

GreenBank Capital Inc.

**Consolidated
Financial Statements**

Years ended July 31, 2014 and 2013

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of GreenBank Capital Inc.

We have audited the accompanying consolidated financial statements of GreenBank Capital Inc. which comprise the consolidated statement of financial position as at July 31, 2014 and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year 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 consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of GreenBank Capital Inc., as at July 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 2 in the consolidated financial statements which describes that the Company will require additional financing in order to fund its planned activities. This condition, along with other matters set out in note 2, indicates the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

Other Matters

The consolidated financial statements of GreenBank Capital Inc. for the year ended July 31, 2013 were audited by another auditor who expressed an unmodified opinion on those statements on November 28, 2013.

Toronto, Canada
November 26, 2014

“Abraham Chan LLP”

Abraham Chan LLP
Chartered Accountants
Licensed Public Accountants

GreenBank Capital Inc.
Consolidated Statements of Financial Position
As at July 31,
(Expressed in Canadian Dollars)

	2014	2013
As at		
Assets		
Current Assets		
Cash	\$ 66,713	\$ 241,580
HST recoverable	46,346	41,258
Due from related company (Note 13)	13,956	-
Prepaid expenses	6,023	29,682
Total current assets	133,038	312,520
Non-Current Assets		
Intangible Asset (Note 7)	12,500	-
Exploration and Evaluation Assets (Note 8)	1,162,243	1,985,588
Total non-current assets	1,174,743	1,985,588
Total assets	\$ 1,307,781	\$ 2,298,108
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities (Note 9 and 13)	\$ 539,600	\$ 293,338
Due to related parties (Note 13)	114,836	29,435
Total current liabilities	654,436	322,773
Convertible Debentures (Note 12)	90,647	-
Equity		
Equity Portion of Convertible Debentures (Note 12)	34,666	-
Units Proceeds Received by Zara Resources Inc., Units Not Issued	-	100,000
Convertible Preferred Shares of Zara Resources Inc. (Note 10)	549,500	520,500
Common Share Capital (Note 10)	628,401	428,401
Reserve for Share-based Payments (Note 10)	415,300	397,600
Reserve for Warrants (Note 10)	361,500	156,000
Contributed Surplus	64,300	-
Deficit	(1,854,767)	(671,364)
Total Equity Attributed to GreenBank Capital Inc. shareholders	198,900	931,137
Non-controlling interests (Note 15)	363,798	1,044,198
Total equity	562,698	1,975,335
Total liabilities and equity	\$ 1,307,781	\$ 2,298,108

Going concern (Note 2)

Approved by the Board:

/s/ Daniel Wettreich

Director

/s/ Mark Wettreich

Director

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

GreenBank Capital Inc.

Consolidated Statements of Profit or Loss and Other Comprehensive Income

(Expressed in Canadian Dollars)

	Year ended July 31, 2014	Period from January 30, 2013 (date of incorporation) to July 31, 2013
Operating Expenses		
Transfer agent fees	\$ 37,520	\$ 19,276
Listing and filing fees	53,321	18,907
Shareholder information	114,600	4,902
Investor relations and market research	18,886	50,600
Professional fees	543,877	255,791
Consulting expense	42,164	36,000
Office and general	72,918	31,696
Impairment of exploration and evaluations assets (Note 8)	834,288	10,000
Interest accretion (Note 12)	8,647	-
Share-based compensation (Note 10 & 13)	89,000	397,600
Management fees (Note 13)	122,000	128,000
	1,937,221	952,772
Loss for the year and six month period	1,937,221	952,772
Other expense		
Equity loss on equity accounted investments (Note 11)	551	-
Impairment of equity accounted investments (Note 11)	99,449	-
	100,000	-
Net loss and other comprehensive income for the year and six month period	\$ 2,037,221	\$ 952,772
Attributed to:		
Equity holders of GreenBank Capital Inc.	1,000,403	671,364
Non-controlling interests (Note 15)	1,036,818	281,408
	\$ 2,037,221	\$ 952,772
Loss per share attributed to equity holders of GreenBank Capital Inc. – basic and fully diluted	\$ (0.13)	\$ (0.23)
Weighted average number of shares outstanding – Basic and diluted	7,646,570	2,966,707

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

GreenBank Capital Inc.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Common Share Capital		Reserves			Preferred Share Capital					Non-Controlling Interests	Total	
	Number of Shares	Amount	Warrants	Options	Contributed Surplus	Units Proceeds Received, not issued	Number of Shares	Convertible Preferred Shares	Convertible Debentures	Deficit			
Issued for cash upon incorporation – January 30, 2013	1	\$ 1	\$ -	\$ -	\$ -	\$ -	-	-	\$ -	\$ -	\$ -	\$ -	\$ 1
Issued for non-cash consideration:													
Acquisition of common shares in Zara Resources Inc. and Hadley Mining Inc. (Note 14)	5,142,460	428,400	-	-	-	-	-	-	-	-	-	-	428,400
Convertible Preferred Shares (Note 8)	-	-	-	-	-	-	5,205,000	520,500	-	-	-	-	520,500
Share-based compensation (Note 10(f))	-	-	-	397,600	-	-	-	-	-	-	-	-	397,600
Warrants issued by Zara Resources Inc. on private placement (Note 10(c)(i)(e))	-	-	122,000	-	-	-	-	-	-	-	-	-	122,000
Warrants issued by Zara Resources Inc. on debt settlement (Note 10 (d)(i)(ii))	-	-	34,000	-	-	-	-	-	-	-	-	-	34,000
Units proceeds received units not issued Provided by non-controlling interests (Note 15)	-	-	-	-	-	-	100,000	-	-	-	-	-	100,000
Net loss for the period	-	-	-	-	-	-	-	-	-	-	(671,364)	(281,408)	(952,772)
Balance at July 31, 2013	5,142,461	\$ 428,401	\$ 156,000	\$ 397,600	\$ -	\$ 100,000	5,205,000	\$ 520,500	\$ -	\$ (671,364)	\$ 1,044,198	\$ 1,975,335	\$ (183,000)
Distribution in kind (Note 10(h))	-	-	-	-	-	-	-	-	-	-	(183,000)	-	(183,000)
Units consisting of Convertible Series C preferred shares and warrants issued for cash by Zara (Note 10(c)(iii))	-	-	66,667	-	-	(100,000)	833,333	33,333	-	-	-	-	-
Share issue costs (Note 10(c)(iii))	-	-	(8,667)	-	-	-	-	(4,333)	-	-	-	-	(13,000)
Provided by non-controlling interests (Note 15)	-	-	-	-	-	-	-	-	-	-	-	356,418	356,418
Valuation of warrants issued on debt settlement (Note 10(d)(iii))	-	-	60,500	-	-	-	-	-	-	-	-	-	60,500
Share-based compensation (Note 10(f)(g))	-	-	7,000	82,000	-	-	-	-	-	-	-	-	89,000
Cancellation of stock options	-	-	-	(64,300)	64,300	-	-	-	-	-	-	-	-
Warrants issued on private placement (Note 10(c)(iv))	-	-	80,000	-	-	-	-	-	-	-	-	-	80,000
Issued on private placement (Note 10(c)(iii))	2,000,000	100,000	-	-	-	-	-	-	-	-	-	-	100,000
Warrants exercised (Note 10(c)(iii))	2,000,000	100,000	-	-	-	-	-	-	-	-	-	-	100,000
Equity portion of convertible debentures (Note 12)	-	-	-	-	-	-	-	-	-	34,666	-	-	34,666
Net loss for the year	-	-	-	-	-	-	-	-	-	-	(1,000,403)	(1,036,818)	(2,037,221)
Balance at July 31, 2014	9,142,461	\$ 628,401	\$ 361,500	\$ 415,300	\$ 64,300	\$ -	6,038,333	\$ 549,500	\$ 34,666	\$ (1,854,767)	\$ 363,798	\$ 562,698	

