VIPER GOLD LTD.

FINANCIAL STATEMENTS

For the Years Ended December 31, 2014 and 2013

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The accompanying audited financial statements have been prepared by management in accordance with International Financial Reporting Standards and, where appropriate, reflect management's best estimates and judgement.

The Company maintains adequate systems of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Audit Committee meets periodically with management and the external auditors to review the financial statements and the results of audit examinations.

McGovern, Hurley, Cunningham, LLP, Chartered Accountants, have audited the financial statements and their report outlines the scope of their examination and gives their opinion on the financial statements.

Paul C. Davis
President and Chief Executive Officer

Joseph Del Campo
Interim Chief Financial Officer

April 15, 2015

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Viper Gold Ltd.

We have audited the accompanying financial statements of Viper Gold Ltd., which comprise the statements of financial position as at December 31, 2014 and 2013, and the statements of loss and comprehensive loss, statements of changes in 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
April 15, 2015

Viper Gold Ltd.

Statements of Financial Position

(Expressed in Canadian Dollars)

	Notes	As at December 31, 2014	As at December 31, 2013
Assets			
Current assets			
Cash		$ 49,437	$ 5,664
Amounts receivable		5,574	6,860
Total current assets		55,011	12,524
Exploration and evaluation assets	*5*	-	212,000
Total assets		$ 55,011	$ 224,524
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	*13*	$ 17,430	$ 98,400
Shareholders' Equity			
Share capital	*6*	1,566,920	1,566,920
Warrants	*6*	4,598	4,598
Share-based payments reserve	*7*	134,862	134,862
Deficit		(1,668,799)	(1,580,256)
Total shareholders' equity		37,581	126,124
Total liabilities and shareholders' equity		$ 55,011	$ 224,524

Going concern (note 2)
Commitments and contingencies (note 12)
Subsequent event (note 14)

Approved on Behalf of the Board:

Joseph Del Campo
Director

Paul C. Davis
Director

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

Viper Gold Ltd.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Notes	For the years ended December 31, 2014	2013
Expenses			
Management and consulting	*13*	$ 15,900	$ 19,475
Filing fees and communications		19,314	17,480
Audit		9,090	16,440
Insurance		6,482	11,416
Legal	*13*	40,323	11,108
Office rent		-	5,319
General and administrative expenses		934	3,476
Loss on disposal of equipment		-	574
Depreciation		-	255
Foreign exchange gain		(3,500)	-
Write-off of exploration and evaluation assets	*5*	-	944,883
Total expenses		88,543	1,030,426
Net loss and comprehensive loss for the year		$ (88,543)	$ (1,030,426)
Basic and diluted loss per share	*8*	$ (0.05)	$ (0.67)
Weighted average number of common shares	*14*	1,827,200	1,539,392

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

Viper Gold Ltd.
Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Notes	Capital stock: Number of shares	Capital stock: Amount	Warrants	Share-based payments reserve	Deficit	Total Equity
Balance at December 31, 2013		1,827,200	$ 1,566,920	$ 4,598	$ 134,862	$ (1,580,256)	$ 126,124
Net loss		-	-	-	-	(88,543)	(88,543)
Balance at December 31, 2014		1,827,200	$ 1,566,920	$ 4,598	$ 134,862	$ (1,668,799)	$ 37,581

	Notes	Capital stock: Number of shares	Capital stock: Amount	Warrants	Share-based payments reserve	Deficit	Total Equity
Balance at December 31, 2012		1,277,200	$ 1,529,071	$ -	$ 155,117	$ (570,085)	$ 1,114,103
Issued on private placement	*6 (a)(i)*	550,000	55,000	-	-	-	55,000
Fair value attributed to warrants on private placement issuance	*6 (b)*		(4,224)	4,224			-
Fair value of issued finder's warrants	*6 (b)*		-	374			374
Share issuance costs			(12,927)				(12,927)
Expiry of options		-	-	-	(20,255)	20,255	-
Net loss		-	-	-	-	(1,030,426)	(1,030,426)
Balance at December 31, 2013		1,827,200	$ 1,566,920	$ 4,598	$ 134,862	$ (1,580,256)	$ 126,124

