ORESTONE MINING CORP.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended January 31, 2015 and 2014

(Expressed in Canadian Dollars)

DeVISSER GRAY LLP
CHARTERED ACCOUNTANTS

401-905 West Pender St
Vancouver BC V6C 1L6
t 604.687.5447
f 604.687.6737

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Orestone Mining Corp.

We have audited the accompanying financial statements of Orestone Mining Corp., which comprise the statements of financial position as at January 31, 2015 and 2014 and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Orestone Mining Corp. as at January 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

De Visser Gray LLP

CHARTERED ACCOUNTANTS
Vancouver, Canada
May 29, 2015

ORESTONE MINING CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Notes	January 31, 2015	January 31, 2014
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents	3	142,969	454,786
Marketable securities	4	3,686	-
Receivables	5,7,9	65,546	54,543
Mineral exploration tax credits recoverable	7	-	62,279
Prepaids		30,862	32,070
		243,063	603,678
Non-current Assets			
Equipment	6	162	272
Exploration and evaluation assets	7	3,758,471	3,733,792
Deposits	7	42,800	42,800
Reclamation bonds	7	29,000	29,000
		3,830,433	3,805,864
		4,073,496	4,409,542
LIABILITIES			
Current			
Trade and other payables	8	76,503	55,292
		76,503	55,292
SHAREHOLDERS' EQUITY			
Share capital	10	6,148,828	6,142,828
Reserves	10	1,395,934	1,380,382
Deficit		(3,547,769)	(3,168,960)
		3,996,993	4,354,250
		4,073,496	4,409,542

Nature and continuance of operations (Note 1)
Commitments (Note 11)

These consolidated financial statements are authorized for issue by the Board of Directors on May 29, 2015

They are signed on the Company's behalf by:

"David Hottman"	Director	*"Gary Nordin"*	Director
David Hottman		Gary Nordin	

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

ORESTONE MINING CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

		For the years ended January 31,	
	Notes	2015	2014
		$	$
EXPENSES			
Depreciation	6	110	48
Filing fees		12,724	16,910
Investor relations		18,478	48,199
Management and consulting fees	9	-	14,500
Office, rent and miscellaneous	9	85,707	117,912
Project search		3,897	24,039
Professional fees		19,710	28,316
Salaries and benefits		145,356	166,238
Share-based payments	10	15,552	164,264
		301,534	580,426
OTHER ITEMS			
Interest income		(3,347)	(9,275)
Loss on debt settlement	4	7,371	-
Unrealized loss on marketable securities	4	7,370	-
Write-off of exploration and evaluation assets	7	65,881	-
		77,275	(9,275)
COMPREHENSIVE LOSS		(378,809)	(571,151)
LOSS PER SHARE – Basic and diluted	11	(0.01)	(0.02)

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

ORESTONE MINING CORP.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

				Reserves				
	Notes	Number of shares	Share capital	Warrant	Agent's warrants	Share-based payments	Deficit	Total shareholders' equity
Balance as at January 31, 2013		35,792,823	$ 6,006,679	$ 719,307	$ 98,399	$ 386,306	$ (2,597,809)	$ 4,612,882
Shares issued								
For cash	10	1,779,410	139,144	12,106	-	-	-	151,250
Share issue costs	10	-	(2,995)	-	-	-	-	(2,995)
Share-based payments	10	-	-	-	-	164,264	-	164,264
Comprehensive loss for the year		-	-	-	-	-	(571,151)	(571,151)
Balance as at January 31, 2014		37,572,233	$ 6,142,828	$ 731,413	$ 98,399	$ 550,570	$ (3,168,960)	$ 4,354,250
Shares issued								
For mineral property acquisition	7, 10	200,000	6,000		-	-	-	6,000
Share-based payments	10	-	-	-	-	15,552	-	15,552
Comprehensive loss for the year		-	-	-	-	-	(378,809)	(378,809)
Balance as at January 31, 2015		37,772,233	$ 6,148,828	$ 731,413	$ 98,399	$ 566,122	$ (3,547,769)	$ 3,996,993