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

GreenBank Capital Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended July 31, 2014	Period from January 30, 2013 <i>(date of incorporation)</i> to July 31, 2013 <i>(Note 12)</i>
Operating Activities		
Net loss for the period	\$ (2,037,221)	\$ (952,772)
Adjustment to reconcile loss to cash flow from operations:		
Share-based compensation	89,000	397,600
Impairment of exploration and evaluation assets	834,288	10,000
Settlement of trade debt with common share consideration	176,416	144,795
Settlement of trade debt with convertible debenture of subsidiary	16,666	-
Interest accretion	8,647	-
Loss on equity-accounted investment	551	-
Impairment of equity-accounted investment	99,449	-
Net change in non-cash working capital items:		
Trade payables and accrued liabilities	236,264	293,339
Prepaid expenses	23,659	(29,682)
HST recoverable	(5,088)	(41,258)
<i>Cash Used In Operating Activities</i>	(557,369)	(177,978)
Financing Activities		
Issuance of common shares on private placements	225,000	-
Issuance of common shares on exercise of warrants	100,000	-
Cash share issue costs incurred on financing	(3,000)	-
Cash received from unit proceeds in advance	-	100,000
Cash received on asset transfers to Hadley and Zara	-	300,000
Due to related parties	85,401	29,436
<i>Cash Provided By Financing Activities</i>	407,401	429,436
Investing Activities		
Additions to exploration and evaluation asset	(10,943)	(9,878)
Due from related company	(13,956)	-
<i>Cash Used In Investing Activities</i>	(24,899)	(9,878)
Net change in Cash	(174,867)	241,580
Cash at Beginning of Year	241,580	-
Cash at End of Year	\$ 66,713	\$ 241,580

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

GreenBank Capital Inc.

Notes to Consolidated Financial Statements

Years ended July 31, 2014 and 2013

(Expressed in Canadian Dollars)

1. Governing Statutes and Nature of Operations

GreenBank Capital Inc. ("GreenBank" or "the Company") was incorporated on January 30, 2013 under the laws of the Province of British Columbia. It was incorporated as a 100% subsidiary of Winston Resources Inc. ("Winston"). Pursuant to a February 7, 2013 plan of arrangement as detailed in Note 10, Winston distributed all of its shares in GreenBank to its Winston shareholders. The Company is engaged in the business of investing in Canadian small cap publicly listed companies. The Company is a public company whose common shares are listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "GBC". The head office of the Company is located at 208 Queens Quay West, Suite 2506, Toronto, Ontario M5J 2Y5.

The Company has a 49.0% interest in Hadley Mining Inc. ("Hadley"), a 35.1% interest in Zara Resources Inc. ("Zara") and a 25.65% interest in Leo Resources Inc. ("Leo"). Although Hadley, Zara and Leo are not legal subsidiaries of the Company, they have common directors and officers giving GreenBank effective control of Hadley, Zara and Leo. Therefore International Financial Reporting Standards ("IFRS") requires that Hadley, Zara and Leo be consolidated into these financial statements.

On January 7, 2014 newly formed subsidiary Bitcoin Angel Capital Inc. ("BAC") acquired 20% of Sovereign Exchange International Inc. ("Sovereign") for preferred shares in BAC. Sovereign operates "The Sovereign Exchange" and is the issuer of the Sovereign virtual trade currency. The Company has re-evaluated the prospects for Sovereign and has fully impaired its investment in Sovereign.

On April 14, 2014, the Company announced that it intended to enter the medical marijuana business and has established a subsidiary, Canada Marijuana Agricorp Inc, which has entered into an agreement to lease land near Tweed, Ontario which it proposes to utilize for the commercial production of medical marijuana.

On June 2, 2014, the Company incorporated a 100% subsidiary GreenBank Financial ("Financial") and has submitted an application with the Ontario Securities Commission for registration as an Exempt Market Dealer which, if approved, will enable Financial to be a dealer or underwriter for any securities which are prospectus exempt, and to be a dealer for any securities provided they are sold to clients who qualify for the purchase of exempt securities

On June 11, 2014, the Company announced that it has signed an agreement to acquire all the rights, title and interest to the GreenCoin cryptocurrency software. Under the agreement, the Company will issue 1,250,000 new common shares from its newly formed subsidiary GreenCoin Inc. After, the transaction, the Company will own 75% of GreenCoin Inc. When all aspects of the GreenCoin software are completed, GreenCoin will be a new innovative cryptocurrency featuring digital identification that aims to resolve the "trust based concerns" with other virtual currencies. On October 22, 2014, the name of GreenCoin Inc. was changed to GreenCoinX Inc.

On November 5, 2013, the Company approved a share consolidation of its common shares on the basis of one new common share for five old common shares to be effective November 15, 2013. All outstanding common shares, options and warrants were adjusted to reflect the consolidation ratio.

GreenBank Capital Inc.

Notes to Consolidated Financial Statements

Years ended July 31, 2014 and 2013

(Expressed in Canadian Dollars)

2. Going Concern Assumption

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern under IFRS. The use of these principles under IFRS assumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge its liabilities in the normal course of operations. The Company has investments in small cap publicly listed companies engaged in Exploration and Evaluation ("E&E") activities and as such active exploration has not commenced. It is unknown whether the E&E contain reserves that are economically recoverable. As a relatively new incorporated Company, that is commencing active operations; it incurs operating losses, which casts significant doubt about the Company's ability to continue as a going concern.

The business of exploration involves a high degree of risk, as such there is no assurance that the Company's expected exploration programs will result in profitable mining operations. Until it is determined that the E&E contain mineral reserves or resources that can be economically mined, they are classified as exploration and evaluation assets under the full cost method of IFRS 6. The Company's continued existence is dependent upon the discovery of economically recoverable reserves and resources, securing and maintaining title and beneficial interest in its E&E, and making the required payments pursuant to E&E purchase agreements. The Company has yet to generate income and cash flows from its operations.

There is no assurance that the Company will be able to obtain the external financing necessary to explore, develop, if E&E are proven successful, and bring to commercial production its E&E. The Company has no proven history of profitability, which casts doubt as to whether the Company will be able to continue as a going concern. The Company recently announced a diversifying into medical marijuana and virtual currency technologies; however, there is no guarantee that these businesses will be profitable. The Company will require financing to fund working capital and capital expenditures for all its activities. The ability of the Company to arrange such financing in the future depends in part upon the prevailing capital market conditions as well as the business performance of the Company. If additional financing is raised by the issuance of shares from the treasury of the Company existing shareholders may have their interest diluted. If adequate financing is not available, the Company may be required to relinquish rights to certain of its interests or terminate its operations.

As at July 31, 2014, the Company had yet to generate revenues from operations and had a deficit of \$1,870,682 (2013 - \$671,364). The Company is actively seeking additional sources of financing. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern that these uncertainties are material and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal 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 to realize its assets and discharge its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. These adjustments could be material.

GreenBank Capital Inc.

Notes to Consolidated Financial Statements

Years ended July 31, 2014 and 2013

(Expressed in Canadian Dollars)

3. Statement of Compliance and Basis of Presentation

(a) Statement of Compliance

The policies applied in these consolidated financial statements are based on IFRS and their interpretations adopted by the International Accounting Standards Board (“IASB”) issued and outstanding as of November 26, 2014, the date the board of directors approved the consolidated financial statements.

(b) Basis of Presentation

These consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for financial instruments which are measured at fair value, and have been prepared using the accrual basis of accounting, as explained in the accounting policies set out in Note 4.

These financial statements are presented in Canadian Dollars, which is the functional currency of the Company.

4. Significant Accounting Policies

These consolidated financial statements have been prepared by management in accordance with IFRS. Outlined below are those policies considered particularly significant:

Principles of consolidation

These consolidated financial statements include the accounts of the Company, newly-formed and 100% owned Bitcoin Angel Capital Inc., 100% owned Canada Marijuana Agricorp Inc. (formerly Bitcoin Canada Investments Inc.), 75% owned GreenCoin Inc., and 100% owned GreenBank Financial Inc. It also includes the Company’s 35.1% owned Zara, 25.65% owned Leo and 49.0% owned Hadley. The Zara, Leo and Hadley shareholdings are less than 50% in each case but the Company still maintains the practical ability to direct the relevant activities of each company as GreenBank has common directors and officers with Zara, Leo and Hadley. The financial statements of Zara, Leo and Hadley are consolidated into the GreenBank financial statements with non-controlling interest. On consolidation, all intercompany transactions, balances, income and expenses are eliminated.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

GreenBank Capital Inc.