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

Viper Gold Ltd.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Notes	For the years ended December 31, 2014	2013
Cash flows from operating activities			
Net loss for the year		$ (88,543)	$ (1,030,426)
Adjustments to reconcile net loss to net cash flows:			
Non-cash adjustments:			
Depreciation		-	255
Foreign exchange gain		(3,500)	-
Write-off of exploration and evaluation assets	*5*	-	944,883
Loss on disposal of equipment		-	574
		(92,043)	(84,714)
Working capital adjustments:			
Decrease in amounts receivable		1,286	8,421
Decrease in prepaid expenses		-	1,753
(Decrease) increase in accounts payable and accrued liabilities		(80,970)	25,200
Net cash flows (used in) operating activities		(171,727)	(49,340)
Cash flows from (used in) investing activities			
Sale of equipment		-	283
Disposition of exploration and evaluation assets	*5*	215,500	-
Net cash flows from (used in) investing activities		215,500	283
Cash flows from financing activities			
Proceeds from private placement - gross	*6 (a)(i)*	-	55,000
Share issue costs		-	(12,553)
Net cash flows from financing activities		-	42,447
Net increase (decrease) in cash		43,773	(6,610)
Cash - Beginning of year		5,664	12,274
Cash - End of year		$ 49,437	$ 5,664
Supplemental information:			
Finders' warrants issued for services	*6 (b)*	$ -	$ 374
Interest paid		$ -	$ -

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

1. NATURE OF OPERATIONS

Viper Gold Ltd. (the "Company") was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on January 29, 2008. The Company's executive office is located at 25 Wakem Court, Whitby, Ontario L1P 1T8, Canada.

The Company is in the business of acquiring and exploring mineral properties with a view to finding and developing mineable deposits of precious and base metals.

2. GOING CONCERN

The Company is in the exploration and evaluation stage and up to May 8, 2014, it held an interest in certain mineral claims in Peru from which no revenue had been generated. The exploration and development of mineral properties involves significant financial risk, with recoverability of costs incurred being subject to future profitable production from economically recoverable reserves and/or financing through issuance of shares or sale of property interests.

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business at amounts different from those in these financial statements. Such adjustments could be material. The continuing operations of the Company are dependent upon its ability to obtain the necessary financing to meet ongoing administration expenses and related liabilities as they fall due.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management believes they have sufficient working capital to continue current operations for the next twelve months, but is aware, in making its going concern assessment, of material uncertainties related to events or conditions that cast doubt upon the entity's ability to continue as a going concern. The Company has incurred a loss in the current and prior periods, with a loss of $88,543 for the year ended December 31, 2014, (2013 - $1,030,426), and as at December 31, 2014 has an accumulated deficit of $1,668,799 (2013 - $1,580,256) and a working capital of $37,581 (2013 – deficiency of $85,876). See Note 14.

3. BASIS OF PRESENTATION

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The policies set out in Note 4 have been consistently applied to all periods presented.

These financial statements were approved and authorized for issue by the Board of Directors on April 15, 2015.

(b) Basis of preparation

These financial statements are presented in Canadian dollars. The financial statements are prepared on the historical cost basis. In addition, these financial statements are prepared using the accrual basis of accounting except for cash flow information.

(c) Recently adopted accounting standards and interpretations issued but not yet adopted

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

IFRS 8 - Operating Segments ("IFRS 8") was amended to require an entity to disclose the judgments made by management in aggregating segments. IFRS 8 was also amended to clarify that an entity needs to present reconciliation between the total reporting segment's assets to the entities' total assets if this information is usually provided to the chief operating decision maker. The amendments are effective for annual periods beginning on or after July 1, 2014.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace 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, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. 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. Earlier adoption is permitted.

IFRS 13 – Fair Value Measurement ("IFRS 13") was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32. The amendment is effective for annual periods beginning on or after July 1, 2014.

3. BASIS OF PRESENTATION (continued)

(c) Recently adopted accounting standards and interpretations issued but not yet adopted (continued)

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

IAS 24 – Related Party Disclosures ("IAS 24") was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The amendments to IAS 24 are effective for annual periods beginning on or after July 1, 2014.

The Company has adopted the following new standards, along with any consequential amendments, effective January 1, 2014. These changes were made in accordance with the applicable transitional provisions.

IAS 32 – Financial Instruments: Presentation ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014. The adoption of this standard did not result in any changes to the Company's disclosure of its financial instruments.