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

ORESTONE MINING CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	For the years ended January 31,	
	2015	2014
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (378,809)	$ (571,151)
Non-cash operating items:		
Depreciation	110	48
Share-based payments	15,552	164,264
Loss on debt settlement	7,371	-
Unrealized loss on marketable securities	7,370	-
Write off of evaluation and exploration assets	65,881	-
	(282,525)	(406,839)
Changes in non-cash working capital items:		
Receivables	(11,003)	23,722
Mining tax credit recoverable	62,279	238,341
Prepaids	1,208	7,424
Trade and other payables	(14,669)	(19,851)
Due to related parties	-	(10,000)
Net cash used in operating activities	(244,710)	(167,203)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(67,107)	(563,759)
Purchase of equipment	-	(320)
Net cash used in investing activities	(67,107)	(564,079)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common shares	-	151,250
Share issue costs	-	(2,995)
Net cash provided by financing activities	-	148,255
CHANGE IN CASH	(311,817)	(583,027)
CASH, BEGINNING	454,786	1,037,813
CASH, ENDING	$ 142,969	$ 454,786

Supplemental disclosures with respect to cash flows (Note 14)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Orestone Mining Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on April 30, 2007 and its principal business activity is the exploration of mineral properties. The address of the Company's registered and head office is 19th floor, 885 West Georgia Street, Vancouver, BC, Canada V6C 3H4. The Company's shares are listed on the TSX-Venture Exchange and trade under the symbol "ORS".

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to raise adequate financing to develop its exploration and evaluation assets, and to commence profitable operations in the future. To date the Company has not generated any significant revenues and is considered to be in the exploration stage. These uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

Management's plan includes continuing to pursue additional sources of financing through equity offerings, seeking joint venture partners to fund exploration, monitoring exploration activity and reducing overhead costs. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the consolidated statement of financial position. Further discussion of liquidity risk has been disclosed in Notes 12 and 13.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

	January 31, 2015	January 31, 2014
Deficit	$ (3,547,769)	$(3,168,960)
Working capital	$166,560	$548,386

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Statement of compliance with International Financial Reporting Standards ("IFRS")
These consolidated financial statements have been prepared in accordance and compliance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation
The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Significant estimates and assumptions
The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (cont'd)

Significant estimates and assumptions (cont'd)
Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include stock-based awards and payments and the recoverability of the carrying value of exploration and evaluation assets.

Significant judgments
The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

Basis of consolidation
Subsidiaries
The consolidated financial statements include the financial statements of the Company and entities controlled by the Company (its "subsidiaries"). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Company's subsidiary is:

	% of ownership	Jurisdiction	Principal activity
Intuitive Exploration Inc.	100%	Canada	Exploration company

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

Jointly controlled operations and assets
Joint control is defined as contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the ventures). A portion of the Company's exploration activities is conducted jointly with others when the Company enters into agreements that provide for specific percentage interests in exploration properties.

A jointly controlled asset involves joint control and ownership by the Company and other venturers of assets contributed to or acquired for the purpose of the joint venture, without the formation of a corporation, partnership or other entity. The Company accounts for its share of the jointly controlled assets, any liabilities it has incurred, its share of any liabilities jointly incurred with other ventures, income from the sale or use of its share of the joint venture's output, together with its share of the expenses incurred by the joint venture, and any expenses it incurs in relation to its interest in the joint venture.

As at January 31, 2015 and January 31, 2014 the Company has a 51% in the Todd Creek Property joint venture (Note 7), which is accounted for as a jointly controlled asset.

Inter-company balances and transactions
Inter-company balances and transactions, including unrealised income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (cont'd)

Foreign currency translation
Functional currency
The functional currency of the Company and its subsidiaries is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars, which is the presentation and the functional currency of the parent company and all of its subsidiaries.

Transactions and balances
Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates that prevailed at the period end exchange rate. Non-monetary items are translated at historical exchange rates, except for items carried at market value, which are translated at the rate of exchange in effect at the period end exchange rate. Revenue and expenses are translated at average rates of exchange during the period. Exchange gains or losses arising on foreign currency translation are included in the determination of operating results for the year.

Equipment
Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on the declining balance basis at the following rates per annum:

Equipment	20%
Computer equipment	55%

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Exploration and evaluation assets
Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Mining exploration tax credits from the Government of British Columbia for certain exploration expenditures incurred in British Columbia are treated as a reduction of the exploration and development costs of the respective exploration property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

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 mining property and development assets within property, plant and equipment.

