

INEXCO MINING CORP.
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED JANUARY 31, 2015
AND JANUARY 31, 2014
(UNAUDITED)

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited financial statements have been prepared by management and approved by the Audit Committee.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute to Chartered Accountants for a review of interim financial statements by an entity's auditors.

INEXCO MINING CORP.**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION****EXPRESSED IN CANADIAN DOLLARS****UNAUDITED**

	January 31, 2015	October 31, 2014
ASSETS		
Current		
Cash	\$ 611	\$ 7,721
Amounts receivable	4,961	1,123
Prepaid expenses	25,000	25,000
	<hr/> 30,572	<hr/> 33,844
Exploration and evaluation asset (Note 6)	213,709	213,709
	<hr/> \$ 244,281	<hr/> \$ 247,553
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 102,616	\$ 34,817
Loan payable	500	—
	<hr/> 103,116	<hr/> 34,817
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	670,572	656,364
Subscription receivable	—	—
Contributed surplus	464,348	471,056
Deficit	(993,755)	(914,684)
	<hr/> 141,165	<hr/> 212,736
	<hr/> \$ 244,281	<hr/> \$ 247,553

NATURE AND CONTINUANCE OF OPERATIONS (Notes 1 and 2 b)
COMMITMENTS (Notes 6)

Authorized for issuance on behalf of the Board on March 12, 2015

“Craig Engelsman ” Director

“Quinn Field-Dyte ” Director

INEXCO MINING CORP.**CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS****EXPRESSED IN CANADIAN DOLLARS****UNAUDITED**

	Three months ended January 31, 2015	Three months ended January 31, 2014
Expenses		
Management fees	\$ 2,500	\$ 3,000
Office and miscellaneous	1,699	217
Professional fees	61,886	2,400
Rent	—	2,027
Transfer agent and filing fees	12,986	—
Net loss and comprehensive loss	\$ (79,071)	\$ (7,644)
Loss per share (basic and diluted)	\$ (0.01)	\$ (0.01)
	9,996,518	8,402,250

The accompanying notes are an integral part of these financial statements

INEXCO MINING CORP.**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY****(EXPRESSED IN CANADIAN DOLLARS)
UNAUDITED**

	Common Shares		Contributed Surplus	Deficit	Total
	Number of Shares	Amount \$			
Balance, October 31, 2014	9,964,996	656,364	471,056	(914,684)	212,736
Stock options exercised	50,000	14,208	(6,708)	–	7,500
Net loss and comprehensive loss for the period	–	–	–	(79,071)	(79,071)
Balance, January 31, 2015	10,014,996	670,572	464,348	(993,755)	141,165
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Balance, October 31, 2013	3,375,000	194,599	174,400	(328,299)	40,700
Forward split	3,375,000	–	–	–	–
Issued for cash	2,000,000	110,000	–	–	110,000
Net loss and comprehensive loss for the period	–	–	–	(7,644)	(7,644)
Balance, January 31, 2014	8,750,000	304,599	174,400	(335,943)	143,056

The accompanying notes are an integral part of these financial statements

INEXCO MINING CORP.**CONDENSED INTERIM STATEMENTS OF CASH FLOWS****EXPRESSED IN CANADIAN DOLLARS****UNAUDITED**

	Three months ended January 31, 2015	Three months ended January 31, 2014
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the period	\$ (79,071)	\$ (7,644)
Items not involving cash:		
Share-based payments	—	—
	(79,071)	(7,644)
Changes in non-cash working capital balances:		
Amounts receivable	(3,838)	2,504
Accounts payable and accrued liabilities	67,799	4,395
Loan payable	500	—
	(14,610)	(745)
INVESTING ACTIVITY		
Exploration and evaluation assets expenditures	—	—
	—	—
FINANCING ACTIVITIES		
Share subscriptions	—	(110,000)
Cash received for share issuance	7,500	110,000
	7,500	—
CHANGE IN CASH DURING THE PERIOD	(7,110)	(745)
CASH, BEGINNING OF PERIOD	7,721	2,034
CASH, END OF PERIOD	\$ 611	\$ 1,289
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ —	\$ —
Income tax paid	\$ —	\$ —
Share issued for exploration and evaluation asset	\$ —	\$ —

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS

Inexco Mining Corp. ("the Company") was incorporated on May 11, 2011 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is Suite 1330 – 1075 West Georgia Street, Vancouver, British Columbia, Canada.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at January 31, 2015, the Company had not yet determined whether the property contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the properties or realizing proceeds from their disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company had a deficit of \$993,775 as at January 31, 2015, which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These financial statements do not give affect to any adjustments which would be necessary should the company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting ("IAS34") 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"). They do not include all financial information required for full annual financial statements and should be read in conjunction with the Audited Financial Statements of the Company for the year ended October 31, 2014.