Notes to Consolidated Financial Statements

Years ended July 31, 2014 and 2013

(Expressed in Canadian Dollars)

4. Significant Accounting Policies (Continued)

Investments in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies and it is presumed to exist when the Company holds between 20 percent and 50 percent of the voting power of another entity. See Note 1.

An Investment in associates is accounted for using the equity method from the date on which the investee becomes an associate.

On January 7, 2014, the Company's wholly-owned subsidiary Bitcoin Angel Capital Inc. acquired 20% of the common shares of Sovereign Exchange International Inc. (a private company) and is accounting for the acquisition using the equity method.

Intangible Assets

Capitalized software costs are amortized on a straight-line basis over the estimated useful life of five years. Amortization methods, useful lives and residual values are reassessed annually.

Significant Estimates and Judgments

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses.

Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates.

The most significant estimates relate to impairment assessments of E&E, recoverability of HST and the valuation of share-based payments. Other major assumptions is the fair value of related party accounts payable and accounts receivable and the classification of current and non-current. The most significant judgements relate to consolidation, equity accounting, convertible debentures, the use of the going concern assumption in the preparation of the consolidated financial statements, the recognition of deferred income tax assets and liabilities, and the determination of the economic viability of exploration and evaluation assets.

After capitalization, E&E assets are reviewed for indicators of impairment at each reporting period under IFRS 6. Determining if there are any facts and circumstances indicating impairment loss is a subjective process involving judgment and a number of estimates and interpretations in many cases. When an indication of impairment loss exists, the recoverable amount of the cash generating unit ("CGU") must be estimated. Identifying the CGUs requires management judgment. In testing CGUs for impairment, management estimates the recoverable amount of the CGUs. This requires management to make several assumptions as to future events or circumstances.

GreenBank Capital Inc.

Notes to Consolidated Financial Statements

Years ended July 31, 2014 and 2013

(Expressed in Canadian Dollars)

4. Significant Accounting Policies (Continued)

Significant Estimates and Judgments (Continued)

The Company records all share-based compensation using the fair value method. The Company uses the Black-Scholes option pricing model to determine the fair value of share-based compensation. The main factor affecting the estimates of the fair value of stock options is the stock price, exercise price, expected volatility used and the expected duration of the instrument. The Company currently estimates the expected volatility of its common shares based on comparable information derived from the trading history of guideline public companies which are in a similar situation to the Company taking into consideration the expected life of the options.

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements as discussed in Note 2.

Related Party Transactions and Disclosures

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be Individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions are in the normal course of business and have commercial substance and are measured at fair value.

Deferred Income Taxes

Deferred income taxes are provided using the liability method on temporary differences at the end of each reporting period. These taxes represent the differences between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences, the carry forward of unused income tax credits and unused income tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the income tax rates that are expected to apply in the year in which the asset is to be realized or the liability is to be settled. The expected income tax rate utilized is based upon income tax laws that have been enacted or substantively enacted at the date of the statement of financial position.

GreenBank Capital Inc.

Notes to Consolidated Financial Statements

Years ended July 31, 2014 and 2013

(Expressed in Canadian Dollars)

4. Significant Accounting Policies (Continued)

Deferred Income Taxes (Continued)

The deferred income taxes related to equity transactions are recognized directly in equity and not in the statement of profit or loss.

Deferred income tax assets and liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Impairment of Non-Financial Assets

At each reporting date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss, except for E&E which is first assessed against the indicators of IFRS 6. If any such indication exists, the recoverable amount of the asset (or CGU) is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset the Company estimates the recoverable amount of the cash-generating unit (CGU) to which the assets belong.

Recoverable amount is the higher of fair value less disposal cost and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit or loss and other comprehensive income in the period of impairment, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years.

Exploration and Evaluations Assets (“E&E”)

E&E assets consist of exploration and mining concessions, options and contracts. Acquisition costs, lease costs and exploration costs are capitalized and deferred until such time as the property is moved to a mining asset (if it meets the economic and feasible stage) or the properties are disposed of either through sale or abandonment.

GreenBank Capital Inc.

Notes to Consolidated Financial Statements

Years ended July 31, 2014 and 2013

(Expressed in Canadian Dollars)

4. Significant Accounting Policies (Continued)

Exploration and Evaluations Assets ("E&E") (Continued)

E&E costs consist of such items as:

- Acquisition of exploration properties;
- Gathering exploration data through topographical and geological studies;
- Exploratory drilling, trenching and sampling;
- Determining the volume and grade of the resource;
- Test work on geology, metallurgy, mining, geotechnical and environmental; and
- Conducting engineering, marketing and financial studies.

E&E shall be assessed for impairment when one or more of the following facts and circumstances indicate that a specific CGU should be tested for impairment:

- The period for which the entity has the right to explore in the specific area has expired during the financial statement period or will expire in the near future and is not expected to be renewed.
- Substantive expenditures on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned.
- Exploration for and evaluation of mineral resources in the specific area has not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or sale.

The Company estimates the recoverable amount of each CGU, on the basis of areas of interest. Management groups mineral claims that are contiguous and specific to an area that encompasses the same prospective minerals, into one area of interest and assigns a name to this E&E asset.

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

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction – development properties'. E&E are also tested for impairment before the assets are transferred to mines under construction - development properties.

GreenBank Capital Inc.

Notes to Consolidated Financial Statements

Years ended July 31, 2014 and 2013

(Expressed in Canadian Dollars)

4. Significant Accounting Policies (Continued)

Equity Settled Share-Based Payment Transactions

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“the vesting date”). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company’s best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that reporting period and the corresponding amount is represented in share based compensation reserve.

When the share-based payment arrangement has been cancelled or the terms have expired the fair value assigned to the share-based payment arrangement is transferred to contributed surplus.

Share Capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company’s ordinary common shares are classified as equity instruments along with preferred shares issued by its subsidiaries. Incremental direct costs directly attributable to the issue of new shares are recognized in equity as reductions from the gross proceeds received from the issued shares.

Financial instruments

Fair value through profit or loss (FVTPL)

Financial assets that are held with the intention of generating profits in the near term are classified as held for trading within FVTPL. In addition, any other financial assets can be designated by the Company upon initial recognition as held for trading. These instruments are subsequently re-measured at fair value with the change in the fair value recognized as gain or loss in the statement of profit or loss and other comprehensive income during the year.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transactions costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method (“EIR”), less any impairment losses. Amortized 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 amortization is included in finance income in the statement of profit or loss. The losses arising from impairment are recognized in the statement of profit or loss. The Company has classified HST recoverable and due from related company as loans and receivable.

GreenBank Capital Inc.

Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars)

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Other financial liabilities:

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at 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. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Financial instruments recorded at fair value:

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

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

The Company's cash is measured under FVTPL and is considered Level 1 in the hierarchy.

Loss Per Share

Loss per share is calculated based on the weighted average number of shares issued and outstanding during the period. In the periods when the Company reports a net loss, the effect of potential issuances of shares under options and warrants would be anti-dilutive and, therefore, basic and diluted loss per share is the same. The diluted loss per share reflects the potential dilution of common share equivalents, such as the conversion of outstanding stock options, share purchase warrants and debentures, in the weighted average number of common shares outstanding during the year, if dilutive. The treasury stock method is used for the assumed proceeds upon exercise of the options and warrants. For the year ended July 31, 2014, all the outstanding options, warrants and debentures were anti-dilutive.

Foreign Currency Transactions

Items included in the financial statements of each of the Company's entities and investments are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of each investment and entity is the Canadian dollar.

GreenBank Capital Inc.

Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars)

4. Significant Accounting Policies (Continued)

Foreign Currency Transactions (Continued)

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation when items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of the monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss. The Company is not exposed to currency risks as it has no foreign currency denominated working capital balances or any other foreign currency activities.