IAS 36 – Impairments of Assets ("IAS 36") was amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014. The adoption of this standard did not result in any changes to the Company's financial statements.

IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39") was amended by the OASB in June 2013 to clarify that novation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations does not terminate hedge accounting. The amendments to IAS 39 are effective for annual periods beginning on or after January 1, 2014. The adoption of this standard did not result in any changes to the Company's financial statements.

IFRIC 21 – Levies ("IFRIC 21") was issued in May 2013. IFRIC 21 provides guidance on the accounting for levies within the scope of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"). IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity tohave a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The adoption of this standard did not result in any changes to the Company's financial statements.

3. BASIS OF PRESENTATION (continued)

(d) Significant accounting judgments and use of estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i. *Capitalization of exploration and evaluation costs*
Management has determined that exploration and evaluation costs incurred during the year have future economic benefits and are economically recoverable. In making this judgment, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits. See note 5 for details of capitalized exploration and evaluation costs.

ii. *Share-based payments*
Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

iii. *Estimation of decommissioning and restoration costs and the timing of expenditure*
The cost estimates are updated annually and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

iv. *Impairment of exploration and evaluation assets*
While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in

3. BASIS OF PRESENTATION (continued)

(d) Significant accounting judgments and use of estimates (continued)

estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

v. Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws. Future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Share-based payments

The share option plan allows Company directors, officers, employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. The fair value of equity-settled share-based payment transactions with employees is measured at grant date and each tranche is recognized on a graded basis 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.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

At each statement of financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

(b) Deferred taxes

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Deferred taxes (continued)

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(c) Equipment and depreciation

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the statement of comprehensive income or loss.

The Company provides for depreciation of its equipment using the straight line method with an annual rate of 33% which is designed to depreciate the cost of the equipment over its estimated useful life.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Exploration and evaluation assets

Exploration and evaluation

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and evaluation assets. Exploration expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Management reviews the carrying value of capitalized exploration costs at least annually. In the case of undeveloped projects, there may be only inferred resources to form a basis for the impairment review. The review is based on a status report regarding the Company's intentions for development of the undeveloped property. In some cases, the undeveloped properties are regarded as successors to ore bodies currently in production. Where this is the case, it is intended that these will be developed and go into production when the current source of ore is exhausted or to replace the reduced output.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress within property, plant and equipment.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any impairment provisions are written off.

Development

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures related to construction are capitalized as construction-in-progress and classified as a component of property plant and equipment. Costs associated with the commissioning of new assets, in the period before they are operating in the way intended by management, are capitalized.

Development expenditure is net of the proceeds of the sale of ore extracted during the development phase. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

The costs of removing overburden to access ore are capitalized as pre-production stripping costs and classified as a component of property, plant and equipment.

(e) Impairment of non-financial assets

The carrying values of capitalized exploration and evaluation expenditures and equipment are assessed for impairment when indicators of such impairment exist. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell the asset and the asset's value in use.

Impairment is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other Company's assets. If this is the case, the individual assets of the Company are grouped together into cash generating units ("CGUs") for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets. This generally results in the Company evaluating its non-financial assets on a geographical or licence basis.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Impairment of non-financial assets (continued)

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the statement of loss and comprehensive loss so as to reduce the carrying amount to its recoverable amount. Impairment losses related to continuing operations are recognised in the statement of loss and comprehensive loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill and indefinite life intangibles, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation/amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of loss and comprehensive loss. Impairment losses recognised in relation to goodwill or indefinite life intangibles are not reversed for subsequent increases in its recoverable amount.

(f) Provisions

General
Provisions are recognised when (a), the Company has a present obligation (legal or constructive) as a result of a past event, and (b), it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of loss and comprehensive loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Rehabilitation provision
The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Provisions (continued)

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of loss and comprehensive loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognised immediately in the statement of loss and comprehensive loss. The Company did not have any material rehabilitation provisions as at December 31, 2014 and 2013.

(g) Foreign currencies

Reporting Currency and Foreign Currency Transactions and Balances
The financial statements are presented in Canadian dollars (the reporting currency). Foreign currency monetary items are translated into Canadian dollars at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated at historical exchange rates, with corresponding depreciation translated at the same exchange rates as the assets to which they relate. Revenues and expenses are translated into Canadian dollars at the rates of exchange prevailing when the underlying transactions occurred. Foreign exchange gains or losses on translation are recognized in the statement of loss and comprehensive loss.