The financial statements are prepared in accordance with accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretation of the International Financial Reporting Interpretation Committee ("IFRIC").

The financial statements were authorized for issue by the Board of Directors on March 12, 2015.

b) Basis of presentation

The financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Cash and cash equivalents

Cash in the statements of financial position is comprised of cash in banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

e) Share-based compensation

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

g) Foreign currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates ("the functional currency"), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the statement of comprehensive loss.

h) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable. The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

j) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

k) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. As at January 31, 2015, the Company has not classified any financial assets as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At January 31, 2015, the Company has not classified any financial assets as available for sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. At January 31, 2015, the Company has not classified any financial liabilities as FVTPL.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Significant accounting estimates

- i. the assessment of indications of impairment of the mineral property and related determination of the net realizable value and write-down of the mineral property where applicable;
 - ii. the estimated value of the acquisition costs which are recorded in the statement of financial position; and
 - iii. the measurement of deferred income tax assets and liabilities.
3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Significant accounting judgments

- i. the determination of categories of financial assets and financial liabilities; and
- ii. the evaluation of the Company's ability to continue as a going concern.

4. ADOPTION OF NEW OR AMENDED ACCOUNTING STANDARDS

On November 1, 2013, the Company adopted the following new accounting standards that were previously issued by the IASB:

IFRS 7 - Financial Instruments: Disclosures

IFRS 7 requires entities to provide additional information about offsetting of financial assets and financial liabilities that will enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognized financial assets and recognized financial liabilities, on the entity's financial position. The adoption of this IFRS did not impact the Company's financial statements.

IFRS 10 - Consolidated Financial Statements

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 provides definition of control, focusing on the need to have power over the investee, exposure to variable returns from its involvement with the investee and the ability to use its power over the investee to affect its returns. The Company applied IFRS 10 at November 1, 2013, and did not have an impact on the financial statements

IFRS 11 – Joint Arrangements

The amendments of IFRS 11 reduce the types of joint arrangements to either joint ventures or joint operations. IFRS 11 requires the use of equity accounting for interests in joint ventures, eliminating the existing choice of proportionate consolidation for jointly controlled entities. Joint operations are arrangements where the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. The Company applied IFRS 11 at November 1, 2013, and did not have an impact on the financial statements as the Company does not have any joint arrangements.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The Company applied IFRS 12 at November 1, 2013, and did not have an impact on the financial statements as the Company does not currently have any interests in other entities.

4. ADOPTION OF NEW OR AMENDED ACCOUNTING STANDARDS (continued)

IFRS 13 – Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard 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. It also establishes disclosures about fair value measurement. The Company applied IFRS 13 at November 1, 2013, and did not have an impact on the financial statements.

IAS 1 - Presentation of Financial Statements

IAS 1 has been amended to require entities to separate items presented in other comprehensive income (“OCI”) into two groups, based on whether or not items may be recycled to net income in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately including prior year comparatives. The adoption of this IFRS did not impact the Company’s financial statements.

Amendments to other standards

In addition, there have been other amendments to existing standards, including IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20 addresses the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. Stripping activity may result in two types of benefits: i) inventory produced and ii) improved access to ore that will be mined in the future. Stripping costs associated with inventory production should be accounted for as a current production cost in accordance with IAS 2 Inventories, and those associated with improved access to ore should be accounted for as an addition to, or enhancement of, an existing asset. The Company applied IFRIC 20 at November 1, 2013, and did not have an impact on the financial statements as the Company is not yet in production phase.

5. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued, but not yet effective, up to the date of issuance of the Company’s financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

New accounting standards effective for annual periods on or after November 1, 2014:

IAS 32 - Financial Instruments: Presentation

In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. Earlier application is permitted when applied with corresponding amendment to IFRS 7.

5. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IAS 36 – Impairment of Assets

In May 2013, the IASB, as a consequential amendment to IFRS 13 *Fair Value Measurement*, modified some of the disclosure requirements in IAS 36 regarding measurement of the recoverable amount of impaired assets. The amendments resulted from the IASB's decision in December 2010 to require additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal.

IFRIC 21 – Levies

IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain.

New accounting standards effective for annual periods on or after November 1, 2016:

IAS 1 – Presentation of Financial Statements

In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements.

IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets

In May 2014, the IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

New accounting standards effective for annual periods on or after November 1, 2018:

IFRS 9 - Financial Instruments

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVOTCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

INEXCO MINING CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED JANUARY 31, 2015 AND 2014
(Expressed in Canadian dollars)

UNAUDITED

6. EXPLORATION AND EVALUATION ASSETS

	Acquisition Costs \$	Exploration expenses \$	Total \$
Balance, October 31, 2012	10,000	122,197	132,197
Other exploration costs	-	915	915
Balance, October 31, 2013	10,000	123,112	133,112
Acquisition costs			
Cash	15,000	-	15,000
Common Shares	15,000	-	15,000
Other exploration costs	-	50,597	50,597
Balance, October 31, 2014 and January 31, 2015	40,000	173,709	213,709

Colby Mines Group

Pursuant to an amended and restated Option Agreement entered into with Rich River Exploration Ltd. and Craig Alvin Lynes, collectively, the "Optionors", the Company was granted an option to acquire a 100% undivided interest in the Colby Mines Group (the "Property") comprised of eighteen mineral claims located in Enderby, British Columbia. The amended and restated Option Agreement was dated June 16, 2014, as further amended on July 25, 2014.

To earn the 100% interest, the Company agreed to pay \$65,000 and issue 100,000 common shares of the Company to the Optionors as follows:

a) Share issuances

100,000 common shares upon listing on a Canadian stock exchange (issued)

b) Cash Payments

\$	10,000	Upon execution of the Option Agreement; (paid)
	15,000	Upon listing on a Canadian stock exchange; (paid)
	15,000	On or before the third anniversary of listing; and
	25,000	On or before the fourth anniversary of listing;
\$	65,000	Total payments

c) Expenditures

Further the Company is required to incur total exploration expenditures of \$850,000 as follows:

\$	100,000	On or before twelve months after the date of execution of the Option Agreement; (complete)
	50,000	On or before the first six months of listing (complete)
	300,000	On or before the third anniversary of listing; and
	400,000	On or before the fourth anniversary of listing;
\$	850,000	Total expenditures

6. EXPLORATION AND EVALUATION ASSETS (continued)

The Optionor will retain a 3% Net Smelter Returns royalty on the Property. The first 2% of the royalty may be purchased by the Company for \$500,000 for each 1%. The purchase of the remaining 1% is negotiable after commercial production commences.

7. SHARE CAPITAL

a) Authorized:

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

b) Share Split:

On January 14, 2014, the Company recorded a two-for-one share split on the Company's issued and outstanding common shares. All share and per share information included in the financial statements and accompanying notes have been adjusted to reflect this share split for all periods presented.

c) Escrow Shares:

There were 2,359,051 common shares held in escrow as at January 31, 2015. 10% of the escrowed common shares were released from escrow upon the Company being listed on the Canadian Securities Exchange on August 28, 2014 and the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. These escrow shares may not be transferred, assigned or otherwise dealt without consent of the regulatory authorities.

d) Issued and Outstanding as at January 31, 2015: 10,014,996 common shares.

- (i) During the year ended October 31, 2014, 5,000 common shares were issued upon stock option exercise.
- (ii) On May 31, 2014, the Company issued 2,309,996 common shares at a price of \$0.15 per share, raising gross proceeds of \$346,500. Share subscriptions receivable include \$3,000, which remain outstanding as at January 31, 2015.
- (iii) On January 15, 2014, the Company issued 2,000,000 common shares at a price of \$0.055 per share, raising gross proceeds of \$110,000. The fair value of the 2,000,000 common shares issued was estimated to be \$300,000. Accordingly, the Company recorded share-based compensation expense of \$190,000 and a corresponding increase to contributed surplus.
- (iv) On January 10, 2014, the Company redeemed and cancelled 1,200,000 common shares that were originally issued during the period ended October 31, 2011 at price of \$0.0005 per share.

7. SHARE CAPITAL (continued)

d) Issued and Outstanding (continued)

- (v) During the year ended October 31, 2012, the Company issued 3,550,000 common shares at a price of \$0.055 per share, raising gross proceeds of \$195,250 of which \$105,050 was received during the year ended October 31, 2012, \$44,000 was received during the period ended October 31, 2011 and the remaining \$46,200 was received during the year ended October 31, 2013. 1,800,000 common shares were issued on a flow-through basis.

As at January 31, 2015, all exploration expenditures related to the flow-through shares had been incurred, and the Company renounced expenditures of \$33,000 and \$66,000 on December 31, 2011 and 2012 respectively. For the purposes of calculating the tax effect of any premium related to the issuance of the flow-through shares, management reviewed the price per share in a recent non flow-through financing and compared it to the price used in this issuance and determined that there was no premium.

