37,500 |
| December 1, 2012 | December 1, 2017 | \$0.50 | 100,000 | - | - | - | 100,000 | 100,000 |
| November 6, 2013 | November 6, 2018 | \$0.20 | 265,000 | - | - | - | 265,000 | 265,000 |
| November 12, 2014 | November 12, 2019 | \$0.07 | - | 1,280,000 | - | - | 1,280,000 | 1,280,000 |
| | | | <u>1,662,500</u> | <u>1,280,000</u> | <u>-</u> | <u>(200,000)</u> | <u>2,742,500</u> | <u>2,742,500</u> |
| Weighted average exercise price | | | <u>\$0.72</u> | <u>\$0.07</u> | <u>\$0.00</u> | <u>\$1.05</u> | <u>\$0.38</u> | <u>\$0.38</u> |

A summary of the status of the stock option plan and changes for the year ended March 31, 2014 are presented below:

| | | <u>During the year</u> | | | | | | |
|---------------------------------|--------------------|------------------------|------------------------|----------------|------------------|--------------------|------------------------|-------------------------------|
| <u>Grant date</u> | <u>Expiry date</u> | <u>Exercise Price</u> | <u>Opening Balance</u> | <u>Granted</u> | <u>Exercised</u> | <u>Forfeited</u> | <u>Closing Balance</u> | <u>Vested and Exercisable</u> |
| June 21, 2010 | June 21, 2015 | \$0.20 | 230,000 | - | (50,000) | - | 180,000 | 180,000 |
| February 23, 2012 | February 23, 2014 | \$1.00 | 325,000 | - | - | (315,000) | 10,000 | 10,000 |
| March 22, 2012 | March 22, 2017 | \$0.90 | 1,425,000 | - | - | (555,000) | 870,000 | 870,000 |
| April 19, 2012 | April 19, 2014 | \$1.05 | 200,000 | - | - | - | 200,000 | 200,000 |
| September 18, 2012 | September 18, 2017 | \$0.50 | 75,000 | - | - | (37,500) | 37,500 | 37,500 |
| December 1, 2012 | December 1, 2017 | \$0.50 | 200,000 | - | - | (100,000) | 100,000 | 100,000 |
| November 6, 2013 | November 6, 2018 | \$0.20 | - | 265,000 | - | - | 265,000 | 265,000 |
| | | | <u>2,220,000</u> | <u>265,000</u> | <u>(50,000)</u> | <u>(1,007,500)</u> | <u>1,662,500</u> | <u>1,662,500</u> |
| Weighted average exercise price | | | <u>\$0.82</u> | <u>\$0.92</u> | <u>\$0.20</u> | <u>\$ 0.88</u> | <u>\$0.72</u> | <u>\$0.72</u> |

The average share price was \$0.15 at the time the options were cancelled.

The weighted average fair value at grant date of options granted during the year ended March 31, 2015 was \$0.07 per option (year ended March 31, 2014: \$0.15).

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10. SHARE-BASED PAYMENTS - continued

The weighted average remaining contractual life of the options outstanding at March 31, 2015 is 3.29 years.

Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield, expected forfeitures and the risk free interest rate for the term of the option.

Options Issued to Non-Employees

Options issued to non-employees are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted using the Black-Scholes option pricing model.

The model inputs for options granted during the years ended March 31, 2015 and 2014 include:

| Grant date | Expiry date | Share price at grant date | Exercise price | Risk-free interest rate | Expected life | Volatility factor | Dividend yield |
|-------------------|------------------|---------------------------|----------------|-------------------------|---------------|-------------------|----------------|
| November 6, 2013 | November 6, 2018 | \$0.16 | \$0.20 | 1.63% | 5 years | 156% | 0% |
| November 12, 2014 | November 12, | \$0.07 | \$0.07 | 0.98% | 5 years | 177% | 0% |

The expected volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. The risk free rate of return is the yield on a zero-coupon Canadian Treasury bill of a term consistent with the assumed option life. The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche.

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

Total expenses arising from the share-based payment transactions recognized during the year as part of share-based compensation expense was \$78,744 (March 31, 2014: \$38,709).

As at March 31, 2015 there was \$nil (March 31, 2014: \$nil) of total unrecognized compensation cost related to unvested share-based compensation.

Total expenses arising from the share-based payment transactions that were capitalized during the year as part of exploration and evaluation asset acquisition costs were \$25,673 (March 31, 2014: \$215,000).