Preferred Shares

In accordance with IAS 32, the Company has accounted for the convertible preferred shares issued by its subsidiary Zara, as equity, as the preferred shares are non-redeemable and only convertible into common shares of Zara at Zara's option. The dividend on the Zara convertible preferred shares are payable in common shares of Zara and are accrued and paid annually. At July 31, 2014, there was no dividend amounts declared and accordingly no amounts were accrued.

Change in accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after January 1, 2013. The following new standards have been adopted:

(i) IFRS 10 – Consolidated Financial Statements (“IFRS 10”) was issued by the IASB in May 2011. IFRS 10 is a standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity's returns. At August 1, 2013, the Company adopted this pronouncement and there was no impact on the Company's consolidated financial statements.

(ii) IFRS 11 – Joint Arrangements (“IFRS 11”) was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, whereas entities in the latter case account for the arrangement using the equity method. At August 1, 2013, the Company adopted this pronouncement and there was no impact on the Company's consolidated financial statements.

(iii) IFRS 12 – Disclosure of Interests in Other Entities (“IFRS 12”) was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including unconsolidated structured entities. At August 1, 2013, the Company adopted this pronouncement and the impact of consolidating Zara, Hadley and Leo are explained in Note 15.

GreenBank Capital Inc.

Notes to Consolidated Financial Statements

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4. Significant Accounting Policies (Continued)

Change in accounting policies (Continued)

(iv) IFRS 13 - Fair Value Measurement ("IFRS 13") was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a definition of fair value and a single source of fair value measurement considerations. IFRS 13 clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. It also establishes disclosures about fair value measurement. The Company's adoption of IFRS 13, on August 1, 2013, did not have a financial impact upon the consolidated financial statements. The disclosures have been provided accordingly.

(v) In October 2011, the IASB issued IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine. This interpretation requires the capitalization and depreciation of stripping costs in the production phase if an entity can demonstrate that it is probable future economic benefits will be realized, the costs can be reliably measured and the entity can identify the component of the ore body for which access has been improved. At August 1, 2013, the Company adopted this pronouncement and there was no impact on the Company's consolidated financial statements.

(vi) IAS 27 - Separate Financial Statements ("IAS 27") was effective for annual periods beginning on or after January 1, 2013, as a result of the issue of the new standards, IAS 27 has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. At August 1, 2013, the Company adopted this pronouncement and there was no impact on the Company's consolidated financial statements.

Future Accounting Policies

At the date of authorization of these Financial Statements, the IASB has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting period.

- IFRS 9 Financial Instruments ("IFRS 9")
IFRS 9 was issued by the IASB 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. The new standard also requires an expected loss impairment method to be used, replacing the incurred loss impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

GreenBank Capital Inc.

Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars)

4. Significant Accounting Policies (Continued)

Future Accounting Policies (Continued)

- IAS 32 Offsetting Financial Assets and Liabilities ("IAS 32")
IAS 32, this amendment clarifies certain aspects of offsetting and net and gross settlement. The Company has determined that there will be no effect of adoption of amendment to IAS 32 on its financial statements. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014.
- IAS 36 Impairment of Assets ("IAS 36")
IAS 36 is effective for annual periods beginning on or after July 1, 2014. IAS 36 was amended to address the disclosure required for the recoverable amount of impaired assets or CGU for periods in which an impairment loss has been recognized or reversed. There will be no expected impact on the results of operations or presentation.

Various other accounting pronouncements (such as IFRS 14, IFRS 15, and the various annual improvements) that have no material impact to the Company are not included above. The Company has not early adopted these standards. The Company is currently assessing the impact the application of these standards may have on the financial statements of the Company.

5. Financial Instruments and Risk Management

Financial Risk Management Objectives and Policies

The Company is exposed to various financial risks resulting from both its operations and its investments activities. The Company's management, with the Board of Directors oversight, manages financial risks. Where material, these risks will be reviewed and monitored by the Board of Directors. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

Financial Risks

The Company's main financial risk exposure and its financial risk management policies are as follows:

Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is limited to the carrying value amount carried on the statement of financial position. The Company's assets most susceptible to credit risk is its cash, which is held at a Canadian chartered bank in a non-interest bearing account, HST recoverable, which is due from the Canadian government, as well as the amount due from related company, described in Note 13, and is expected to be recoverable. As such, the risk of loss on these assets is minimal.

GreenBank Capital Inc.

Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars)

5. Financial Instruments and Risk Management (Continued)

Financial Risks (Continued)

Market risk

Market risk is the risk of uncertainty arising primarily from possible precious metals and commodity market price movements and their impact on the future economic viability of the Company's projects and ability of the Company to raise capital. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis and adjusting operating and exploration budgets accordingly

Fair value risk

Fair value risk is the potential for fair value fluctuations in the value of a financial instrument. The level of market risk to which the Company is exposed varies depending on market conditions, and expectations of future price and yield movements. The Company believes the carrying amounts of its financial assets and financial liabilities are a reasonable approximation of fair value.

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. As at July 31, 2014, the Company had \$66,713 in cash. The Company will require additional financing to fund its corporate and administrative expenses for the next twelve months and will be seeking additional equity capital to expand investment opportunities. There is no guarantee that market conditions will be conducive to raising such additional equity capital.

The carrying values of the Company's financial instruments carried at amortized cost approximate fair values due to their short duration.

The Company has designated its cash at fair value through profit and loss. The HST recoverable and due from related company is classified as loans and receivables whereby they are initially recognized at fair value and then subsequently carried at amortized cost. Accounts payable and accrued liabilities, due to related parties and convertible debentures are classified as other financial liabilities whereby they are initially recognized at fair value and then measured at amortized cost.

The carrying values, which approximate fair values of the Company's financial instruments, are as follows:

GreenBank Capital Inc.

Notes to Consolidated Financial Statements

Years ended July 31, 2014 and 2013

(Expressed in Canadian Dollars)

5. Financial Instruments and Risk Management (Continued)

Financial Risks (Continued)

	2014	2013
<u>Financial Assets</u>		
<i>Fair value through profit or loss</i>		
Cash	\$ 66,713	\$ 241,580
<i>Loans and receivables</i>		
HST Recoverable	46,346	41,258
Due from related company	13,956	-
<u>Financial Liabilities</u>		
<i>Other financial liabilities</i>		
Accounts payable and accrued liabilities	539,600	293,338
Due to related parties	114,836	29,435
Convertible debenture	90,647	-

6. Capital Management

The Company's objective in managing capital is to ensure continuity as a going-concern and to safeguard its ability to continue its investment activities. The Company manages its capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares and acquire or sell its investments to improve its financial performance and flexibility.

The Company defines its capital as its shareholder's equity. To effectively manage the Company's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has appropriate liquidity to meet its operating and growth objectives. As needed, the Company raises funds through private placements or other equity financings.

The Company's capital management objectives, policies and processes have remained unchanged during the year ended July 31, 2014. The Company is not subject to any capital requirements imposed by a lending institution.

7. Intangible assets

In June 2014, the Company's subsidiary GreenCoinX Inc. (previously known as GreenCoin Inc.) purchased all rights, title and interest to an unfinished cryptocurrency software by the issuance of GreenCoinX common shares with a nominal value of \$12,500. No amortization was recorded during in the year.

GreenBank Capital Inc.