Functional Currency
The Canadian dollar is the functional currency of the Company.

(h) Financial assets and liabilities

The Company's financial assets and liabilities include cash, amounts receivable and accounts payable and accrued liabilities.

Financial assets
Financial assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or derivatives. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, (i.e., the date that the Company commits to purchase or sell the asset).

The Company's financial assets include cash and amounts receivable, which are classified as loans and receivables.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial assets and liabilities (continued)

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income and finance costs in the statement of loss and comprehensive loss.

The Company has not designated any financial assets upon initial recognition as at fair value through profit or loss. The Company evaluates its financial assets at fair value through profit and loss (held for trading) to determine whether the intent to sell them in the near term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Company may elect, in rare circumstances, to reclassify these financial assets. The reclassification to loans and receivables, available-for-sale or held-to-maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method ("EIR"), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of loss and comprehensive loss. The losses arising from impairment are recognised in the statement of loss and comprehensive loss.

Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; and
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the Company has transferred substantially all the risks and rewards of the asset; or
(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial assets and liabilities (continued)

Derecognition (continued)
In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of loss and comprehensive loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of loss and comprehensive loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of loss and comprehensive loss.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial assets and liabilities (continued)

Financial liabilities

Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, other liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of other liabilities, plus directly attributable transaction costs.

The Company's financial liabilities include accounts payable and accrued liabilities which are classified as other liabilities.

Subsequent measurement
The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss:
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss.

Other liabilities:
Other liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction 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.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of loss and comprehensive loss. The Company has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of loss and comprehensive loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial assets and liabilities (continued)

Fair value of financial instruments
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

(i) Cash and cash equivalents

Cash includes cash on hand and balances with banks. Deposits are held in a Canadian financial institutions. Cash equivalents include short-term deposits with original maturities of three months or less. As at December 31, 2014 and 2013, the Company did not have any cash equivalents.

(j) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(k) Interest and other income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. The proceeds from options granted on properties are credited to the cost of the related property, but where the proceeds exceed the property's carrying value, any excess proceeds are credited to income.

(l) Operating leases

Operating lease payments are recognized as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(m) Loss per share

Basic loss per common share is calculated by dividing the loss attributed to shareholders for the period by the weighted average number of common shares outstanding in the period. Diluted loss per common share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares.

(n) Segment reporting

A segment is a component of the Company that is distinguishable by economic activity (business segment), or by its geographical location (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company operates in one business segment, mineral exploration. Substantially all of the Company's operating expenditures are incurred in Canada.

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

	Balance December 31, 2012	2013 Additions	2013 Write-Offs	Balance December 31, 2013	2014 Disposition	Balance December 31, 2014
Corongo Property	$ 1,156,883	$ -	$ (944,883)	$ 212,000	$ (212,000)	$ -

Corongo:

On March 17, 2010, the Company entered into an option agreement ("Option Agreement") with Duran Ventures Inc. ("Duran"), an arm's length resources company, and its subsidiary Minera Aguila de Oro S.A.C. ("Minera"), providing for the right to acquire a 50% interest in certain mineral claims comprising a prospective gold property known as the Corongo Property in Peru. The Option Agreement was subsequently amended June 22, 2010 and August 5, 2010. The Option Agreement, as amended, provides for the acquisition of a 50% interest in certain mineral claims comprising the Corongo Property in consideration for: (i) the payment of US$25,000 ($25,247 paid) in cash upon execution of the Agreement, (ii) the Company incurring not less than US$1,000,000 in exploration expenditures on the Corongo Property (US$1,000,000 has been incurred) prior to March 10, 2012; and (iii) the issuance of 100,000 common shares in the capital of the Company as to: (a) 30,000 common shares on or prior to the closing of the Qualifying Transaction (issued and valued at $45,000); (b) 30,000 common shares on or prior to March 10, 2011 (issued and valued at $72,000); and (c) 40,000 common shares on or prior to March 10, 2012 (issued and valued at $32,000). The Company has earned its 50% interest in the property, however, a definitive joint venture agreement was not signed.

