FORAN MINING CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

(Expressed in Canadian Dollars)

SmytheRatcliffe
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF FORAN MINING CORPORATION

We have audited the accompanying consolidated financial statements of Foran Mining Corporation, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year ended December 31, 2014 and for the fifteen-month period ended December 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained in our audits 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 Foran Mining Corporation as at December 31, 2014 and 2013, and its financial performance and its cash flows for the year ended December 31, 2014 and the fifteen-month period ended December 31, 2013 in accordance with International Financial Reporting Standards.

Smythe Ratcliffe LLP

Chartered Accountants

Vancouver, British Columbia
April 14, 2015

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FORAN MINING CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	December 31, 2014	December 31, 2013
ASSETS	**$**	$
Current		
Cash and cash equivalents	**4,050,482**	4,276,480
Accounts receivable	**31,708**	49,499
Prepaid expenses	**46,066**	44,431
	4,128,256	4,370,410
Deposits	**40,585**	40,585
Investments (Note 5)	**192,750**	114,030
Plant and equipment (Note 6)	**603,167**	733,437
Exploration and evaluation assets (Notes 7 and 15)	**23,502,998**	21,267,558
	28,467,756	26,526,020
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**144,109**	106,468
EQUITY		
Share capital (Note 8)	**66,075,689**	63,172,134
Share-based payments reserve	**4,813,704**	4,439,722
Accumulated other comprehensive income	**91,240**	-
Deficit	**(42,656,986)**	(41,192,304)
	28,323,647	26,419,552
	28,467,756	26,526,020

Approved on behalf of the Board:
*"David Petroff"* , Director
*"Darren Morcombe"* , Director

FORAN MINING CORPORATION
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Year ended December 31, 2014	Fifteen-month period ended December 31, 2013
	$	$
Expenses		
Depreciation	**130,270**	209,312
Investor relations	**223,022**	206,656
Office and administration (Note 14)	**195,145**	308,957
Professional fees (Note 14)	**110,462**	102,409
Salaries and benefits (Note 14)	**565,443**	928,927
Share-based payments expense (Notes 8(d) and 14)	**232,998**	547,775
Transfer agent, regulatory and filing fees	**46,591**	32,459
Travel and accommodation	**20,072**	23,730
	1,524,003	2,360,225
Other Items		
Interest income	**(47,863)**	(98,444)
(Gain) loss on sale of investments	**(11,458)**	44,538
Impairment of investments	**-**	551,816
Flow-through share premium reversal (Note 10)	**-**	(145,093)
Write-off of exploration and evaluation assets	**-**	86,297
	(59,321)	439,114
Net loss for the year/period	**(1,464,682)**	(2,799,339)
Other comprehensive income (loss)		
Items that may be reclassified subsequently to profit or loss		
Transfer on sale of investments	**-**	31,939
Transfer on impairment of investments	**-**	551,816
Unrealized gain (loss) on available-for-sale investments	**91,240**	(196,689)
	91,240	387,066
Total comprehensive loss for the year/period	**(1,373,442)**	(2,412,273)
Basic and diluted loss per share	**$ (0.02)**	$ (0.04)
Basic and diluted weighted average number of shares outstanding	**83,040,566**	77,198,922

See accompanying notes to the consolidated financial statements.

FORAN MINING CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

	Number of shares	Share capital	Share-based payments reserve	Accumulated other comprehensive income (loss)	Deficit	Total
		$	$	$	$	$
Balance, September 30, 2012	77,198,922	63,172,134	3,766,111	(387,066)	(38,392,965)	28,158,214
Net loss for the period	-	-	-	-	(2,799,339)	(2,799,339)
Other comprehensive income	-	-	-	387,066	-	387,066
Share-based payments expense	-	-	673,611	-	-	673,611
Balance, December 31, 2013	77,198,922	63,172,134	4,439,722	-	(41,192,304)	26,419,552
Net loss for the year	-	-	-	-	(1,464,682)	(1,464,682)
Other comprehensive income	-	-	-	91,240	-	91,240
Private placements, net of share issuance costs	12,475,000	2,645,555	-	-	-	2,645,555
Shares issued pursuant to NPI purchase (Note 7(b))	100,000	18,000	-	-	-	18,000
Shares issued pursuant to the Back-in Agreement (Note 7(b))	1,000,000	240,000	-	-	-	240,000
Warrants issued pursuant to the Back-in Agreement (Note 7(b))	-	-	82,581	-	-	82,581
Share-based payments expense	-	-	291,401	-	-	291,401
Balance, December 31, 2014	**90,773,922**	**66,075,689**	**4,813,704**	**91,240**	**(42,656,986)**	**28,323,647**

See accompanying notes to the consolidated financial statements.