Notes to Consolidated Financial Statements

Years ended July 31, 2014 and 2013

(Expressed in Canadian Dollars)

8. Exploration and Evaluation Assets

	Balance at July 31, 2013	Property Acquisition Costs	Exploration Expenditures	Impairment	Balance at July 31, 2014
Ontario					
Riverbank	\$ 358,000	\$ -	\$ -	\$ (44,750)	\$ 313,250
Etamame	334,700	3,950	-	(288,099)	50,551
Pigeon River	702,400	-	540	(501,439)	201,501
Forge Lake	590,488	-	6,453	-	596,941
	\$ 1,985,588	\$ 3,950	\$ 6,993	\$ (834,288)	\$ 1,162,243

	Balance at January 30, 2013 (date of Incorporation)	Property Acquisition Costs	Exploration Expenditures	Impairment	Balance at July 31, 2013
Ontario					
Riverbank	\$ -	\$ 358,000	\$ -	\$ -	\$ 358,000
Etamame	-	334,700	-	-	334,700
Pigeon River	-	700,000	2,400	-	702,400
Forge Lake	-	584,444	6,044	-	590,488
	\$ -	\$ 1,977,144	\$ 8,444	\$ -	\$ 1,985,588

Riverbank (Leo)

The property is located in Sachigo sub-province, Ontario. The Riverbank property consists of 8 unpatented mining claims. Pursuant to an agreement dated December 17, 2012 between Melkior Resources Inc. ("Melkior") and Zara, whereby Zara can acquire up to 70% undivided interest in the property by incurring certain amount of work expenditures on the property within twenty-four months.

On January 23, 2013, Zara completed the acquisition of 100% of Riverbank claims from Melkior. The consideration was \$68,000 payable by the issuance of 225,000 common shares of Zara at a price of \$0.10 per share and 455,000 non-voting 5% convertible Series A preferred shares of Zara at a price of \$0.10 per share. The preference shares annual yield will be payable in common shares of Zara at the prevailing market price, and are convertible at the discretion of Zara into common shares of Zara at the market price at the time of conversion. Riverbank is also subject to a pre-existing 2% NSR.

On August 2, 2013, Zara completed its Purchase Agreement (the "Agreement") with its subsidiary Leo whereby Leo agreed to purchase from Zara all of Zara's rights, interests, obligations and benefits of the Riverbank property by way of a Plan of Arrangement for the amount of \$358,000. (Note 12)

GreenBank Capital Inc.

Notes to Consolidated Financial Statements

Years ended July 31, 2014 and 2013

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8. Exploration and Evaluation Assets (Continued)

Riverbank (Leo) (Continued)

The Company consolidates both Zara and Leo so the Plan of Arrangement did not affect the consolidated Exploration and Evaluation assets.

Pursuant to the closing of the purchase of the Riverbank property by Leo, one claim was allowed to lapse and accordingly an impairment of exploration and evaluation assets in the amount of \$44,750 was recorded in the statement of profit or loss and other comprehensive income during the year ended July 31, 2014.

Etamame (Hadley)

Hadley acquired 100% of the Etamame Lake Nickel project, located in Northwestern Ontario consisting of 10 claim blocks totaling 142 claim units that have not previously been drilled. It also acquired a geophysical airborne survey (the "Airborne Survey") carried out over Etamame.

On April 8, 2014, management determined that they would not renew nine of ten claim blocks and accordingly recognized an impairment in the amount of \$288,099 during the year ended July 31, 2014 (2013 - \$Nil).

Pigeon River (Zara)

On January 7, 2013, Zara acquired 100% of the Pigeon River claims from Pele Mountain Resources ("Pele") for a purchase price of \$700,000. The Pigeon River property is located in the Southern Province of the Precambrian Shield area of northern-western Ontario, and is located near Thunder Bay, Ontario. The property consists of 28 unpatented mining claims.

The purchase price was paid by the issuance of 2,250,000 common shares of Zara at a price of \$0.10 per share and 4,750,000 non-voting 5% convertible Series B preferred shares of Zara at price of \$0.10 per share. The preference shares annual yield will be payable in common shares of Zara at the prevailing market price. The property is also subject to a 2% NSR of which 0.5% is granted to Pele and 1.5% is granted to 2212150 Ontario Inc. (operating as Vanex Exploration). The 2,250,000 Zara common shares were valued at \$225,000 and Series B non-voting convertible 5% preference shares of Zara were valued at \$475,000.

During the year ended July 31, 2014, management made the decision to abandon 20 of the Pigeon River claims. As a result, the Company recognized an impairment of the evaluation and exploration assets of \$501,439

Forge Lake (Zara)

On April 16, 2013, Zara completed the acquisition of 100% of the Forge Lake Gold Project located in Ontario from Hudson River Minerals Ltd ("HRM") for the sum of \$583,010. Zara acquired the property by the purchase of all the rights, title and interest to that certain Mineral Exploration Agreement dated November 1, 2011 (the "Licence") between HRM and 3011650 Nova Scotia Ltd. ("Licensor"). The License is subject to an original 5 years with an extension for a further 5 years and the right to convert from a license into a lease with rights to enter commercial production. If the property goes into production, there is a 3.0% royalty, of which the first 1% can be purchased for \$1 Million and the

GreenBank Capital Inc.

Notes to Consolidated Financial Statements

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8. Exploration and Evaluation Assets (Continued)

Forge Lake (Zara) (Continued)

second 1% can be re-purchased for \$1 Million for each 0.5%. As consideration, Zara issued HRM 5,715,780 common shares at a price of \$0.10 per common share. The consideration is subject to an agreement whereby HRM distributes the shares to its shareholders within 18 months and until such time distribution takes place the shares cannot be sold and voting rights are to be exercised by Danny Wetreich, the CEO of Zara, under a voting rights agreement. Refer to Note 19(c).

In addition, Zara issued 2% of the \$583,010 value to the Licensor or \$11,432 payable through the issue of 114,316 common shares during fiscal 2013 and guarantees three years of license and tax payments to the Licensor.

9. Accounts Payable and Accrued Liabilities

	2014		2013
Accounts payable	\$ 489,600	\$	155,045
Accrued liabilities	50,000		138,293
	\$ 539,600	\$	293,338

The accounts payable and accrued liabilities which arise from the Company's day to day operations have standard vendor terms and are normally settled between one and two months

The following is an aged analysis of the accounts payable and accrued liabilities

	2014		2013
Less than one month	\$ 59,114	\$	224,912
One to three months	102,224		69,426
Over three months	378,262		-
Total accounts payable and accrued liabilities	\$ 539,600	\$	293,338

10. Share Capital

(a) Authorized Share Capital

The Company's authorized share capital includes:

- (i) an unlimited number of common shares without par value;
- (ii) an unlimited number of \$1 Series A, B and C non-voting preferred shares

Each series of preferred shares may be converted into common shares at the option of the Company. Each series of preferred shares are convertible into such number of common shares equal to the quotient of the original issue price divided by the current market price on the date of conversion. Each series of preferred shares are subject to cumulative dividends at the rate of 5% per annum, which is payable in common shares of the Company based upon the prevailing market price of the common shares. At July 31, 2014, no dividend amounts have been declared.

GreenBank Capital Inc.

Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars)

10. Share Capital (Continued)

(a) Authorized Share Capital (Continued)

(iii) The Company's affiliate, Zara has issued

455,000 non-voting 5% convertible Series A preferred shares.
4,750,000 non-voting 5% convertible Series B preferred shares
833,333 non-voting 5% convertible Series C preferred shares

The 5% annual yield on each series will be payable in common shares of Zara at the prevailing market price, and are convertible at the discretion of Zara into common shares at the market price at the time of conversion.

(b) Share Consolidation

On November 5, 2013, the Company approved a share consolidation of its common shares on the basis of one new common share for five old common shares to be effective November 15, 2013. All outstanding common shares, options and warrants and the amounts reported in these consolidated financial statements have been retroactively restated to reflect the share consolidation.

(c) Private Placements

(i) On June 21, 2013, the Company's subsidiary Zara closed a private placement raising gross proceeds of \$100,000. The Company issued 833,333 units at a price of \$0.12 per unit. Each unit is comprised of one common share and two share purchase warrants, with each warrant exercisable into one common share at an exercise price of \$0.12 per share until June 20, 2015. A total of \$113,000 was allocated to the warrants using the Black-Scholes pricing model based on the following assumptions: dividend yield rate of 0%, volatility of 109%, risk free interest rate of 1.23% and an expected life of 2 years.