2013 Write-off

Given the lack of exploration work on the Corongo Property during the last two years and the fact that no exploration work was planned in the near future due to lack of financing, the Company determined that the eventual recovery of the exploration and evaluation costs incurred to date was unlikely, and therefore, a write-off in the amount of $944,883 was appropriate. This write-off brings the fair value attributed to the Corongo property to $212,000, which was in line with what a third party would be willing to acquire the property for at that time.

2014 Disposition

On March 3, 2014, the Company entered into a Conditional Termination Agreement (the “Termination Agreement”) with Duran which would effectively terminate the Option Agreement between the Company and Duran resulting in the disposition of the Company’s 50% interest in the Corongo Property in Peru (the “Proposed Disposition”). The Proposed Disposition closed on May 8, 2014, and the Company received proceeds of $215,500 (US$200,000).

(Expressed in Canadian dollars)

6. SHARE CAPITAL AND OTHER EQUITY

(a) Authorized, issued and outstanding shares

Authorized:
- unlimited number of common shares without par value
- unlimited number of preferred shares issuable in series

Issued:
1,827,200 common shares as at December 31, 2014 and December 31, 2013, respectively.

Transactions during the years ended December 31, 2014 and 2013 are as follows:

	Number of Shares	Amount
Balance, December 31, 2012	1,277,200	$1,529,071
Private placement *(i)*	550,000	55,000
Value attributed to warrants		(4,224)
Share issue costs		(12,927)
Balance, December 31, 2013 and 2014 (note 14)	1,827,200	$1,566,920

(i) Private placement

On July 10, 2013, the Company closed a non-brokered private placement of 550,000 Units at $0.10 per Unit for total gross proceeds of $55,000 (the "Offering"). Each Unit consists of one common share and one common share purchase warrant, each exercisable at $0.50 until July 10, 2014 and thereafter at $1.00 until July 10, 2015. In conjunction with the Offering, the Company paid finder's fees in the aggregate amount of $4,500 in cash and 45,000 finder's warrants, issued on the same terms as the warrants forming part of the Units. All securities issued pursuant to the Offering and to the finder were subject to a hold period until November 11, 2013. An officer of the Company subscribed for 40,000 units for gross proceeds of $4,000.

(b) Warrants

Details of common share purchase warrants outstanding at December 31, 2014 are as follows:

	Number of Warrants	Exercise price	Expiry Date	Grant Date Fair Value
Share purchase warrants				
Issued on private placement	550,000	$1.00	July 10, 2015	$ 4,224
Finders' warrants	45,000	$1.00	July 10, 2015	374
	595,000			$ 4,598

See note 14.

(Expressed in Canadian dollars)

6. SHARE CAPITAL AND OTHER EQUITY (continued)

*(b) Warrants (*continued)

Common share purchase warrant transactions during the years ended December 31, 2014 and 2013 are as follows:

	December 31, 2014			December 31, 2013		
	Number of Warrants	Weighted average exercise price	Grant Date Fair Value	Number of Warrants	Weighted average exercise price	Grant Date Fair Value
Outstanding – beginning of the year	595,000	$ 0.50	$ 4,598	-	$ -	$ -
Issued	-	-	-	595,000	0.50	4,598
Outstanding – end of the year	595,000	$ 1.00	$ 4,598	595,000	$ 0.50	$ 4,598

The warrants issued were exercisable at $0.50 to July 10, 2014 and thereafter at $1.00 until July 10, 2015.

The grant date fair value of the 550,000 warrants and 45,000 finders' warrants issued in connection with the private placement that closed on July 10, 2013 has been estimated at $4,224 and $374 respectively, using the Black-Scholes option pricing model. The following weighted average assumptions were used: Risk-free interest rate – 1.18%; Expected volatility – 100%; Expected dividend yield – nil; Expected life – 2 years.

The weighted average remaining contractual life of the issued and outstanding warrants as at December 31, 2014 was 0.54 years.

7. SHARE - BASED PAYMENTS – SHARE OPTION PLAN

The Company has adopted a stock option plan (the "Plan") for its directors, officers, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date immediately preceding the date on which the option is granted. The terms and conditions of the options are determined by the Board of Directors.

