Rae-Wallace Mining Company

Unaudited Interim Condensed Financial Statements

For the three and six month periods ended June 30, 2015 and 2014

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim condensed financial statements of Rae-Wallace Mining Company, are the responsibility of the management and Board of Directors of the Company.

The unaudited interim condensed financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"George Cole", CEO
George Cole

"Greg Gibson", Director
Greg Gibson

NOTICE TO READER

The accompanying unaudited interim condensed financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim financial statements for the three and six months ended June 30, 2015 and 2014 have not been reviewed by the Company's auditors.

RAE-WALLACE MINING COMPANY
UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION
(expressed in U.S. Dollars)

	June 30, 2015	December 31, 2014
ASSETS		
CURRENT ASSETS:		
Cash	$ 89,322	$ 128,879
TOTAL CURRENT ASSETS	89,322	128,879
TOTAL ASSETS	$ 89,322	$ 128,879
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable (Note 11)	$ 96,591	$ 112,717
Notes payable - related parties (Note 12)	5,612	5,612
TOTAL CURRENT LIABILITIES	102,203	118,329
SHAREHOLDERS' EQUITY (DEFICIENCY):		
Capital stock (Note 4)	3,340,832	3,340,832
Reserve for warrants (Note 7)	888,000	888,000
Reserve for share based payments (Note 6)	332,000	332,000
Accumulated deficit	(4,573,713)	(4,550,282)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)	(12,881)	10,550
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)	$ 89,322	$ 128,879

Nature of Operations and Going Concern (Note 1)

The accompanying notes are an integral part of these unaudited interim condensed financial statements

RAE-WALLACE MINING COMPANY

UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

(expressed in U.S. Dollars)

	Three months ended,		Six month periods ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
OPERATING EXPENSES:				
Consulting fees (Note 8)	$ 2,512	$ 6,244	$ 5,512	$ 6,244
Professional fees	9,112	4,586	13,286	7,045
Other general and administrative expenses	2,766	4,115	3,378	4,634
	(14,390)	(14,945)	(22,176)	(17,923)
Foreign exchange loss	393	2,440	(1,255)	(81)
NET LOSS	$ (13,997)	$ (12,505)	$ (23,431)	$ (18,004)
NET LOSS PER SHARE				
- BASIC AND DILUTED	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING,				
BASIC AND DILUTED	26,151,623	26,151,623	26,151,623	26,151,623

The accompanying notes are an integral part of these unaudited interim condensed financial statements

RAE-WALLACE MINING COMPANY

UNAUDITED INTERIM STATEMENTS OF CHANGES IN EQUITY

(expressed in U.S. Dollars)

	Common Stock		Reserve for	Reserve for Share based	Reserve for Foreign	Accumulated	Total Stockholders'
	Shares	Amount	Warrants	payments	Currency Translation	Deficit	Equity (Deficiency)
Balance, January 1, 2014	26,151,623	$ 3,340,832	$ 888,000	$ 332,000	$ (50,127)	$ (4,460,509)	$ 50,196
Foreign currency translation	-	-	-	-	50,127	(50,127)	-
Net loss	-	-	-	-	-	(18,004)	(18,004)
Balance, June 30, 2014	26,151,623	$ 3,340,832	$ 888,000	$ 332,000	$ -	$ (4,528,640)	$ 32,192
Net loss	-	-	-	-	-	(21,642)	(21,642)
Balance, December 31, 2014	26,151,623	$ 3,340,832	$ 888,000	$ 332,000	$ -	$ (4,550,282)	$ 10,550
Net loss	-	-	-	-	-	(23,431)	(23,431)
Balance, June 30, 2015	26,151,623	$ 3,340,832	$ 888,000	$ 332,000	$ -	$ (4,573,713)	$ (12,881)

The accompanying notes are an integral part of these unaudited interim condensed financial statements

RAE-WALLACE MINING COMPANY
UNAUDITED INTERIM STATEMENTS OF CASH FLOWS
(expressed in U.S. Dollars)

	Six month periods ended June 30, 2015	June 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (23,431)	$ (18,004)
Changes in assets and liabilities:		
Accounts payable and accrued liabilities	(16,126)	7,131
Net cash used by operating activities	(39,557)	(10,873)
Net decrease in cash and cash equivalents	(39,557)	(10,873)
CASH AT BEGINNING OF PERIOD	128,879	174,152
CASH AT END OF PERIOD	$ 89,322	$ 163,279

The accompanying notes are an integral part of these unaudited interim condensed financial statements

General

Rae-Wallace Mining Company (hereinafter "Rae-Wallace" or "the Company") was incorporated under the laws of the State of Idaho in 1916. After several decades of dormancy, the Company reorganized in 1997 as an exploration stage company focused on evaluating, acquiring and exploring mineral prospects with potential for economic deposits of gold and silver. In 2011, the Company was re-domiciled to the Cayman Islands.