- (vi) During the period ended January 31, 2015, 50,000 common shares were issued upon stock options exercised.

e) Stock options

The Company grants incentive stock options as permitted pursuant to the Company's Stock Option Plan (the "Plan") approved by the shareholders which complies with the rules and policies of the Canadian Securities Exchange. Under the Plan, the aggregate number of common shares which may be subject to option at any time may not exceed 10% of the issued common shares of the Company as of that date including options granted prior to the adoption of the Plan. Options granted may not exceed a term of 10 years, and the term will be reduced to one year following the date of death of the Optionee. If the Optionee ceases to be qualified to receive options from the Company those options shall immediately expire. All options vest when granted unless otherwise specified by the Board of Directors. Options granted to persons providing investor relations activities to the Company must vest in stages over at least one-year period and no more than one-quarter of such options may be vested in any three month period.

During the year ended October 31, 2014, the Company granted 800,000 options (2013 – Nil) to directors and officers of the Company. The options vested immediately upon grant and share-based compensation expense of \$107,327 was charged to net loss. The Company uses the Black-Scholes option pricing model to value stock options which requires management to make estimates that are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

The weighted average assumptions used in calculating the fair value of the options were as follows:

	2014
Risk-free rate	1.64%
Expected life of options in years	5
Expected volatility	143%
Expected dividend yield	0%
Expected forfeiture rate	0%

The weighted average grant date fair value for the options granted in 2014 was \$0.13.

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UNAUDITED

7. SHARE CAPITAL (continued)

e) Stock options (continued)

The expected volatility used in the Black-Scholes option pricing model is based on the historical volatility of a set of representative companies with similar risk profile.

The following table summarizes stock option transactions during the year:

	Number of Options	Weighted Avg. Exercise Price
Outstanding, October 31, 2013 and 2012	-	\$ -
Granted	800,000	0.15
Exercised	(5,000)	0.15
Outstanding, October 31, 2014	795,000	\$ 0.15
Exercised	(50,000)	0.15
Outstanding, January 31, 2015	745,000	\$ 0.15

The following table summarizes the stock options outstanding:

Exercise Price	Number of Options Outstanding	Exercisable	Expiry Date
\$ 0.15	745,000	745,000	June 10, 2019

The weighted average remaining useful life of outstanding options is 4.36 years as at January 31, 2015.

8. RELATED PARTY BALANCES AND TRANSACTIONS

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. 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.

The following amounts are due to related parties and have been included in accounts payable and accrued liabilities:

	2015	2014
	\$	\$
Accounts payable and accrued liabilities	2,500	3,000

The amounts are due to companies controlled by a director or former directors of the Company. The amounts are non-interest bearing, unsecured and are due upon demand.

The Company had the following related party transactions:

	2015	2014
	\$	\$
Rent	-	1,500
Accounting fees	-	2,400

Rent and accounting fees are paid to companies controlled by former directors of the Company.

8. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Key management personnel receive compensation in the form of short-term employee benefits. Key management personnel include the Chief Executive Officer (CEO), Chief Financial Officer (CFO), and directors of the Company. The remuneration of key management is as follows:

	2015	2014
	\$	\$
Management fees	2,500	3,000
Share-based compensation	—	—
	2,500	3,000

Management services were provided by the CEO and a company, controlled by the CEO, CFO and companies owned by two former directors of the Company.

9. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

The Company expects its current capital resources will be sufficient to carry its acquisition plans and operations through its current operating year.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes 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 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position are as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
January 31, 2015:				
Cash	\$ 611	\$ -	\$ -	\$ 611

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at January 31, 2015 because of the demand nature or short-term maturity of these instruments.

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a financial institution.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

11. COMMITMENTS

On September 22, 2014, the Company entered into a Letter Agreement with Worldwide Marijuana Inc. ("WMI"), a private company incorporated under the Business Corporations Act of BC on August 25, 2014. The intended business of WMI is to manufacture and distribute medical marijuana. Pursuant to the terms of the Letter Agreement, the Company will acquire all the issued and outstanding common shares of WMI in exchange for common shares of the Company on a one for one basis. The closing of the transaction is subject to the approval by the Canadian Securities Exchange, completion of an equity financing of up to \$2,000,000 by WMI and execution of a formal acquisition agreement.

The Company is committed to issue 800,000 common shares to Global Link Capital Corp. as a finder's fee for the acquisition of WMI. The common shares issuable will be subject to a four month hold period from the date of issuance.

12. SUBSEQUENT EVENTS

The proposed acquisition of Worldwide Marijuana Inc. ("WMI") did not close on the agreed closing date of February 28, 2015 (see Note 11). The Company is in the process of negotiating an extension with WMI.