SERVICE

INTEGRITY

TRUST

SPARROW VENTURES CORP.

Years Ended January 31, 2015 and 2014

(Expressed in Canadian Dollars)

FINANCIAL STATEMENTS

- Independent Auditors' Report
- Statements of Financial Position
- Statements of Changes in Shareholders' Deficiency
- Statements of Comprehensive Loss
- Statements of Cash Flows
- Notes to the Financial Statements

WD&M

WDM
CHARTERED ACCOUNTANTS

Independent Auditors' Report

To the Shareholders of:
SPARROW VENTURES CORP.

SERVICE

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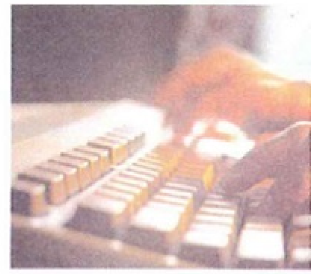
We have audited the accompanying financial statements of Sparrow Ventures Corp. which comprise the statements of financial position as at January 31, 2015 and 2014, the statements of changes in shareholders' deficiency, comprehensive loss, and cash flows for the years then ended, and a summary of significant 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.

Auditors' 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 Sparrow Ventures Corp. as at January 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter – Going Concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in Note 1 to the financial statements concerning the ability of Sparrow Ventures Corp. to continue as a going concern. The company incurred a net loss of $59,731 during the year ended January 31, 2015, and as of that date, has a deficit balance of $1,143,127. These conditions, along with the other matters explained in Note 1 of the financial statements, indicate the existence of material uncertainties that raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if Sparrow Ventures Corp. was unable to continue as a going concern.

WDM

Chartered Accountants

Vancouver, B.C., Canada
May 29, 2015

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SPARROW VENTURES CORP.

Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	January 31, 2015 $	January 31, 2014 $
ASSETS			
CURRENT			
Cash		285	2,007
GST recoverable		433	-
Prepaid expenses and deposits		-	1,736
		718	3,743
Equipment		-	1,035
		718	4,778
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		12,700	6,499
Loans payable	5	21,813	-
		34,513	6,499
SHAREHOLDERS' DEFICIENCY			
Share capital	6	1,010,618	1,007,228
Share-based payment reserve		98,714	134,338
Deficit		(1,143,127)	(1,143,287)
		(33,795)	(1,721)
		718	4,778

Nature of operations and going concern (Note 1)

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

Approved on behalf of the board:

"Marc Levy"
Marc Levy, Director

"Marc Morin"
Marc Morin, Director

SPARROW VENTURES CORP.

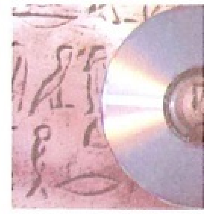
Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian Dollars)

	Note	Number of Common Shares	Share Capital $	Share-Based Payment Reserve $	Deficit $	Total $
Balance, January 31, 2013		13,590,500	1,007,228	148,182	(1,040,408)	115,002
Comprehensive loss for the year		-	-	-	(116,723)	(116,723)
Forfeited options		-	-	(13,844)	13,844	-
Balance, January 31, 2014		13,590,500	1,007,228	134,338	(1,143,287)	(1,721)
Share issued pursuant to loan agreements	5	67,800	3,390	-	-	3,390
Comprehensive loss for the year		-	-	-	(59,731)	(59,731)
Forfeited options	6	-	-	(59,891)	59,891	-
Share-based payments	6	-	-	24,267	-	24,267
Balance, January 31, 2015		13,658,300	1,010,618	98,714	(1,143,127)	(33,795)

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

SPARROW VENTURES CORP.

Statements of Comprehensive Loss
For the Years Ended January 31, 2015 and 2014
(Expressed in Canadian Dollars)



	Note	2015 $	2014 $
EXPENSES			
Accounting, audit and legal		12,697	7,114
Bank charges		215	302
Consulting fees		-	5,250
Depreciation		233	444
Management fees	7(b)	-	8,200
Office, rent and administration	7(a)	1,726	79,577
Regulatory fees		10,316	9,020
Share-based payments	6(d)	24,267	-
Transfer agent and shareholder information		4,598	6,816
LOSS BEFORE OTHER ITEMS		(54,052)	(116,723)
OTHER ITEMS			
Loss on disposal of equipment		(802)	
Finance and other costs	8	(4,877)	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		(59,731)	(116,723)
BASIC AND DILUTED LOSS PER SHARE		(0.00)	(0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUSTANDING – BASIC AND DILUTED		13,631,737	13,590,500

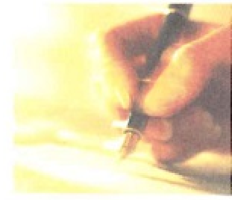
The accompanying notes are an integral part of these financial statements.