(ii) On August 1, 2013 the Company's subsidiary Zara closed a private placement of 833,333 Units in the capital of Zara at \$0.12 per unit for the aggregate subscription amount of \$100,000. Each Unit consists of one Series C Preferred Share with a 5% yield payable in common shares of Zara at the prevailing market price and convertible into common shares on a one for one basis, and two common share purchase warrants, each warrant being exercisable for 36 months into one common share of Zara at \$0.18 per share.

Fair value for the warrants as estimated using the Black-Scholes pricing model based on the following assumptions: dividend yield rate of 0%, volatility of 109%, risk free rate of 1.31%, and an expected life of 3 years yielded a value greater than the \$100,000 face value. It was then determined by management, based on the proportion of shares and warrants issued, that an allocation of 2/3 to the warrants and 1/3 to the Series C Preferred shares would be reasonable. Accordingly the \$100,000 face value was allocated to the warrants in the amount of \$66,667 and to the Series C Preferred Shares in the amount of \$33,333.

GreenBank Capital Inc.

Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars)

10. Share Capital (Continued)

(c) Private placements (Continued)

The proceeds of the private placement will be used for general corporate purposes. The Company incurred \$13,000 in finder's fees in connection with the private placement.

(iii) On November 27, 2013, the Company completed a non-brokered private placement with a director of the Company, for 2,000,000 units of the Company at a price of \$0.05 per Unit, for proceeds of \$100,000. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each common share purchase warrant entitles the holder to acquire one additional common share in the capital of the Company at an exercise price of \$0.05, for 36 months after closing. The proceeds of the Private Placement will be used for working capital purposes. On January 1, 2014, the warrants were exercised providing a further \$100,000 in cash.

(iv) On May 24, 2014, the Company's subsidiary Leo closed a private placement with a director raising gross proceeds of \$125,000. Leo issued 2,500,000 units at a price of \$0.05 per unit. Each unit is comprised of one common share and one share purchase warrant, with each warrant exercisable into one common share at an exercise price of \$0.05 per share until May 23, 2017. A total of \$80,000 was allocated to the warrants using the Black-Scholes pricing model based on the following assumptions: share price of \$0.05, dividend yield rate of 0%, volatility of 109%, risk free interest rate of 1.14% and an expected life of 3 years

(d) Shares issued on debt settlement

(i) On May 24, 2013, the Company's subsidiary Zara effected a conversion of \$10,000 of trade debt into Units of Zara, each Unit comprising of one common share at \$0.11 per share and one warrant exercisable at \$0.1375 and expiring May 24, 2016. The debt conversion resulted in the issuance of 90,909 common shares and 90,909 warrants. The debt was related to legal costs payable to an arm's length legal firm. The fair value of the warrants was \$6,000. Fair value was estimated using the Black-Scholes pricing model based on the following assumptions: dividend yield rate of 0%, volatility of 105%, risk free rate of 1.15%, and an expected life of 3 years.

(ii) On July 2, 2013, the Company's subsidiary Zara effected a conversion of \$49,545 of trade debt into Units of Zara, each Unit comprising of one common share at \$0.12 per share and one warrant exercisable at \$0.18 per share and expiring July 2, 2016. The debt conversion resulted in the issuance of 412,875 common shares and 412,875 warrants. The debt was related to legal costs payable to an arm's length legal firm. The fair value of the warrants was \$29,000. Fair value was estimated using the Black-Scholes pricing model based on the following assumptions: dividend yield rate of 0%, volatility of 109%, risk free rate of 1.22%, and an expected life of 3 years.

GreenBank Capital Inc.

Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars)

10. Share Capital (Continued)

(d) Shares issued on debt settlement (Continued)

(iii) On November 6, 2013, the Company's subsidiary Zara effected a conversion of \$176,416 of trade debt into units of Zara, each unit comprising of one common share at \$0.06 per share and one warrant exercisable at \$0.09 per share and expiring November 6, 2016. The debt conversion resulted in the issuance of 2,948,416 common shares and 2,948,416 warrants. The debt was related to legal costs payable to an arm's length legal firm. The fair value of the warrants was \$60,500 and was estimated using the Black-Scholes pricing model based on the following assumptions: dividend yield rate of 0%, volatility of 109%, risk free rate of 1.24%, and an expected life of 3 years. No commission was payable in relation to this debt conversion.

(e) Shares issued on acquisition of mineral properties

On January 7, 2013, the Company's subsidiary Zara issued 2,250,000 common shares at an issue price of \$0.10 per share and 4,750,000 non-voting preference shares for a total of \$700,000. As part of the agreement 200,000 warrants were to be issued to Vanex Exploration with an exercise price of \$0.20 per share until January 6, 2015. A total of \$8,000 was allocated to the warrants using the Black-Scholes pricing model based on the following assumptions: dividend yield rate of 0%, volatility of 105%, risk free interest rate of 1.17% and an expected life of 2 years.

(f) Stock Options

The Company has a stock option plan in place under which the Board of Directors may grant options to acquire common shares of the Company to qualified directors, officers, employees and other service providers. The stock options vest according to the provisions of the individual option agreements approved by the directors' resolutions and have a maximum life of ten years. The plan allows for the issuance of up to 10% of the number of issued and outstanding common shares of the Company at any time on a non-diluted basis.

GreenBank Capital Inc.

Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars)

10. Share Capital (Continued)

(f) Stock Options (Continued)

The following table summarizes the activity in the Plan over the period.

	Fair Value	Number of Options	Weighted Average Exercise Price
Granted – December 28, 2012 (Zara.)	\$ 170,800	2,450,000	\$ 0.10
Granted – December 28, 2012 (Hadley)	170,800	2,450,000	0.10
Granted – May 30, 2013	30,000	500,000	0.25
Granted – June 21, 2013 (Zara)	26,000	400,000	0.12
Outstanding, July 31, 2013	397,600	5,800,000	\$ 0.114
Granted – January 1, 2014	50,100	300,000	0.25
Granted – April 14, 2014	5,100	100,000	0.25
Granted – May 23, 2014 (Leo)	17,400	500,000	0.05
Granted – May 28, 2014	3,700	60,000	0.11
Granted – June 16, 2014	5,700	100,000	0.125
Cancelled - during the year	(20,500)	(150,000)	(0.25)
Cancelled - during the year (Zara)	(21,900)	(400,000)	(0.10)
Cancelled - during the year (Hadley)	(21,900)	(400,000)	(0.10)
Outstanding, July 31, 2014	\$415,300	5,910,000	\$ 0.115
Exercisable, July 31, 2014	\$415,300	5,910,000	

During the year ended July 31, 2013, the Company and its subsidiaries granted a total of 5,800,000 stock options that vested on the grant date. The fair value of \$397,600 was estimated using the Black-Scholes pricing model based on the following assumptions: dividend yield rate of 0%, forfeiture rate of 0%, volatility ranging from 105% to 109%, risk free rate ranging from 1.08% to 1.48%, and an expected life ranging from 2 to 5 years.

During the year ended July 31, 2014, the Company and its subsidiaries granted a total of 1,060,000 stock options that vested on the grant date. The fair value of \$82,000 was recognized as share-based compensation and was estimated using the Black-Scholes pricing model based on the following assumptions: share price ranging from \$0.05 to \$0.25, dividend yield rate of 0%, forfeiture rate of 0%, volatility of 109%, risk free rate ranging from 1.05% to 1.95%, and an expected life ranging from 1.1 to 4.4 years.

At July 31, 2014, there were 5,910,000 vested options.

GreenBank Capital Inc.