FORAN MINING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Year ended December 31, 2014	Fifteen-month period ended December 31, 2013
	$	$
Operating Activities		
Net loss for the year/period	**(1,464,682)**	(2,799,339)
Items not involving cash:		
Depreciation	**130,270**	209,312
Flow-through share premium reversal	**-**	(145,093)
Share-based payments expense	**232,998**	547,773
(Gain) loss on sale of investments	**(11,458)**	44,538
Interest income	**1,569**	(4,471)
Impairment of investments	**-**	551,816
Write-off of exploration and evaluation assets	**-**	86,297
	(1,111,303)	(1,509,167)
Net change in non-cash working capital (Note 9)	**22,165**	32,041
Cash used in operating activities	**(1,089,138)**	(1,477,126)
Investing Activities		
Purchase of NPI (Note 7(b))	**(50,000)**	-
Purchase of quarry leases (Note 7(a))	**(164,108)**	-
Purchase of plant and equipment	**-**	(31,503)
Exploration and evaluation assets expenditures	**(1,587,285)**	(3,840,336)
Proceeds on sale of investments	**23,978**	8,415
Cash used in investing activities	**(1,777,415)**	(3,863,424)
Financing Activities		
Issuance of shares for cash pursuant to private placements	**2,795,000**	-
Share issue costs	**(154,445)**	-
Cash provided by financing activities	**2,640,555**	-
Net decrease in cash and cash equivalents	**(225,998)**	(5,340,550)
Cash and cash equivalents, beginning of year/period	**4,276,480**	9,617,030
Cash and cash equivalents, end of year/period	**4,050,482**	4,276,480
Cash and cash equivalents is comprised of:		
Guaranteed Investment Certificates	**20,536**	20,000
Cash	**4,029,946**	4,256,480
	4,050,482	4,276,480

Supplemental cash flow information (Note 9)

See accompanying notes to the consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Foran Mining Corporation (the "**Company**") is a publicly listed company on the TSX Venture Exchange, incorporated under the laws of British Columbia. The Company and its subsidiary are involved in activities that include the acquisition and exploration of mineral properties.

The Company's head office and registered and records office is located at 904 - 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

In April 2013, the Company changed its financial year-end from September 30 to December 31; hence these consolidated financial statements in the comparative period include information for the fifteen-month period ended December 31, 2013.

The Company has incurred significant operating losses in its exploration operations and its ability to continue as a going concern is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete their development and fund their operations until commercially successful and future production or proceeds from the disposition thereof. While the Company has been successful in raising financing to date, there can be no assurances that it will be able to do so in the future.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board.

These consolidated financial statements were prepared on a historical cost basis using the accrual basis of accounting, except for cash flow information.

The Board of Directors (the "**Board**") approved these consolidated financial statements on April 14, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, 623133 Saskatchewan Ltd.

A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investee. All intercompany balances and transactions have been eliminated upon consolidation.

b) Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Significant accounting estimates and judgments (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

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

i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year and include, but are not limited to, the following:

Share-based payments

The fair value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Impairment

The assessment of any impairment of plant and equipment and exploration and evaluation assets is dependent upon estimates of recoverable amounts that take into account factors such as reserves, economic and market conditions and the useful lives of assets. Judgment is required in assessing the appropriate level of cash generating units ("**CGU**") to be tested for such impairment, if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Decomissioning liabilities

In the event that decommissioning liabilities are required to be recognized, such liabilities would be stated at the fair value of estimated future costs. Such estimates require extensive judgment about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations, and remediation practices.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and guaranteed investment certificates with maturities of three months or less.

d) Plant and equipment

Plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

Cost consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The plant and equipment noted below is depreciated over its estimated useful life using the declining-balance method at the following annual rates:

Computer and survey equipment	30%
Equipment	30%
Furniture and fixtures	20%
Plant	15%
Trailers	25%
Vehicles	30%

Plant and equipment are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Management reviews and evaluates the useful lives and residual values of plant and equipment, and adjusts if appropriate, at the end of each reporting period. The carrying amount of an item of plant and equipment is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

e) Exploration and evaluation assets

The Company capitalizes exploration and evaluation expenditures, net of recoveries, for expenditures incurred after it has obtained legal rights to explore a specific area and before technical feasibility and commercial viability of extracting mineral resources are demonstrable. The Company recognizes the payment or receipt of amounts required under option agreements as an addition or reduction, respectively, in the carrying amount of the property under option when paid or received.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to exploration and evaluation assets within plant and equipment. Exploration and evaluation assets are amortized over the estimated productive lives of the properties using the unit-of-production method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Exploration and evaluation assets (continued)

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation or, alternatively, sale of the respective areas of interest. If the properties are abandoned, allowed to lapse, there is little prospect of further work being carried out by the Company or if circumstances suggest that an asset's carrying amount is not recoverable, it is written down immediately to its recoverable amount.

f) Impairment of non-financial assets

At each financial position reporting date the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs. For the purposes of impairment testing, exploration and evaluation assets are allocated to CGUs to which the exploration activity relates.