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11. INCOME TAXES

(a) Provision for Income Taxes

The following table reconciles the expected income tax provision at the statutory income tax rate of 26.5% (2014 - 26.5%) to the amounts recognized in the statements of loss and comprehensive loss:

| | March 31, 2015 | | March 31, 2014 | |
|--|-----------------------|-----------|-----------------------|-------------|
| Loss before income taxes | \$ | (595,642) | \$ | (1,179,062) |
| Expected income tax recovery at the statutory tax rate | | (157,845) | | (312,451) |
| Write off of resource related assets | | - | | 133,338 |
| Share-based compensation | | 20,867 | | 10,258 |
| Benefit of tax losses not recognized | | 136,978 | | 168,855 |
| Flow-through premium | | (54,820) | | (239,573) |
| Income tax recovery | | (54,820) | \$ | (239,573) |
| Provision for income taxes consists of the following: | | | | |
| Current income taxes (recovery) | \$ | - | \$ | - |
| Deferred income taxes (recovery) | | (54,820) | | (239,573) |
| | \$ | (54,820) | \$ | (239,573) |

(b) Deferred tax balances

| | March 31, 2015 | | March 31, 2014 | |
|---|-----------------------|-----------|-----------------------|-----------|
| Deferred income tax assets (liabilities): | | | | |
| Resource related liability | \$ | (884,078) | \$ | (805,918) |
| Non-capital losses realized | | 881,644 | | 714,888 |
| Share issuance costs | | 2,433 | | 91,030 |
| | \$ | - | \$ | - |

The following temporary differences have not been recognized in the financial statements.

| | March 31, 2015 | | March 31, 2014 | |
|--|-----------------------|---------|-----------------------|---------|
| Capital losses carried forward | \$ | 50,000 | \$ | 50,000 |
| Share issuance costs | | 125,294 | | 136,501 |
| Intangible assets | | 44,679 | | 48,253 |
| Investment tax credits carried forward | | 32,782 | | 32,781 |
| | \$ | 252,755 | \$ | 267,535 |

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11. INCOME TAXES - continued

(c) Tax loss carry-forwards

As at March 31, 2015, the Company had approximately \$3,334,154 (2014 - \$2,697,691) of non-capital losses which can be used to reduce taxable income in future years. The non-capital losses expire at dates as described below:

| | | |
|------|----|------------------|
| 2027 | \$ | 176 |
| 2028 | | 58,934 |
| 2029 | | 86,329 |
| 2030 | | 76,063 |
| 2031 | | 260,596 |
| 2032 | | 623,532 |
| 2033 | | 838,413 |
| 2034 | | 753,648 |
| 2035 | | 636,463 |
| | \$ | <u>3,334,154</u> |

The Company also has \$50,000 (2014 - \$50,000) of capital losses carried forward which can be utilized to reduce capital gains in future years. The capital losses carried forward do not have an expiry date.

12. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

The Company had the following transactions in the normal course of operations with related parties:

| | | March 31, 2015 | | March 31, 2014 |
|---|----|-----------------------|----|-----------------------|
| Management fees (i) | \$ | 304,500 | \$ | 362,500 |
| Mineral property-exploration expenditures (i) | \$ | 132,000 | \$ | 168,000 |
| Office rent and supplies (ii) | \$ | 52,000 | \$ | 70,767 |
| Equipment (iii) | \$ | 10,156 | \$ | 16,608 |
| Share-based compensation | \$ | 74,740 | \$ | 38,709 |

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12. RELATED PARTY TRANSACTIONS - continued

- (i) The Company paid \$132,000 (2014 - \$147,500) in management fees to a company owned by the President of the Company; \$82,500 (2014 - \$107,500) to a company owned by the CFO of the Company, \$90,000 (2014-\$107,500) to a company owned by the Executive Vice President of the Company; and \$132,000 (2014 - \$168,000) in mineral property exploration consulting costs to a company owned by the VP of Exploration.
- (ii) The Company paid \$52,000 (2014 - \$70,767) for rent, supplies and administrative expenses to private companies controlled by directors and officers of the Company.
- (iii) The Company paid \$10,156 (2014 - \$16,608) to a company owned by the VP of Exploration for equipment rental in connection with mineral property exploration activity.