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10. Share Capital (Continued)

(f) Stock Options (Continued)

The following table sets out the details of the stock options granted and outstanding as at July 31, 2014:

Number of stock options		Remaining contractual life	Exercise price per share	Expiry Date
400,000	Zara	0.41 years	0.10	December 28, 2014
400,000	Hadley	0.41 years	0.10	December 28, 2014
1,650,000	Zara	3.41 years	0.10	December 28, 2017
1,650,000	Hadley	3.41 years	0.10	December 28, 2017
400,000		3.83 years	0.25	May 30, 2018
100,000		0.83 years	0.25	May 30, 2015
400,000	Zara	0.89 years	0.12	June 21, 2015
100,000		3.83 years	0.25	May 30, 2018
50,000		0.83 years	0.25	May 30, 2015
100,000		0.83 years	0.125	May 30, 2015
200,000	Leo	1.81 years	0.05	May 23, 2016
300,000	Leo	4.81 years	0.05	May 23, 2019
60,000		1.82 years	0.05	May 28, 2016
100,000		1.88 years	0.05	June 16, 2016
5,910,000		2.68 years	\$0.115	

(g) Warrants

The issued and outstanding warrants balance at July 31, 2014 is comprised as follows:

Date of Expiry	Description	Fair Value	Number of Warrants	Exercise Price
January 6, 2015	Warrants (Zara)	\$ 8,000	200,000	\$ 0.20
May 24, 2016	Warrants (Zara)	6,000	90,909	\$ 0.1375
June 21, 2015	Warrants (Zara)	113,000	1,666,666	\$ 0.12
July 2, 2016	Warrants (Zara)	29,000	412,875	\$ 0.18
August 1, 2016	Warrants (Zara)	58,000	1,666,666	\$ 0.18
November 6, 2016	Warrants (Zara)	60,500	2,948,416	\$ 0.09
May 23, 2017	Warrants (Leo)	80,000	2,500,000	\$ 0.05
April 21, 2016	Warrants	7,000	100,000	\$ 0.125
		\$ 361,500	9,585,532	

During the year ended July 31, 2014, the Company granted 100,000 warrants. The fair value of \$7,000 was recognized as share-based compensation and was estimated using the Black-Scholes pricing model based on the following assumptions: share price of \$0.12, dividend yield rate of 0%, forfeiture rate of 0%, volatility of 109%, risk free rate of 1.07% and an expected life ranging from 2 years.

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10. Share Capital (Continued)

(h) Distributions in Kind

In August 2013, pursuant to a plan of arrangement with Leo as detailed in Note 14, the Company's subsidiary Zara declared a distribution of 13,737,500 common shares of Leo at a value of \$358,000. The Company received 6,730,000 shares of Leo at a value of \$175,000 and other Leo shareholders received 7,007,500 shares of Leo at a value of \$183,000. The distribution was on a pro rata basis whereby one share of Leo was issued for every two share of Zara held. The intercompany distribution in the amount of \$175,000 has been eliminated on consolidation leaving \$183,000 as the distribution in kind for the year ended July 31, 2014.

11. Equity Investments

On January 7, 2014, the Company's wholly-owned subsidiary Bitcoin Angel Capital Inc. acquired 20% of the common shares of Sovereign (a private company) and is accounting for the acquisition using the equity method.

The Company has re-evaluated the prospects for Sovereign and has fully impaired its investment.

	2014	2013
Sovereign Exchange International		
Common shares (20.0%)	\$ 100,000	\$ -
Share of equity loss recognized (January 7, 2014 to March 31, 2014)	(551)	-
	99,449	\$ -
Impairment of investment	(99,449)	-
Balance – July 31, 2014	\$ -	\$ -

12. Convertible Debentures

(a) On January 7, 2014, the Company's wholly owned subsidiary Bitcoin Angel Capital Inc. ("BAC") issued \$100,000 Convertible Debentures Series B to acquire 20% of the outstanding shares of Sovereign Exchange International Inc. ("Sovereign"). Each \$1 Series B Debenture may be converted into four common shares of Bitcoin at the time Bitcoin lists on the CSE. Unless repaid early or converted to common shares, the obligation will be due and payable by December 31, 2015. The holder has the right to receive a yield prior to conversion, 10% of the net profits after expenses from Bitcoin's sale of shares of Sovereign on a quarterly basis. The Series B Debenture is secured by the shares of Sovereign held by Bitcoin.

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12. Convertible Debentures (Continued)

The Series B Debenture contains both a liability component and an equity component, being the holder's conversion right, which has been separately presented in the consolidated statement of financial position using the residual method. At issuance, the Company estimated the fair value of the conversion option by deducting the present value of the future cash outflows of the debenture from the face value of the principal of the Series B Debenture. The \$70,000 fair value of the liability component was determined by discounting the stream of future payment of principal at the estimated prevailing market rate of 20% for a comparable debt instrument that excluded any conversion privilege by the holder. The Company's intention is to hold the investment in Sovereign Exchange for the long-term. The residual carrying value of the Series B Debenture is required to be accreted to the redemption value of the Series B Debenture to the maturity date of the Series B Debenture based on an effective annual interest rate of 20%. The value of the conversion feature has been accounted for as equity in the amount of \$30,000 and the liability portion has been accounted for in the amount of \$70,000 at July 31, 2014.

(b) On May 11, 2014, the Company's wholly owned subsidiary BAC issued \$16,666 Convertible Debentures Series A to settle a liability of the Company. Each \$1 Series A Debenture may be converted into four common shares of Bitcoin at the time Bitcoin lists on the CSE. Unless repaid early or converted to common shares, the obligation will be due and payable by December 31, 2015.

The Series A Debenture contains both a liability component and an equity component, being the holder's conversion right, which has been separately presented in the consolidated statement of financial position using the residual method. The Company has allocated the \$16,666 face value of the Series A Debenture to the liability and equity components. At issuance, the Company estimated the fair value of the conversion option by deducting the present value of the future cash outflows of the debenture from the face value of the principal of the Series A Debenture. The residual carrying value of the Series A Debenture is required to be accreted to the redemption value of the Series A Debenture to the maturity date of the Series A Debenture based on an effective annual interest rate of 20%. The value of the conversion feature has been accounted for as equity in the amount of \$4,666 and the liability portion has been accounted for in the amount of \$12,000 at July 31, 2014.

The balance at July 31, 2014 is made up as follows:

	<u>Series B</u>	<u>Series A</u>	<u>Total</u>
Principal balance repayable	\$ 100,000	\$ 16,666	\$ 116,666
Less: value of conversion feature	(30,000)	(4,666)	(34,666)
	70,000	12,000	82,000
Interest accretion for the year	8,108	539	8,647
	<u>\$ 78,108</u>	<u>\$ 12,539</u>	<u>\$ 90,647</u>

GreenBank Capital Inc.

Notes to Consolidated Financial Statements

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13. Related Party Transactions and Disclosures

Related party transactions were in the normal course of operations. At July 31, 2014 the due from related company in the amount of \$13,956 (2013 - \$Nil) is due from Winston. At July 31, 2014, the due to related parties in the amount of \$114,836 (2013 - \$29,435) is comprised of a payable to a director in the amount of \$12,764 (2013 - \$845), due to a private company controlled by a director in the amount of \$102,072 (2013 - \$27,000), and due to Winston of \$Nil (2013 - \$1,590). All of the amounts are interest-free and due on demand.

Key Management compensation

During the year ended July 31, 2014, the Company incurred management fee expenses of \$122,000 (2013 - \$128,000) to a private company controlled by an officer and director, for the provision of management services. As at July 31, 2014, the amount of \$117,240 (2013 - \$144,640) was owed thereto has been included in accounts payables and accrued liabilities.

In addition, during the year ended July 31, 2014, the Company has incurred fees of \$50,000 (2013 - \$Nil) to a private company controlled by a director of Zara for the provision of consulting fees in the amount of \$40,000 and finder's fees of \$10,000. At July 31, 2014, the amount of \$56,500 (2013 - \$Nil) related thereto has been included in accounts payables and accrued liabilities.

During the year, the Company granted 1,270,000 options (2013 - 5,800,000) to directors and they were assigned a fair value of \$89,000 (2013 - \$397,800).

The majority shareholders and their beneficial ownership are as follows:

Mark Wettreich, director/officer	43.75%
Daniel Wettreich, director/officer	21.47%

14. Plans of Arrangement

(i) On February 8, 2013, GreenBank entered into a Plan of Arrangement (the "Winston Plan") and acquired certain assets from Winston, its then parent company. Under the terms of the Winston Plan, GreenBank issued 5,142,460 common shares to Winston in exchange for 2,692,000 common shares of Zara and 2,450,000 common shares of Hadley. In addition, the Winston board of directors approved a spinoff to its shareholders 100% of its wholly-owned subsidiary GreenBank. The GreenBank common shares were transferred to Winston shareholders at the rate of one GreenBank share for every 2.567 Winston shares.