The recoverable amount is the higher of fair value less costs to sell 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.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so 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 CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

g) Provisions

General

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Provisions (continued)

Decommissioning obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the decommissioning of an asset, when those obligations result from the acquisition, construction, development or normal operation of the assets. Such costs are discounted to their net present value using an appropriate risk-free rate, and are provided for and capitalized as soon as the obligation to incur such costs arises. These costs are charged against profit or loss over the life of the operation, through the amortization of the asset and the unwinding of the discount on the provision.

Estimates of the timing and amount of undiscounted cash flows required to fulfill decommissioning obligations are updated periodically to reflect significant changes in facts and circumstances, and the obligations are remeasured to incorporate any resulting change in their fair value. The capitalized decommissioning cost is correspondingly increased or decreased by the amount of remeasurement, and if reduced to nil then any further reduction is taken into income as a gain.

h) Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of loss and comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of loss and comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in the consolidated statement of loss and comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the consolidated statement of loss and comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Share-based payments (continued)

All equity-settled share-based payments are reflected in share-based payments reserve until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payments reserve is credited to share capital along with any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

i) Warrants

Proceeds received on issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares, and any excess is allocated to warrants.

j) Flow-through shares

The Company has financed a portion of its exploration expenditures through the issuance of flow-through shares. Canadian income tax law permits the Company to transfer the tax deductibility of qualifying resource expenditures financed by such shares to the flow-through shareholders.

On issuance, the Company allocates the flow-through share proceeds into i) share capital, ii) warrants, and iii) a flow-through share premium, if any, using the residual value method. If investors pay a premium for the flow-through feature, it is recognized as a liability. Upon incurring qualifying expenditures, the Company reduces the liability and recognizes a deferred income tax recovery in income for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision. At the end of a period, the flow-through share premium liability consists of the portion of the premium on flow-through shares that corresponds to the portion of qualifying exploration expenditures that have not yet been incurred.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a prescribed period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Lookback Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

k) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net loss, except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Income taxes (continued)

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current period and any adjustment to income taxes payable in respect of previous periods. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the period-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill, and temporary differences arising on the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

l) Foreign currency translation

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

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each consolidated statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the consolidated statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

m) Basic and diluted loss per share

Loss per share is calculated using the weighted average number of common shares outstanding. The calculation of diluted earnings per share assumes that outstanding options and warrants are exercised and the proceeds are used to repurchase shares of the Company at the average market price of the shares for the period. The effect is to increase the number of shares used to calculate diluted loss per share and is only recognized when the effect is dilutive. As the effects of issuance of potential shares under options and warrants would be anti-dilutive, basic and diluted loss per share are the same.

n) Financial instruments

Financial assets, financial liabilities and non-financial derivative contracts are initially recognized at fair value on the consolidated statement of financial position when the Company becomes a party to their contractual provisions. Measurement in subsequent periods depends on the financial instrument's classification.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Financial instruments (continued)

Financial assets

Financial assets at fair value through profit or loss ("**FVTPL**")

Financial assets are classified as FVTPL when the financial asset is held-for-trading or is designated as such upon initial recognition.

A financial asset is classified as held-for-trading when it is purchased and incurred with the intention of generating profits in the near term, part of an identified portfolio of financial instruments that the Company manages and has actual pattern of short-term profit-taking, or is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. Transaction costs are expensed in the period in which the costs are incurred.

Held-to-maturity ("**HTM**") investments

HTM investments are recognized on a trade date basis and are measured at fair value using the effective interest rate method. Transaction costs are added and amortized to the consolidated statement of loss and comprehensive loss over the life of the financial instrument on an effective yield basis.

Available-for-sale ("**AFS**") financial assets

AFS financial assets are non-derivatives that are either designated as AFS or not classified in any of the other financial asset categories and are subsequently measured at fair value. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity.