Net accounts payable and accrued liabilities include \$19,023 (2014 - \$56,124) due to related parties. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company classified its cash as loans and receivables; miscellaneous receivables as loans and receivables; and accounts payable and accrued liabilities, as other financial liabilities. The carrying values of cash, miscellaneous receivables, accounts payable and accrued liabilities approximate their fair values due to the expected maturity of these financial instruments. The fair value of amounts due to related parties has not been disclosed as their fair values cannot be reliably measured since the parties are not at arm's length.

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

(a) Credit risk

Concentration of credit risk exists with respect to the Company's cash as all amounts are held at a single major Canadian financial institution.

The Company's concentration of credit risk and maximum exposure is as follows:

| | | March 31, 2015 | | March 31, 2014 |
|---------------------------|----|-----------------------|----|-----------------------|
| Cash and cash equivalents | \$ | 812,656 | \$ | 1,555,645 |
| Miscellaneous receivables | \$ | 41,802 | \$ | 100,601 |

The credit risk associated with cash is minimized by ensuring it is placed with a major Canadian financial institution with a strong investment-grade rating issued by a primary ratings agency. The credit risk associated with miscellaneous receivables is minimized as the majority are receivable from a government agency.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required for operations and anticipated investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

The business of mining and exploration involves a high degree of risk and there can be no assurance that exploration programs will result in profitable mining operations. The Company has significant cash to meet its requirements for administrative overhead, to conduct due diligence on mineral property acquisition targets, and to conduct exploration of its mineral properties and mineral properties that may be acquired.

The Company does not generate cash flows from operations to fund its activities and therefore relies principally upon the issuance of securities for financing. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. The Company intends to continue relying upon the issuance of securities to finance its future activities but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

i. Interest rate risk

The Company's cash and cash equivalents consist primarily of cash held in bank accounts and term deposits with banks. Due to the short-term nature of this financial instrument, fluctuations in market rates do not have a significant impact on estimated fair value as of March 31, 2015. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. Accordingly, the Company is not subject to interest rate risk.

ii. Foreign currency risk

During the year ended March 31, 2015, the Company is not exposed to material foreign currency risk.

iii. Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk, foreign currency risk or commodity price risk. The Company has no financial instruments exposed to other price risk.

14. 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 advance its mineral properties. In order to facilitate the management of its capital requirements, the Company prepares periodic budgets that are updated as necessary. The Company manages its capital structure and makes adjustments to it to effectively support the acquisition and exploration of mineral properties. The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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14. CAPITAL MANAGEMENT - continued

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company monitors its cash, common shares, warrants and stock options as capital. There were no changes in the Company's approach to capital management during the year ended March 31, 2015. The Company's investment policy is to hold cash in interest bearing bank accounts and highly liquid short-term interest bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products. The Company expects its current capital resources to be sufficient to carry out its planned exploration programs and operating costs for the next twelve months.

15. COMMITMENTS AND CONTINGENCIES

On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision. The liability for flow-through shares is the liability portion (the premium) of the flow-through shares issued for the amount of the premium on flow-through funds that at March 31, 2015 have not been used to incur qualifying exploration expenditures. The following is a continuity schedule of the commitment for the flow-through shares issuances.

| | | |
|--|-----------|---------------|
| Balance at March 31, 2014 | \$ | - |
| Liability incurred on flow-through shares issued on August 1, 2014 | | 387,500 |
| Settlement of flow-through share liability on incurring expenditures | | (363,062) |
| Balance at March 31, 2015 | \$ | 24,438 |

16. SUBSEQUENT EVENTS

On April 9, 2015, the Company acquired 41 claim units of mineral properties comprising the Burnt Pond Property in central Newfoundland. The claim units were acquired for nil cost and the assumption of a 1% NSR of which 50% can be purchased for \$500,000.

On May 5, 2015, the Company made cash payments of \$62,000 and issued 200,000 common shares as the second payment of its option to acquire a 100% interest in the Ivanhoe Property.

On June 1, 2015, the Company issued 1,200,000 common shares as payment for 47 claim units comprising the Burnt Pond Property. The common shares were issued at a deemed price of \$0.05 per common share.

On June 21, 2015, 180,000 options, exercisable at \$0.20 per share, expired unexercised.

On June 26, 2015, the exercise date for 3,875,000 share purchase warrants, previously expiring on August 1, 2015, was extended to August 1, 2016.