SPARROW VENTURES CORP.

Statements of Cash Flows
For the Years Ended January 31, 2015 and 2014
(Expressed in Canadian Dollars)

	2015 $	2014 $
CASH WAS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net loss for the year	(59,731)	(116,723)
Non-cash items		
Depreciation	233	444
Loss on disposal of equipment	802	-
Finance and other costs	4,877	-
Share-based payments	24,267	-
Changes in non-cash working capital accounts		
GST recoverable	(433)	1,567
Prepaid expenses and deposits	1,736	(4)
Accounts payable and accrued liabilities	6,201	(7,461)
	(22,048)	(122,177)
FINANCING ACTIVITY		
Proceeds from loans	20,326	-
DECREASE IN CASH	(1,722)	(122,177)
Cash, beginning of year	2,007	124,184
CASH, END OF YEAR	285	2,007

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



NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

Sparrow Ventures Corp. (the “Company”) was incorporated on July 04, 2006 under the laws of the Business Corporations Act (British Columbia). Effective June 17, 2014, the Company’s listing was transferred to the NEX board of the TSX Venture Exchange (the “Exchange”) due to the Company failure to maintain the requirements for a TSX Venture Tier 2 company. The Company is currently seeking business opportunities.

The head office, principal address, and records office of the Company are located at Suite 507 – 700 West Pender Street, Vancouver, British Columbia, Canada, V6C 1G8. The Company’s registered office address is located at Suite 700 – 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5.

The Company is engaged in the acquisition, exploration, and development of resource properties. The Company currently does not hold any mineral property interests and is actively evaluating mineral properties to acquire or option.

These financial statements have been prepared in accordance with International Financial Reporting Standards on the basis that the Company is a going concern and will be able to meet its obligations and continue its operations for its next fiscal year. Several conditions as set out below cast significant doubt on the Company’s ability to continue as a going concern.

The Company’s ability to continue as a going concern is dependent upon the identification and acquisition of resource properties, financial support from its creditors, shareholders, and related parties, its ability to obtain financing to fund working capital requirements and upon the attainment of future profitable operations.

The Company has not yet achieved profitable operations, has incurred significant operating losses and negative cash flows from operations, and has been reliant on external financing of equity. As at January 31, 2015, the Company has accumulated losses of $1,143,167 since inception. There is no assurance that the Company will be successful in generating and maintaining profitable operations, or able to secure future debt or equity financing for its working capital and development activities.

These financial statements do not reflect any adjustments to the amounts and classifications of assets and liabilities, which would be necessary should the Company be unable to continue as a going concern.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

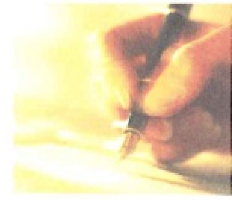
The financial statements were authorized for issue on May 29, 2015 by the Directors of the Company. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of Presentation

These financial statements have been prepared on a historical cost basis in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

(b) Functional and Presentation of Foreign Currency

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



NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Equipment and Depreciation

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

Depreciation is calculated on a declining-balance basis to write off the cost of the assets to their residual values over their estimated useful lives. The depreciation rate applicable to equipment is 30%.

(d) Share Capital

Share Capital includes cash consideration received for share issuances. The proceeds from the exercise of stock options or warrants together with amounts previously recorded over the vesting periods are recorded as share capital. Common Shares issued for non-monetary consideration is recorded at an amount based on their fair market value on the date of issue. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity.

(e) Share-Based Payments

The Company operates an employee stock option plan.

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods.

Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve.

The fair value of options is determined using the Black–Scholes option pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Amounts recorded for forfeited or expired unexercised options are reversed in the period the forfeiture occurs.

Upon the exercise of stock options, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital.

(f) Income Taxes

Tax expense recognized in profit or loss comprises the sum of current and deferred taxes not recognized in other comprehensive income or directly in equity.