Management assesses the carrying value of AFS financial assets at every reporting period and any impairment charges are also recognized in profit or loss. When financial assets classified as AFS are sold, the accumulated fair value adjustments are derecognized from comprehensive income and recognized in profit or loss. The Company's investments are classified as AFS.

Loans and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Financial liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Financial instruments (continued)

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 cost using the effective interest method.

Financial liabilities at fair value through profit or loss

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in profit or loss. The Company does not have any liabilities classified as FVTPL.

Derecognition of financial assets and liabilities

A financial asset is derecognized when the Company's contractual right to the asset's cash flows expires or if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Impairment of financial assets

The Company assesses at each consolidated statement of financial position date whether a financial asset is impaired. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of AFS equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

4. ACCOUNTING STANDARDS

The following standards have become effective during the current year:

Disclosures — Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

Amends the disclosure requirements in IFRS 7 Financial Instruments: Disclosures to require information about all recognized financial instruments that are set-off in accordance with paragraph 42 of International Accounting Standards ("**IAS**") 32 Financial Instruments: Presentation.

The amendments also require disclosure of information about recognized financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

Amends IAS 36 Impairment of Assets to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

These standards did not have any significant impact on the consolidated financial statements.

The following standards will become effective in future periods:

IFRS 9 Financial Instruments (2014)

This is a finalized version of IFRS 9, which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- *Classification and measurement.* Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a "fair value through other comprehensive income" category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.
- *Impairment.* The 2014 version of IFRS 9 introduces an "expected credit loss" model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- *Hedge accounting.* Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- *Derecognition.* The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

This standard will be applicable to the Company's annual periods beginning on January 1, 2018.

4. ACCOUNTING STANDARDS (continued)

Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)

Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to:

- clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment
- introduce a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.
- add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

These amendments will be applicable to the Company's annual periods beginning on January 1, 2017.

Annual Improvements 2010 - 2012 Cycle

Makes amendments to the following standards:

- IFRS 2 — Amends the definitions of “vesting condition” and “market condition” and adds definitions for “performance condition” and “service condition”
- IFRS 3 — Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date
- IFRS 8 — Requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly
- IFRS 13 — Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only)
- IAS 16 and IAS 38 — Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount
- IAS 24 — Clarify how payments to entities providing management services are to be disclosed

These amendments will be applicable to the Company's annual periods beginning on January 1, 2015.

4. ACCOUNTING STANDARDS (continued)

Annual Improvements 2011 - 2013 Cycle

Makes amendments to the following standards:

- IFRS 1 — Clarify which versions of IFRS can be used on initial adoption (amends basis for conclusions only)
- IFRS 3 — Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself
- IFRS 13 — Clarify the scope of the portfolio exception in paragraph 52
- IAS 40 — Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property

These amendments will be applicable to the Company's annual periods beginning on January 1, 2015.

Annual Improvements 2012 - 2014 Cycle

Makes amendments to the following standards:

- IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued
- IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements
- IAS 9 — Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid
- IAS 34 — Clarify the meaning of "elsewhere in the interim report" and require a cross-reference

These amendments will be applicable to the Company's annual periods beginning on January 1, 2017.

5. INVESTMENTS

As at December 31, 2014, the Company owned shares of two mineral exploration companies listed publicly on the Canadian Securities Exchange that were classified as AFS and carried at fair market value based on quoted market prices. A summary of the changes in AFS investments is presented below:

	$
Balance, September 30, 2012	331,733
Unrealized loss on AFS investments	(196,689)
Sale of AFS Investments	(21,014)
Balance, December 31, 2013	114,030
Unrealized gain on AFS investments	91,240
Sale of AFS investments	(12,520)
Balance, December 31, 2014	192,750

6. PLANT AND EQUIPMENT

As at December 31, 2014, the Company's plant and equipment consisted of the following:

	Computer and survey equipment	Camp Equipment	Furniture and fixtures	Plant	Trailers	Vehicles	Total
	$	$	$	$	$	$	$
Cost							
Balance, September 30, 2012	131,784	327,348	40,278	730,467	22,409	100,613	1,352,899
Additions	7,110	5,204	-	4,189	-	-	16,503
Balance, December 31, 2013	138,894	332,552	40,278	734,656	22,409	100,613	1,369,402
Additions	-	-	-	-	-	-	-
Balance, December 31, 2014	138,894	332,552	40,278	734,656	22,409	100,613	1,369,402
Accumulated Amortization							
Balance, September 30, 2012	55,552	187,478	16,911	117,081	15,426	34,205	426,653
Depreciation for the period	26,360	48,676	5,231	106,039	1,901	21,105	209,312
Balance, December 31, 2013	81,912	236,154	22,142	223,120	17,327	55,310	635,965
Depreciation for the year	15,265	25,826	3,364	72,522	1,156	12,137	130,270
Balance, December 31, 2014	97,177	261,980	25,506	295,642	18,483	67,447	766,235
Carrying Amount							
Balance, September 30, 2012	76,232	139,870	23,367	613,386	6,983	66,408	926,246
Balance, December 31, 2013	56,982	96,398	18,136	511,536	5,082	45,303	733,437
Balance, December 31, 2014	41,717	70,572	14,772	439,014	3,926	33,166	603,167