The aggregate number of common stock options shall not exceed 10% of the issued and outstanding common shares of the Company, with no one individual being granted more than 5% of the issued and outstanding common shares. In addition, the exercise price of options granted under the plan shall not be lower than the exercise price permitted by the TSX Venture Exchange, and all options granted under the plan will have a term not to exceed five years.

(Expressed in Canadian dollars)

7. SHARE - BASED PAYMENTS – SHARE OPTION PLAN (continued)

A summary of the status of the Plan as at December 31, 2014 and 2013, and changes during periods ended on those dates are presented below:

	December 31, 2014		December 31, 2013	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Outstanding – beginning of the year	65,600	$ 3.40	90,600	$ 3.00
Expired	-	$ -	(25,000)	$ 2.00
Outstanding – end of the year	65,600	$ 3.40	65,600	$ 3.40

As at December 31, 2014, the Company had stock options issued to directors, officers, employees and consultants of the Company outstanding as follows:

Date of grant	Number of options issued	Exercisable	Exercise price	Expiry date	Weighted average remaining contractual life
August 17, 2010	20,000	20,000	$2.00	August 17, 2015	0.63 years
January 26, 2011	45,600	45,600	$4.00	January 26, 2016	1.08 years
	65,600	65,600			0.94 years

No options were granted during the years ended December 31, 2014 and 2013. See note 14.

8. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the net loss attributable to common shareholders by the weighted average number of common shares issued and outstanding during the year. See note 14.

	For the year ended December 31, 2014	2013
Net loss attributable to common shareholders	$ (88,543)	$ (1,030,426)
Weighted average number of ordinary shares in issue	1,827,200	1,539,392
Basic loss per share	$ (0.05)	$ (0.67)

(Expressed in Canadian dollars)

8. LOSS PER SHARE (continued)

(b) Diluted

Diluted loss per share is the same as basic loss per share as issued and outstanding warrants and options are considered to be anti-dilutive.

9. DEFERRED INCOME TAXES

a) Provision for Income Taxes

Major items causing the Company's income tax rate to differ from the combined Canadian federal and provincial statutory rate of approximately 26.5% (2013 – 26.5%) were as follows:

Years ended December 31,		**December 31, 2014**		December 31, 2013
Loss before income taxes:	**$**	**(88,543)**	$	(1,030,426)
Expected income tax (recovery)		**(23,464)**		(273,063)
Increase (decrease) resulting from:				
Change in tax benefits not recognized		**23,464**		273,063
	$	**-**	$	-

b) Deferred Income Tax Balances

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

		December 31, 2014		December 31, 2013
Non-capital loss carry-forwards	**$**	**971,869**	$	814,359
Capital loss		**941,383**		-
Exploration and evaluation assets		**232,742**		1,177,625
Equipment		**3,056**		3,056
Share issue costs		**7,756**		73,950
	$	**2,156,806**	$	2,068,990

As at December 31, 2014, the Company had available for deduction against future taxable income, non-capital losses in Canada of approximately $971,000 (2013 – $814,000) which expire as follows:

Year of Expiry	Amount
2028	$ 11,000
2029	67,000
2030	214,000
2031	371,000
2033	154,000
2034	154,000
	$ 971,000

10. FINANCIAL RISK MANAGEMENT

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous year.

(a) Credit risk management

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivables. Cash is held with a reputable Canadian financial institution, from which management believes the risk of loss is remote. Financial instruments included in amounts receivable consist of harmonized sales tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to financial instruments included in amounts receivable is minimal.

(b) Liquidity risk

As at December 31, 2014, the Company had a working capital of $37,581 (2013 – deficiency of $85,876). The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2014, the Company does have sufficient cash to settle current liabilities.

(c) Market risk

At the present time, the Company does not hold any interest in a mining property that is in production. The Company's viability and potential success depends on its ability to develop, exploit, and generate revenue from the development of mineral deposits. Revenue, cash flow, and profits from any future mining operations in which the Company is involved will be influenced by precious and/or base metal prices and by the relationship of such prices to productions costs. Such prices can fluctuate widely and are affected by numerous factors beyond the Company's control.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. As at December 31, 2014, the Company had cash balances of $Nil (2013 - $Nil) in U.S. dollars. Sensitivity to a plus or minus 5% change in the foreign exchange rate would not have had a material effect to the net loss for the year ended December 31, 2014.

The Company does not undertake currency hedging activities to mitigate its foreign currency risk.