In 1998, the investor group controlling Rae-Wallace sold their entire interest to Silver Trend Mining Company for 1,500,000 shares of Silver Trend common stock. In 1999, Silver Trend sold the Company to a private investment group, which subsequently conveyed proportional interests to individual investors. In January 2007, the Company underwent a change of control with a new management group joining the Company. The Company's fiscal year-end was changed to December 31, from June 30 during fiscal 2011.

On February 8, 2010, the Company incorporated Rae Wallace Peru S.A.C., a wholly owned Peruvian subsidiary. Rae Wallace Peru was incorporated to hold the Company's Peruvian exploration properties. On April 3, 2013, the wholly owned Peruvian subsidiary was sold for a purchase price of $US700,000.

1. NATURE OF OPERATIONS AND GOING CONCERN

At June 30, 2015 the Company had working capital deficiency of $12,881 (December 31, 2014 - $10,550 working capital) had not yet achieved profitable operations, had accumulated losses of $4,573,713 (December 31, 2014 - $4,550,282) and expects to incur further losses in the development of its business, all of which raises substantial doubt upon the Company's ability to continue as a going concern. Rae-Wallace will require additional financing in order to operate and meet its ongoing levels of corporate overhead and discharge its liabilities as they come due.

These unaudited interim condensed financial statements have been prepared on a going-concern basis which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these unaudited interim condensed financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption were not used then the adjustments required to report Rae-Wallace's assets and liabilities on a liquidation basis could be material to these unaudited interim condensed financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These unaudited interim condensed financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These unaudited interim condensed financial statements were authorized by the Board of Directors of the Company on August 20, 2015.

2.2 Basis of presentation

These unaudited interim condensed financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2014 audited annual financial statements.

2.3 Adoption of new and revised standards and interpretations

New Accounting Pronouncements
Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2016 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 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 15 *Revenue from Contracts with Customers*.

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 must be applied in an entity's first annual IFRS financial statements for periods beginning on or after January 1, 2017. Application of the standard is mandatory and early adoption is permitted. The Company has not yet determined the impact of the amendments on the Company's financial statements.

(expressed in US dollars)

3. MINERAL PROPERTIES

ES/EZ Properties:
On October 30, 2007, the Company signed an agreement with Trend Resources, LLC which transferred ownership of all 54 unpatented lode mining claims on the EZ Project and all 26 unpatented lode mining claims on the ES Project, both of which are located in While Pine County, Nevada.

On June 14, 2011 Rae-Wallace optioned the properties to Nicholas I. Goyak for an initial cash payment of $10,000 for each property plus work commitments and final cash payments of $1,000,000 and other considerations due by September 30, 2014. Goyak defaulted by failing to complete the work commitments nor making the final payments.

On December 9, 2014 Rae-Wallace and Goyak renegotiated terms for an Amending Agreement. However Goyak failed to make the initial payments ($10,000 each) required by the Amending Agreement and the Company declared default and the properties were returned to the Company.

4. CAPITAL STOCK

Share Capital
Rae-Wallace is authorized to issue an unlimited number of common shares. The issued and outstanding common shares consist of the following:

	Number	Amount ($)
Balance at January 1, 2014, December 31, 2014 and June 30, 2015	**26,151,623**	**3,340,832**

5. SHARE BASED PAYMENTS

Rae-Wallace established a stock option plan (“Plan”) to provide additional incentive to its officers, directors, employees and consultants in their effort on behalf of the Company in the conduct of its affairs. The Plan authorizes the granting of up to 10,000,000 stock options to employees, directors and consultants. Options vest immediately and expire on the fifth anniversary from the date of issue unless otherwise specified.