7. EXPLORATION AND EVALUATION ASSETS

A summary of the changes in exploration and evaluation assets is presented below:

	McIlvenna Bay	Other Saskatchewan Projects	Manitoba Projects	Total
	$	$	$	$
Balance, December 31, 2013	17,218,285	4,047,514	1,759	21,267,558
Acquisition and Maintenance Costs				
Purchase of exploration and evaluation asset interests (Notes 7(a) and (b))	164,108	390,581	-	554,689
License fees and staking	-	53,297	135	53,432
Total Acquisition and Maitenance Costs	164,108	443,878	135	608,121
Exploration Costs				
Administration	305,656	70,122	-	375,778
Camp costs	51,597	391	-	51,988
Consulting	187,566	134,518	-	322,084
Geophysics	65,523	-	-	65,523
Drilling and analysis	313,201	716	-	313,917
Equipment and communications	45,818	29,715	-	75,533
Fuel	90,651	3,984	-	94,635
Preliminary Economic Assessment	157,934	-	-	157,934
Salaries and benefits	90,199	19,640	-	109,839
Transportation and travel	44,404	15,684	-	60,088
Total Exploration Costs	1,352,549	274,770	-	1,627,319
Balance, December 31, 2014	18,734,942	4,766,162	1,894	23,502,998

	McIlvenna Bay	Other Saskatchewan Projects	Manitoba Projects	Total
	$	$	$	$
Balance, September 30, 2012	15,200,190	2,279,867	88,056	17,568,113
Acquisition and Maintenance Costs				
License fees	-	33,558	-	33,558
Exploration Costs				
Administration	430,801	470,991	-	901,792
Camp costs	34,605	33,964	-	68,569
Consulting	1,045,062	222,241	-	1,267,303
Drilling and analysis	316,047	760,603	-	1,076,650
Equipment and communications	52,249	27,638	-	79,887
Fuel	73,714	90,772	-	164,486
Salaries and benefits	40,457	92,144	-	132,601
Transportation and travel	25,160	35,736	-	60,896
Total Exploration Costs	2,018,095	1,734,089	-	3,752,184
Property write-offs	-	-	(86,297)	(86,297)
Balance, December 31, 2013	17,218,285	4,047,514	1,759	21,267,558

7. EXPLORATION AND EVALUATION ASSETS (continued)

a) McIlvenna Bay, Saskatchewan

The Company owns a 100% interest in the McIlvenna Bay mineral property located in Saskatchewan ("**McIlvenna Bay**").

Certain claims that make up the McIlvenna Bay property are subject to a Net Tonnage Royalty of $0.75 per tonne of ore extracted, with a right of first refusal in favour of the Company.

Cameco Corporation and BHP Billiton Limited collectively hold a 1% net smelter return ("**NSR**") royalty interest in McIlvenna Bay, which can be purchased at any time for $1,000,000.

In December 2014, the Company purchased five quarry leases from Preferred Sands of Canada, ULC, a company that operates a sand quarry located immediately northeast of McIlvenna Bay, in consideration for US$140,000. The Canadian equivalent of $164,108 was capitalized to exploration and evaluation assets.

b) Other Saskatchewan Properties

The Company holds interests ranging from 65% to 100% in five mining claim groups in its Saskatchewan property portfolio, exclusive of McIlvenna Bay.

The Company has committed, through previous mineral property ownership agreements associated with these Saskatchewan properties, to pay various NSR and net profits interest ("**NPI**") royalty fees. The NSR royalty fees range from 2% to 2.5%, with buyout provisions for up to one-half of some of these NSR royalties, and the NPI royalty fees range from 6% to 10%.

On January 29, 2014, the Company purchased various NPI royalty fees from Thundermin Resources Inc. ("**Thundermin**") on certain of the Company's Saskatchewan properties and Manitoba properties in consideration for a cash payment of $50,000 and 100,000 common shares of the Company with a fair value of $18,000.