GreenBank Capital Inc.

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14. Plans of Arrangement (Continued)

A special meeting of Winston shareholders was held on April 15, 2013 at which the shareholders voted and approved the Winston Plan. Court approval was also obtained and spin-off was completed shortly thereafter. The Company is no longer a subsidiary of Winston. On April 17, 2013, the Company announced its common shares were now listed on the CSE under the symbol "GBC".

All costs and expenses of the transactions under the Winston Plan, including legal, financial advisory, regulatory, printing and mailing costs, were paid and borne by Winston.

(ii) On March 20, 2013, the Company's subsidiary Zara entered into a purchase agreement with its own subsidiary Leo. Under the terms of the Agreement, Leo agreed to purchase from the Zara, all of Zara's rights, interests, obligations and benefits of the Riverbank property ("Riverbank") for \$358,000. The Riverbank property consists of 8 unpatented mining claims comprising 87 claim units. The claims are located in the Kasabonika-McFauld's Greenstone Belt northeast of Thunder Bay and north of Geraldton, Ontario. Riverbank is subject to a pre-existing 2% NSR payable to Melkior Resources Inc.

In consideration, Leo issued 13,737,500 common shares of Leo to Zara at an attributed issue price of \$0.02606 per share for a total of \$358,000. In addition, as part of the Agreement, Leo issued to Zara, 100,000 Series A preferred shares for the sum of \$100,000 cash.

On March 20, 2013, Zara announced that its board of directors has unanimously approved a proposal to spin-off to its shareholders 100% of its shares in Leo. Following the spin-off, Leo applied for listing its common shares on the CSE. The spin-off was transacted by way of a statutory plan of arrangement (the "Leo Plan") under the Business Corporations Act (British Columbia). During the period ended October 31, 2013, pursuant to the terms of the Leo Plan, Zara distributed 13,737,500 common shares of Leo to holders of common shares of the Zara on the Share Distribution Record Date. Each Zara shareholder of record on the Share Distribution Record Date received 1 common share in the capital of Leo for every 2 common shares in the capital of Zara. A Special Meeting ("Meeting") of the Zara shareholders was held on May 14, 2013 at which time the shareholders voted to approve Leo Plan and a continuance of Zara into British Columbia. The spin-off was subject to numerous conditions including court approval, and completion of all regulatory filings. The continuance was granted in Ontario and British Columbia during the period and facilitated the spin off by way of statutory plan of arrangement under the Business Corporations Act of British Columbia.

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15. Non-Controlling Interests

The Company has a 49.0% interest in Hadley Mining Inc. (“Hadley”), a 35.1% interest in Zara Resources Inc. (“Zara”) and a 25.65% interest in Leo Resources Inc. (“Leo”). Although Hadley, Zara and Leo are not legal subsidiaries of the Company, they have common directors and officers giving GreenBank effective control of Hadley, Zara and Leo. Therefore Hadley, Zara and Leo are consolidated into these financial statements with non-controlling interest.

	Hadley Mining Inc.	Zara Resources Inc.	Leo Resources Inc.	GreenCoin Inc.	Total
Share of net loss	\$ (58,238)	\$ (223,170)	\$ -	\$ -	\$ (281,408)
Contributions	221,700	1,103,906	-	-	1,325,606
Balance – July 31, 2013	\$ 163,462	\$ 880,736	\$ -	\$ -	\$ 1,044,198
Share of net loss	(179,377)	(737,222)	(119,826)	(393)	(1,036,818)
Contributions	-	115,918	228,000	12,500	356,418
Balance – July 31, 2014	\$ (15,915)	\$ 259,432	\$ 108,174	\$ 12,107	\$ 363,798

16. Income Taxes

The Company’s income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate. A reconciliation of the combined Canadian federal and provincial income tax rates with the Company’s effective tax rate is as follows:

	2014	2013
Loss before income taxes	\$ (2,037,221)	\$ (952,772)
Combined statutory rate	26.50%	26.50%
	(540,000)	(252,000)
Share-based compensation	24,000	97,000
Write-down of exploration and evaluation assets	221,000	3,000
Write-off of equity-accounted investment	26,000	-
Other	3,000	-
Tax benefits not recognized	266,000	152,000
	\$ -	\$ -

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16. Income Taxes (continued)

Deferred income tax assets (Continued)

The tax effects of temporary differences that give rise to significant portions of future tax assets are as follows:

	2014	2013
Benefit of losses	\$ 418,000	\$ 150,000
Mineral property exploration	225,000	5,000
Share issue costs	3,000	-
Less: Valuation allowance (impairment)	(646,000)	(155,000)
	\$ -	\$ -

Deferred income tax assets have been impaired in respect of these items because it is not probable that future profit will be available against which the Company can utilize the benefits therefrom.

As at July 31, 2014, the Company has Canadian non-capital losses of approximately \$1,578,000 (2013 - \$575,000) available for deduction against future Canadian taxable income, the balances of which will expire as follows:

2033	\$ 575,000
2034	1,003,000
	<u>\$ 1,578,000</u>

The Company has Canadian capital losses of approximately \$50,000 as at July 31, 2014 (2013 - \$Nil). These losses do not expire and can be utilized against future taxable gains.

17. Contingency

On November 26, 2014, the Company's subsidiary Zara became aware of a claim by a law firm for legal expenses. The Company is of the opinion that if a formal claim is made, such a claim would be frivolous and completely without merit and has commenced investigation into the matter. As such, a contingent liability has not been set up on the financial statements as the outcome is not determinable.

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18. Segmented Information

The Company's operations are comprised of a single reporting operating segment engaged in the exploration and evaluation of mineral resources. As the operations comprise a single reporting segment, amounts disclosed in the financial statements also represent a single reporting segment. As at July 31, 2014, all of the Company's investment assets and liabilities are situated in Canada.

19. Events after the Reporting Period

(a) During the period, the Company's subsidiary Zara reached an agreement to settle \$206,766 of trade debt into units of the Company, each unit comprising of one common share at \$0.05 per share and one warrant exercisable at \$0.05 for 24 months. The debt conversion has not yet been transacted but will result in the issue of 4,135,320 common shares and 4,135,320 warrants. The debt is related to legal costs payable to an arm's length legal firm. No commission will be payable in relation to this settlement. The proposed settlement date of the debt is November 27, 2014 (see Note 19 (f) below)

(b) On June 1, 2014, the Company's subsidiary Zara reached an agreement for conversion of \$50,000 of trade debt into warrants to acquire 1,000,000 common shares of the Company at \$0.05 per share or the market price whichever is the higher. The debt is related to consulting and finder's fee services provided by a director of the Company. The proposed settlement date of the debt is November 27, 2014 (see Note 19 (f) below)

(c) On October 17, 2014, the Company's subsidiary Zara has cancelled 5,715,780 common shares based on the Mining Claim Assignment Agreement dated April 16, 2013 between the Company and Hudson River Minerals Ltd ("Hudson") due to Hudson failing to distribute the 5,715,780 Company common shares to Hudson shareholders within the required time frame.

(d) On August 1, 2014 the Company's subsidiary Leo announced that it had obtained a listing for its common shares on the Frankfurt Stock Exchange. The Company will maintain its primary listing on the Canadian Stock Exchange.

(e) On October 3, 2014, the Company completed a private placement with a director of the Company for of 2,000,000 units of the Company at a price of \$0.05 per Unit, for gross proceeds of \$100,000. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each common share purchase warrant entitles the holder to acquire one additional common share in the capital of the Company at an exercise price of \$0.05, for 36 months after closing.

(f) The Company's subsidiary Zara reached an agreement to settle indebtedness (including indebtedness described in Note 19 (a) and 19 (b) above) owing to four different parties in the total amount of \$483,808 by the issuance of a total of 9,676,160 common shares at \$0.05 per common share. No commission is payable in relation to the Debt Conversion. The common shares are subject to a hold period of four months and a day.