A summary of stock options issued and outstanding is as follows:

	June 30, 2015			December 31, 2013		
		Weighted Average Exercise Price	**Number of Options**		Weighted Average Exercise Price	Number of Options
Outstanding at beginning of period/year	**$**	**0.21**	**2,210,000**	$	0.21	2,210,000
Transaction during the year:						
Granted		**-**	**-**		-	-
Expired		**0.20**	**(450,000)**		-	-
Outstanding at end of period/year		**0.21**	**1,760,000**		0.21	2,210,000
Exercisable at end of period/year	**$**	**0.21**	**1,760,000**	$	0.21	2,210,000

(expressed in US dollars)

5. SHARE BASED PAYMENTS (continued)

The following table provides additional information about outstanding stock options at June 30, 2015:

	No. of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	No. of Options Currently Exercisable	Weighted Average Exercise Price – Exercisable Options
$ 0.20	**1,400,000**	**0.34**	**$ 0.20**	**1,400,000**	**$ 0.20**
$ 0.25	**360,000**	**0.32**	**$ 0.25**	**360,000**	**$ 0.25**
$ 0.20 - $0.25	**1,760,000**	**0.33**	**$ 0.21**	**1,760,000**	**$ 0.21**

6. RESERVE FOR SHARE BASED PAYMENTS

	June 30, 2015	December 31, 2014
Balance at beginning of period/year	**$ 332,000**	$ 332,000
Balance at end of period/year	**$ 332,000**	$ 332,000

7. RESERVE FOR WARRANTS

	June 30, 2015	December 31, 2014
Balance at beginning of period/year	**$ 888,000**	$ 888,000
Balance at end of period/year	**$ 888,000**	$ 888,000

8. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

During the six month period ended June 30, 2015, $6,000 (2014 - $6,000) was paid for services by the Chief Financial Officer.

These expenses have been measured at their exchange amount, being the amounts negotiated and agreed to by the parties to the transactions. As at June 30, 2015, $nil (December 31, 2014 - $5,844) of amounts due to related parties is included in accounts payable and accrued liabilities.

Management believes these transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

As of June 30, 2015, $5,612 (December 31, 2014 - $5,612) in interest accrued on promissory notes previously issued by directors and officers is still outstanding to be paid.

9. MANAGEMENT OF CAPITAL

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its shareholders' equity. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the six month period ended June 30, 2015. The Company is not subject to externally imposed capital requirements.

The Company considers its capital to be shareholders' equity, which is comprised of capital stock, reserves, and accumulated deficit, which as at June 30, 2015 totaled $(12,881) (December 31, 2014 - $10,550).

The Company's objective when managing capital is to obtain adequate levels of funding to support its exploration activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the identification and development of precious metals deposits.

The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

10. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The Company designed its cash as Fair Value Through Profit and Loss ("FVTPL") instruments, which is measured at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The carrying value of the Company's cash, accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these investments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject in and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

10. FINANCIAL INSTRUMENTS (continued)

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

Credit Risk
The Company is not exposed to major credit risk attributable to customers. Additionally, the majority of the Company's cash is held with a high rated Canadian financial institution in Canada.

Interest Rate Risk
The Company invests cash surplus to its operational needs in investment-grade short term deposits certificates issued by the bank where it keeps its Canadian and U.S. Bank accounts. The Company periodically assesses the quality of its investments with this bank and is satisfied with the credit rating of the bank and the investment grade of its short term deposits certificates. A change in the interest rate of 1% would cause interest income to change by less than $900 (2014 - $1,630).

Foreign Currency Risk
The Company's funds are predominantly kept in Canadian dollars, with a major Canadian financial institution. As at June 30, 2015 and December 31, 2014, the Company believes that it is not exposed to major foreign currency risks.

Liquidity Risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2015, the Company had current assets of $89,322 (December 31, 2014 - $128,879) and current liabilities of $102,203 (December 31, 2014 - $118,329). All of the Company's financial liabilities and receivables have contractual maturities of less than 90 days and are subject to normal trade terms. Current working capital deficiency of the Company is $12,881 (December 31, 2014 - $10,550 working capital).

11. TRADE AND OTHER PAYABLES

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities, amounts payable for financing activities and payroll liabilities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an aged analysis of the trade and other payables:

	As at,	
	June 30, 2015	December 31, 2014
	$	$
1-3 months	**7,001**	12,931
Over 3 months	**89,590**	99,786
Total Trade and Other Payables	**$ 96,591**	$ 112,717

12. PROMISSORY NOTES PAYABLE

As at June 30, 2015, interest owing on a promissory note previously received amounted to $5,612 (December 31, 2014 - $5,612). The principal portion of the loan was repaid during the year ended December 31, 2013. The amount owing at June 30, 2015 and December 31, 2014 represents interest accrued on the loan.