In October 2014, the Company completed an agreement (the "**Back-in Agreement**") with Teck Resources Limited ("**Teck**") to extinguish back-in rights held by Teck on certain of the Company's Saskatchewan properties. In consideration for the extinguishment of the back-in rights, the Company issued 1,000,000 common shares of the Company with a fair value of $240,000 and 1,000,000 share purchase warrants with a fair value of $82,581 to Teck, the amounts of which were capitalized to exploration and evaluation assets. Each warrant is exercisable into one common share of the Company at a price of $0.24 per share with an expiry of October 14, 2016.

In the event the Company sells or options any of the properties included in the Back-in Agreement prior to September 30, 2018 (a "**Future Sale**"), the Company will pay Teck in-kind an amount equal to 20% of the proceeds from any Future Sale occurring prior to September 30, 2016 and 10% of the proceeds from any Future Sale occurring after September 30, 2016 but prior to September 30, 2018.

c) Manitoba Properties

The Company holds a 100% interest in one Manitoba property consisting of one claim.

8. SHARE CAPITAL

a) Authorized

An unlimited number of common shares

b) Share issuance details

(i) On December 22, 2014, the Company completed a non-brokered private placement of 6,400,000 flow-through common shares of the Company at a price of $0.25 per share for gross proceeds of $1,600,000. In connection with the private placement, the Company paid finders' fees totaling $107,750. The shares issued in this private placement are subject to a four month hold period.

(ii) On February 11, 2014, the Company completed a non-brokered private placement of 6,000,000 units of the Company (the "**Units**") at a price of $0.20 per Unit for gross proceeds of $1,200,000. Each Unit consisted of one flow-through common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share of the Company at a price of $0.30 per share, expiring August 11, 2015. All securities issued in this private placement were subject to a four month hold period.

In connection with the private placement, the Company issued 75,000 finder units, with each finder unit having the same terms as a Unit with the exception that the common shares were not issued on a flow-through basis. The Company paid a total of $46,695 in share issuance fees.

c) Stock options

The Company has a Rolling Stock Option Plan whereby the Company may grant options to directors, officers, employees and consultants of up to 10% of the common shares outstanding at the time of grant. The exercise price, term and vesting period of each option are determined by the Board within regulatory guidelines.

A summary of the changes in stock options is presented below:

	Number of options	Weighted average exercise price
		$
Balance, September 30, 2012	4,787,500	0.95
Granted	1,285,000	0.59
Expired	(312,500)	0.56
Forfeited	(320,000)	0.80
Balance, December 31, 2013	5,440,000	0.89
Granted	2,125,000	0.20
Forfeited	(515,000)	0.58
Balance, December 31, 2014	7,050,000	0.71

8. SHARE CAPITAL (continued)

c) Stock options (continued)

The following stock options were outstanding as at December 31, 2014:

Outstanding	Exercisable	Weighted average Exercise Price	Expiry Date	Weighted average remaining life (in years)
		$		
200,000	200,000	0.40	September 23, 2015	0.73
1,600,000	1,600,000	1.25	February 2, 2016	1.09
400,000	400,000	1.25	February 27, 2016	1.16
500,000	500,000	0.90	April 13, 2016	1.29
900,000	900,000	0.80	January 24, 2017	2.07
200,000	200,000	0.67	April 19, 2017	2.30
1,150,000	766,667	0.59	January 24, 2018	3.07
2,000,000	666,667	0.20	January 24, 2019	4.07
100,000	33,333	0.17	May 28, 2019	4.41
7,050,000	5,266,667	0.71		2.47

d) Share-based payments

The share-based payments expense for the stock options that vested during the year ended December 31, 2014 was $291,401 (fifteen-month period ended December 31, 2013: $673,611). Of this amount, $232,998 (fifteen-month period ended December 31, 2013: $547,775) was recorded as share-based payments expense in the consolidated statement of loss and comprehensive loss and $58,403 (fifteen-month period ended December 31, 2013: $125,836) was capitalized to exploration and evaluation assets. The fair value of the stock options was calculated using the following weighted average assumptions:

	Year ended December 31, 2014	Fifteen-month period ended December 31, 2013
Risk-free interest rate	1.47%	1.77%
Expected stock price volatility	74%	82%
Expected dividend yield	0.0%	0.0%
Expected option life in years	5.0	5.0

The fair value of these options was determined on the date of the grant using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

8. SHARE CAPITAL (continued)

e) Share purchase warrants

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price
		$
Balance, September 30, 2012	3,859,885	0.77
Expired	(2,859,885)	0.80
Balance, December 31, 2013	1,000,000	0.70
Issued pursuant to private placement (Note 8(b)(ii))	3,037,500	0.30
Issued pursuant to the Back-in Agreement (Note 7(b))	1,000,000	0.24
Balance, December 31, 2014	5,037,500	0.37