(i) Current Income Tax

Current income tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Income Taxes (Continued)

(ii) Deferred Income Tax

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

(g) Loss per Share

The Company calculates basic loss per share using the weighted average number of common shares outstanding during the period. Diluted loss per share is the same as basic loss per share, as the issuance of shares on the exercise of stock options and share purchase warrants is anti-dilutive.

(h) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Financial assets and financial liabilities are recognized on the statements of financial position at the time the Company becomes a party to the contractual provisions of the financial instrument.

Financial instruments are initially measured at fair value. Measurement in subsequent periods is dependent on the classification of the financial instrument. The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity, available-for-sale, and other financial liabilities.

(i) Financial Assets and Liabilities at Fair Value Through Profit or Loss

Financial assets and liabilities at fair value through profit or loss are either 'held-for-trading' or classified at fair value through profit or loss. They are initially and subsequently recorded at fair value and changes in fair value are recognized in profit or loss for the period. The Company does not have any financial assets and liabilities at fair value through profit or loss.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value and subsequently on an amortized cost basis using the effective interest method, less any impairment losses. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Company has designated its cash as loans and receivables.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

(iii) Held-to-Maturity Financial Assets

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are initially recorded at fair value and subsequently measured at amortized cost. The Company does not have any held-to-maturity financial assets.

(iv) Available-For-Sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any other financial asset categories. They are initially and subsequently measured at fair value and the changes in fair value, other than impairment losses are recognized in other comprehensive income (loss) and presented in the fair value reserve in shareholders' equity. When the financial assets are sold or an impairment write-down is required, losses accumulated in the fair value reserve recognized in shareholders' equity are included in profit or loss. The Company does not have any available-for-sale financial assets.

(v) Financial Liabilities at Amortized Cost

Financial liabilities at amortized cost are non-derivative financial liabilities (excluding financial guarantees) that are recorded at the date of obligation at fair value and are subsequently measured at amortized cost using the effective interest method.

The Company's non-derivative financial liabilities are its accounts payable and accrued liabilities and loans payable.

NOTE 3 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

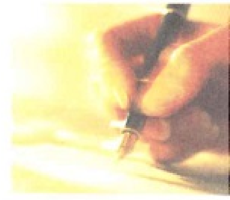
In the application of the Company's accounting policies which are described in Note 2, management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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.

Significant judgments, estimates, and assumptions that have the most significant effect on the amounts recognized in the financial statements are described below.

(a) Share-Based Compensation

The Company grants stock options to directors, officers, employees, and consultants of the Company under its incentive stock option plan. The fair value of stock options is estimated using the Black-Scholes option pricing model and are expensed over their vesting periods. In estimating fair value, management is required to make certain assumptions and estimates such as the life of options, volatility, and forfeiture rates. Changes in assumptions used to estimate fair value could result in materially different results.



NOTE 3 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

(b) Deferred Tax Assets

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

NOTE 4 – ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

There were no new standards effective February 1, 2014 that had an impact on the Company's financial statements. The following IFRS standard has been recently issued by the International Accounting Standards Board or the International Financial Reporting Issues Committee. Pronouncements that are not applicable or where it has been determined they do not have a significant impact to the Company have been excluded herein. The Company is assessing the impact of this new standard, but does not expect it to have a significant effect on the financial statements.

IFRS 9, Financial Instruments

The IASB has issued a new standard, IFRS 9, "Financial Instruments" ("IFRS 9"), which will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 will replace the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value. The new standard also requires a single impairment method to be used, provides additional guidance on the classification and measurement of financial liabilities, and provides a new general hedge accounting standard.

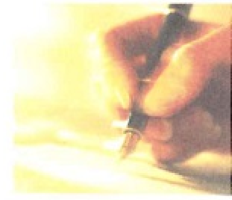
The mandatory effective date has tentatively been set for January 1, 2018, however early adoption of the new standard is permitted. The Company currently does not intend to early adopt IFRS 9. The adoption of IFRS 9 is currently not expected to have a material impact on the financial statements as the classification and measurement of the Company's financial instruments is not expected to change given of the nature of the Company's operations and the types of financial instruments that it currently holds..

NOTE 5 – LOANS PAYABLE

The Company entered into loan agreements dated May 28, 2014 (the "Loans"), with two directors of the Company ("the Lenders") in the total principal amount of $20,326. The Loans are unsecured, bear interest at 12% per annum, and mature on November 28, 2015 (the original maturity date of May 28, 2015 was extended subsequently on May 21, 2015 for six months to November 28, 2015).