(e) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash balances and currently does not carry interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its financial institutions. It is management's opinion that the Company is not exposed to significant interest rate risk.

(f) Commodity price risk

The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals.

(Expressed in Canadian dollars)

10. FINANCIAL RISK MANAGEMENT (continued)

(g) Fair value of financial assets and liabilities

The book values of the cash, amounts receivable, and accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature of these instruments.

The fair values together with the carrying amounts shown in the statements of financial position are as follows:

	As at December 31, 2014		As at December 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash	$ 49,437	$ 49,437	$ 5,664	$ 5,664
Amounts receivable	5,574	5,574	6,860	6,860
Accounts payable and accrued liabilities	17,430	17,430	98,400	98,400

11. CAPITAL RISK MANAGEMENT

The Company defines capital as Shareholders' Equity which at December 31, 2014 was $37,581 (2013 - $126,124). The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support its exploration, development and operations activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties and maximize shareholder returns. The Company satisfies its capital requirements through careful management of its cash resources and by utilizing bank indebtedness or equity issues, as necessary, based on the prevalent economic conditions of both the industry and the capital markets and the underlying risk characteristics of the related assets. As at December 31, 2014 and 2013, the Company had no bank debt. As discussed in Note 2, the Company's ability to continue to carry out its planned operations is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the years ended December 31, 2014 and 2013. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian dollars)

12. COMMITMENTS AND CONTINGENCIES

(a) Consulting agreements

The Company has entered into a consulting agreement with Paul C. Davis, the Company's President and Chief Executive Officer, to provide management services to the Company. The Company will pay Mr. Davis a per diem rate of $650 to a maximum of $4,000 monthly, along with a vehicle allowance of $55 per day to a maximum of $330 per month. The agreement is for a one year term, expiring December 31, 2015.

The Company has entered into a consulting agreement with Joseph Del Campo, the Company's Interim Chief Financial Officer, to provide management services to the Company. The Company will pay Mr. Del Campo a monthly fee of $1,000. The agreement is for a one year term, expiring December 31, 2015.

(b) Environmental matters

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

13. COMPENSATION OF KEY MANAGEMENT AND RELATED PARTY TRANSACTIONS

The remuneration of directors and members of key management personnel during the years ended December 31, 2014 and 2013 was as follows:

	2014	2013
Compensation	$ 15,900	$ 19,475
Share-based payments	-	-
	$ 15,900	$ 19,475

No options were granted during the years ended December 31, 2014 and 2013.

During the year ended December 31, 2014, the Company incurred legal fees in the amount of $27,980 (2013 – legal fees and share issue costs of $11,108 and $8,053, respectively) from a law firm of which a director of the Company is a partner. As at December 31, 2014, the Company owed the law firm $565 (2013 - $13,172). These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

During the year ended December 31, 2014, the Chief Executive Officer of the Company charged the Company a total of $3,900 (2013 - $7,475) for services rendered as disclosed in the compensation table above. As at December 31, 2014, the Company owed the Chief Executive Officer of the Company $Nil (2013 - $38,169). These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

During the year ended December 31, 2014, the Interim Chief Financial Officer of the Company charged the Company a total of $12,000 (2013 - $12,000) for services rendered as disclosed in the compensation table above. As at December 31, 2014, the Company owed the Interim Chief Financial Officer of the Company $1,000 (2013 - $19,150). These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

See also Notes 6(a)(i) and 12(a).

14. SUBSEQUENT EVENTS

On February 17, 2015, the Company completed a ten (10) for one (1) share consolidation such that a holder of ten (10) then issued and outstanding common shares received one (1) new common share. The 18,272,000 common shares then issued and outstanding were exchanged for approximately 1,827,200 new common shares. All references to common shares, per share amounts, warrants and options for all periods presented have been retroactively restated to reflect this consolidation.

On March 4, 2015, the Company closed a non-brokered private placement of 1,500,000 common shares in the capital of the Company at a price of $0.05 per common share, for aggregate gross proceeds of $75,000 (the "Private Placement").

The Company paid cash commissions to certain registered dealers pursuant to the Private Placement in the aggregate amount of $2,600 and issued 56,000 common share purchase warrants. Each warrant is exercisable for one common share at a price of $0.10 per share prior to March 4, 2016.