The fair value of the 1,000,000 warrants issued to Teck was calculated using the following weighted average assumptions:

Risk-free interest rate	1.05%
Expected stock price volatility	73%
Expected dividend yield	0.0%
Expected option life in years	2.0

The following warrants were outstanding as at December 31, 2014:

Outstanding	Exercisable	Exercise Price	Expiry Date
		$	
3,037,500	3,075,000	0.30	August 11, 2015
1,000,000	750,000	0.70	December 22, 2015
1,000,000	1,000,000	0.24	October 14, 2016
5,037,500	4,825,000		

9. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash operating working capital balances consisted of the following:

	Year ended December 31, 2014	Fifteen-month period ended December 31, 2013
	$	$
Accounts receivable	21,222	16,850
Prepaid expenses	(1,635)	35,681
Accounts payable and accrued liabilities	2,578	(20,490)
	22,165	32,041

9. SUPPLEMENTAL CASH FLOW INFORMATION (continued)

During the year ended December 31, 2014 and fifteen-month period ended December 31, 2013, share-based payments amounting to $58,403 and $125,836, respectively, were capitalized to exploration and evaluation assets.

As at December 31, 2014, accounts payable and accrued liabilities included $66,550 (2013: $31,487) of expenditures for exploration and evaluation assets.

As at December 31, 2014, accounts receivable included a subscription receivable of $5,000 (2013: $Nil) relating to the December 2014 private placement.

The non-cash transactions for the year ended December 31, 2014 consisted of the Company issuing 100,000 common shares valued at $18,000 to Thundermin as part of the purchase of various NPI royalty fees from Thundermin and the Company issuing 1,000,000 common shares valued at $240,000 and 1,000,000 share purchase warrants valued at $82,581 to Teck pursuant to the Back-in Agreement.

10. FLOW-THROUGH SHARE PREMIUM LIABILITY

The following is a continuity schedule of the liability portion of the flow-through share issuances.

	$
Balance, September 30, 2012	145,093
Settlement of flow-through share liability pursuant to incurring qualified expenditures	(145,093)
Balance, December 31, 2013 and December 31, 2014	-

11. INCOME TAXES

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to loss before income taxes. These differences result from the following items:

	Year ended December 31, 2014	Fifteen-month period ended December 31, 2013
	$	$
Loss before income taxes	(1,464,682)	(2,799,339)
Canadian federal and provincial income tax rates	27.00%	27.00%
Income tax recovery based on the above rates	(395,464)	(755,822)
Increase (decrease) due to:		
Non-deductible expenses and other permanent differences	63,979	149,328
Non-taxable income	-	(39,175)
Losses for which no tax benefit is recorded	331,485	645,669
Net future income tax assets	-	-

11. INCOME TAXES (continued)

The components of unrecognized deferred tax assets are as follows:

	December 31, 2014	December 31, 2013
	$	$
Share issue costs	104,544	139,935
Exploration and evaluation assets	2,017,912	2,068,898
Plant and equipment	280,115	236,450
Capital losses and other	720,234	734,099
Non-capital losses	2,619,030	2,199,770
Unrecognized deferred tax assets	5,741,835	5,379,152

In assessing the realizability of deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those deferred tax assets are deductible.

As at December 31, 2014, the Company had exploration and evaluation expenditures of $30,586,000, which are available to carry-forward indefinitely, and non-capital losses of approximately $9,702,000 that expire as follows:

	$
2025	281,000
2026	487,000
2027	2,033,000
2028	319,000
2029	350,000
2030	1,222,000
2031	1,597,000
2032	1,570,000
2033	1,366,000
2034	477,000
	9,702,000

12. FINANCIAL INSTRUMENTS

The Company examines the various financial instruments to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk, liquidity risk and market risk (including interest rate, currency and other price risk). The risk related to financial instruments is managed by senior management of the Company under policies and directions approved by the Board. Relevant policies include the Treasury Management Policy and the approval allowing a portion of the Company's cash to be held in US dollars at the discretion of the Chief Executive Officer and the Chief Financial Officer. The Board monitors these policies on a quarterly basis. The Company's Board has not approved the use of derivative financial products.