In consideration for the Loans, the Company issued an aggregate of 67,800 common shares to the Lenders at a fair value of $3,390 which was recorded as finance cost. During the year ended January 31, 2015, the Company accrued $1,487 in interest expense on the Loans which remained outstanding as at January 31, 2015.

(Expressed in Canadian Dollars)



NOTE 6 – SHARE CAPITAL

(a) Authorized

The Company is authorized to issue an unlimited number of voting common shares without par value.

(b) Issued and Outstanding Share Capital

As at January 31, 2015, the Company had 13,658,300 issued and fully paid common shares (January 31, 2014 – 13,590,500) outstanding as presented in the statements of changes in shareholders' deficiency.

(c) Stock Options

The Company adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees, and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Stock options and charitable options will be exercisable for a year of up to 10 years from the date of grant.

In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days, or, in the case of an optionee providing investor relations activities, the 30th day following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or consulting arrangement was by reason of death, the option may be exercised within a maximum year of six months after such death, subject to the expiry date of such option.

A summary of the status of the options outstanding is as follows:

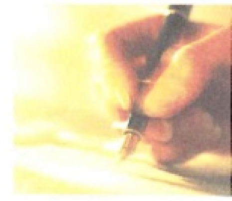
	Number of Options	Weighted Average Exercise Price $
Balance, January 31, 2013	1,349,000	0.05
Cancelled (i)	(135,000)	0.05
Balance, January 31, 2014 (iii)	1,214,000	0.05
Granted	760,000	0.05
Cancelled (ii)	(760,000)	0.05
Balance, January 31, 2015	1,214,000	0.05

(i) During the year ended January 31, 2014, the fair value of 135,000 cancelled options of $13,844 was reclassified from reserves to deficit.

(ii) During the year ended January 31, 2015, the fair value of 760,000 cancelled options of $59,891 was reclassified from reserves to deficit.

(iii) During the year ended January 31, 2015, the Company amended the terms of 1,214,000 stock options previously granted to employees, directors and consultants of the Company. These options had original exercise prices ranging from $0.10 to $0.12 per share with expiry dates between May 21, 2018 and May 27, 2021 and were amended to have an exercise price of $0.05 per share.

(Expressed in Canadian Dollars)



NOTE 6 – SHARE CAPITAL (Continued)

(c) Stock Options (Continued)

The following table summarizes the stock options outstanding as at January 31, 2015:

Exercise Price $	Number of Options Outstanding	Expiry Date	Number of Options Exercisable
0.05	100,000	August 31, 2020	100,000
0.05	34,000	October 7, 2020	34,000
0.05	320,000	May 27, 2021	320,000
0.05	760,000	June 17, 2024	760,000
	1,214,000		1,214,000

(d) Share-Based Payments

During the year ended January 31, 2015, the Company recorded share-based payments of $16,927 (2014 – $Nil) for stock options granted and vested and $7,340 (2014 – $Nil) for the repricing of stock options during the year.

The fair values of the stock options granted and repriced were estimated using the Black-Scholes option pricing model, with the following assumptions made for the year ended January 31, 2015:

Risk free interest rate	1.31% to 1.98%
Expected dividend yield	0%
Expected stock price volatility	89% to 122%
Expected life (in years)	3 to 6 years

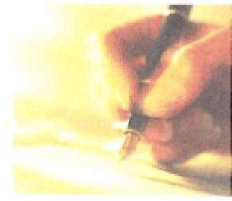
The weighted average fair value of options granted and vested during the year ended January 31, 2015 was $0.02 per option.

Option pricing models require the input of highly subjective assumptions. The volatility assumption is based on an analysis of historical volatility over a year equivalent to the expected life of the equity instruments. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models may not necessarily provide a single reliable measure of the fair value of stock options.

(e) Charitable options

As at January 31, 2015, the Company has 105,000 outstanding charitable stock options exercisable at $0.10 which expire on May 26, 2018.

(Expressed in Canadian Dollars)



NOTE 7 – RELATED PARTY TRANSACTIONS

Details of transactions between the Company and related parties, in addition to those transactions disclosed elsewhere in these financial statements are described as follows.

(a) Related Party Transactions

The Company incurred the following transactions with companies having directors and officers in common during the years ended January 31, 2015 and 2014:

	2015 $	2014 $
Office, rent and administration expense	1,500	74,405
Legal fees	1,397	352
	2,897	74,757

(b) Compensation of Key Management Personnel

The remuneration of directors and other members of key management personnel during the years ended January 31, 2015 and 2014 were as follows:

Short-term benefits (i)	-	8,200
Share-based payment on options granted and vested (ii)	16,927	-
Share-based payment on repriced options (iii)	4,763	-
	21,690	8,200

(i) Short-term benefits include salaries and management fees paid directly to key management.

(ii) Share-based payments represent the fair value of options granted and vested to key management personnel under the Company’s stock option plan (Note 6(d)).

(iii) Share-based payments represent the incremental fair value of repriced options held by key management personnel.

(c) Related Party Balances

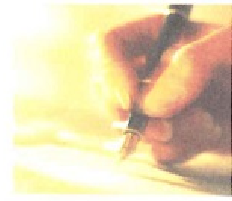
The following related party amounts were reflected in the statement of financial position as at January 31, 2015 and 2014.

Prepaid Rent	-	1,500
Accounts Payable and Accrued Liabilities	1,116	-
Loans Payable (Note 5)	21,813	-

NOTE 8 – FINANCE AND OTHER COSTS

Finance cost (Note 5)	3,390	-
Interest expense (Note 5)	1,487	-
	4,877	-

(Expressed in Canadian Dollars)



NOTE 9 – INCOME TAXES

(a) Reconciliation of Effective Tax Rate

Income tax expense (recovery) differs from the amounts computed by applying the combined federal and provincial income tax rate of 26.00% (2014 – 25.75%) to pre-tax loss as a result of the following:

	2015 $	2014 $
Computed expected income tax recovery	(15,530)	(30,057)
Deferred tax assets not recognized	6,309	40,551
Effect of change in tax rates	-	(10,494)
Permanent difference	9,221	-
Income tax expense (recovery)	-	-

(b) Deferred Income Tax Assets and Liabilities

Deferred tax assets have not been recognized in respect of the following items:

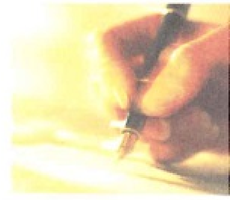
Non-capital losses carry-forward	282,316	272,526
Exploration and evaluation assets	22,758	22,758
Other	218	787
Unrecognized deferred tax assets	305,292	296,071

(c) Non-Capital Losses

As at January 31, 2015, the Company has non-capital losses of $1,085,831, which may be applied to reduce taxable income of future years. These non-capital losses expire as follows:

Year	$
2028	677
2029	98,734
2030	327,778
2031	196,550
2032	172,681
2033	132,779
2034	118,979
2035	37,653
	1,085,831

In addition, the Company has cumulative resource pools of $87,531 which can be carried forward indefinitely to offset future resource profits.



NOTE 10 – FINANCIAL RISK MANAGEMENT

(a) Fair Value of Financial Instruments

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, and loans payable. The carrying values of these financial instruments approximate their fair values because of their short term nature and/or the existence of market related interest rates on the instruments. These estimates are subjective and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

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

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Company has no financial instrument assets or liabilities recorded in the statements of financial position at fair value at January 31, 2015 and 2014.

(b) Financial Instruments Risk

The Company is exposed in varying degrees to a variety of financial instrument related to risks. The Board approves and monitors the risk management processes:

(i) Credit Risk

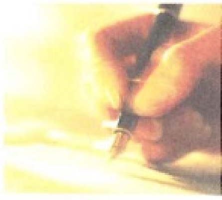
Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institutions. The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

(ii) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, that it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. There can be no assurance that the Company will be successful with generating and maintaining profitable operations or will be able to secure future debt or equity financing for its working capital and development activities (Note 1).

(iii) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interests on the Company's loans payable is based on a fixed rate, and as such, the Company is not exposed to significant interest rate risk.



NOTE 11 – CAPITAL MANAGEMENT

The Company manages its share capital as capital, which as at January 31, 2015, was $1,010,618 (2014 - $1,007,228). The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can continue to provide returns for shareholders and benefits for other stakeholders. The management of the capital structure is based on the funds available to the Company in order to pursue the development and expansion of its business and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, or return capital to its shareholders.

To effectively manage the entity's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its objectives. The Company may issue new shares or seek debt financing to ensure that there is sufficient working capital to meet its short-term business requirements. The Company is not subject to externally imposed capital requirements.

There were no changes in the Company's management of capital during the year ended January 31, 2015.