12. FINANCIAL INSTRUMENTS (continued)

a) Fair value of financial instruments

The fair value hierarchy established by IFRS 7 *Financial Instruments: Disclosures* has three levels to classify the inputs to valuation techniques used to measure fair value described as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the assets or liabilities either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair values of the Company's accounts receivable and accounts payable and accrued liabilities are equivalent to their carrying values due to their short-term nature. AFS financial instruments are comprised of marketable securities, which are valued using Level 1 measurements.

b) Credit risk

Credit risk is the risk of an unexpected loss if a party to a financial instrument fails to meet its contractual obligations.

The credit risk associated with cash and cash equivalents and investments is minimized as these financial instruments are held with major Canadian commercial banks. In respect of accounts receivable, the Company is not exposed to significant credit risk as the majority consists of amounts due from Canadian governmental agencies.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to determine the funds required to support the Company's operating requirements as well as its planned capital expenditures. The Company manages its financial resources to ensure there is sufficient working capital to fund near term planned exploration work and operating expenditures. The Company has considerable discretion to reduce or increase plans or budgets depending on current or projected liquidity. When appropriate, the Company will seek joint venture partners in order to fund or share the funding of its exploration properties to minimize shareholder risk. As at December 31, 2014, the Company had sufficient cash to meet its obligations related to accounts payable and accrued liabilities and required administrative and property expenditures over the next twelve months.

d) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to short-term interest rates through the interest earned on cash and cash equivalents. A 1% change in short-term rates would not have a material impact on net loss.

12. FINANCIAL INSTRUMENTS (continued)

d) Market risk (continued)

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company holds substantially all of its cash resources in Canadian dollars with an insignificant amount held in US dollars, making currency risk minimal.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financing instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk in terms of its investment. A 30% change in price would not have a material impact on other comprehensive loss.

13. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company’s strategy remains unchanged from the fifteen month period ended December 31, 2013.

The Company considers the items included in equity as capital. The Company manages the capital structure and makes adjustments to it in response to 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, or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary. The annual budgets are approved by the Board.

In order to maximize ongoing exploration efforts, the Company does not pay dividends. The Company's treasury management policy is to invest its cash in highly rated liquid short-term interest bearing investments with an initial term to maturity of twelve months or less.

The Company is not subject to externally imposed capital requirements.

14. RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel at the Company are the directors and officers of the Company.

14. RELATED PARTY TRANSACTIONS (continued)

The remuneration of key management personnel was as follows:

		Year ended December 31, 2014	Fifteen-month period ended December 31, 2013
		$	$
Short-term benefits	1	767,629	1,213,665
Share-based payments	2	280,087	621,823
Total		1,047,716	1,835,488

1 Short-term benefits consisted exclusively of salaries, bonuses, health benefits and consulting fees for key management personnel, some of which have been capitalized to exploration and evaluation assets.

2 Share-based payments were non-cash items that consisted of the fair value of stock options and warrants that had been granted to key management personnel, some of which have been capitalized to exploration and evaluation assets.

During the year ended December 31, 2014, the Company charged a company that has two directors and two officers in common $30,000 (fifteen-month period ended December 31, 2013: $Nil) for administration expenses including office rent and office operating costs, the amount of which was netted against office and administration expenses in the consolidated statement of loss and comprehensive loss.

During the year ended December 31, 2014, the Company was charged $26,887 (fifteen-month period ended December 31, 2013: $Nil) for office administrator services by a company that has two directors and two officers in common, the amount of which was included in professional fees in the consolidated statement of loss and comprehensive loss. At December 31, 2014, accounts payable and accrued liabilities included an amount of $3,432 (2013: $Nil) for these services.

During the year ended December 31, 2014, the Company charged a company that has two directors and two officers in common $14,700 (fifteen-month period ended December 31, 2013: $Nil) for CFO services, the amount of which was netted against salaries and benefits in the consolidated statement of loss and comprehensive loss. At December 31, 2014, accounts receivable included an amount of $1,764 (2013: $Nil) for these services.

15. COMMITMENTS

In March 2011, the Company entered into a five year office lease agreement, which commenced July 1, 2011 and ends June 30, 2016.

Future minimum lease payments over the remaining term of the lease agreement are estimated to be as follows:

2015	$ 109,596
2016	$ 27,399

15. COMMITMENTS (continued)

As a result of the issuances of Flow-Through Shares on February 11, 2014 and December 22, 2014, the Company has a commitment to incur $2,800,000 in qualifying Canadian exploration expenditures on or before December 31, 2015. As of December 31, 2014, $1,600,000 of the commitment was remaining.

16. EVENT AFTER THE REPORTING DATE

On January 20, 2015, the Company granted 975,000 stock options to directors, officers, employees and consultants of the Company. The stock options are exercisable at a price of $0.20 per share with an expiry of January 20, 2020.