Restoration and environmental obligations
Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (cont'd)

Restoration and environmental obligations (cont'd)

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets

The Company currently has no known material rehabilitation and environmental costs. The Company however has reclamation bonds in place in the amount of $29,000 in respect of the Captain property (Note 7).

Impairment of non-financial assets

The carrying amount of the Company's long-lived assets (which include equipment and exploration and evaluation assets) is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists.

An asset's 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 for which estimates of future cash flows have not been adjusted. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as a charge in the statement of comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a recovery in the statement of comprehensive loss for the period.

Share-based payments

The Company grants share purchase options to directors, officers, employees and consultants to purchase common shares. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (cont'd)

Share-based payments (cont`d)
The fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Loss per share
The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year.

Basic and diluted losses per common share are calculated using the weighted-average number of common shares outstanding during the year.

Financial instruments
Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below.

Financial assets
The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises of financial assets classified as held for trading that are either derivatives or assets acquired principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method, less any provision for impairment. Discounting is omitted when the effect of discounting is immaterial. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty may likely default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of comprehensive loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income. Where a financial asset is disposed of or a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the cumulative gain or loss is reclassified from equity and recognized in the statement of comprehensive loss.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (cont'd)

Financial instruments (cont`d)
All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above. If in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss.

Financial liabilities
The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises of financial liabilities classified as held for trading that are either derivatives or liabilities incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

Other financial liabilities: This category includes promissory notes, amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

The Company does not have any derivative financial assets and liabilities.

Income taxes
Current income tax:
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:
Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (cont'd)

Segment reporting
The Company operates in a single geographical segment, being Canada, and a single reporting segment, being the acquisition, exploration and development of mineral property interests.

New and amended standards adopted by the Company
Effective February 1, 2014, the Company adopted the following new and revised IFRS that were issued by the IASB:

- Amendments to IAS 1, Presentation of Items of Other Comprehensive Income
- IFRS 7, Financial Instruments: Disclosures
- IFRS 10, Consolidated Financial Statements
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosure of Interests in Other Entities
- IFRS 13, Fair Value Measurement
- IAS 19, Employee Benefits
- IAS 27, Separate Financial Statements
- IAS 28, Investments in Associates and Joint Ventures
- IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine

The application of these new and revised IFRS has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

New standards, amendments and interpretations to existing standards not yet effective
Effective for annual reporting periods beginning on or after January 1, 2015:

- IAS 32, Offsetting Financial Assets and Financial Liabilities
- IAS 36, Recoverable Amount Disclosures for Non-Financial Assets
- IAS 39, Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC 21, Levies
- Effective date to be finalized:
- IFRS 9, Financial Instruments, Classification and Measurement

The Company has not early adopted these new and amended standards and is currently assessing the impact that these standards will have on the Company's financial statements.

3. CASH AND CASH EQUIVALENTS

	January 31, 2015	January 31, 2014
	$	$
Cash on hand	142,969	42,884
Short-term investment	-	411,902
	142,969	454,786

Cash equivalents are comprised of highly-liquid instruments issued by commercial banks which are readily convertible into known amounts of cash.

(Expressed in Canadian dollars)

4. MARKETABLE SECURITIES

On June 28, 2014 the Company received 368,520 shares at $0.05 as payment from Galileo Petroleum Ltd. ("Galileo") pursuant to a debt settlement of $18,426 owed to the Company, the fair value of the Galileo shares was $11,055 and the Company recorded a loss on debt settlement of $7,371. On October 20, 2014 Galileo consolidated its stock on a three per one consolidation basis. As at January 31, 2015, the Company owns 122,840 shares of Galileo. For the year ended January 31, 2015, the Company recorded an unrealized loss of $ 7,370 with respect to these shares (2014 - $Nil).

5. RECEIVABLES

Receivables consist of the following:

	January 31, 2015	January 31, 2014
	$	$
Due from joint venture partners (Note 7)	23,093	26,443
Government taxes receivable	781	128
Other	7,180	2,673
Related parties receivable (Note 9)	34,492	25,299
	65,546	54,543

6. EQUIPMENT

	Computer equipment	Total
	$	$
Cost		
Balance as at February 1, 2013	-	-
Additions	320	320
Balance as at January 31, 2014	320	320
Additions	-	-
Balance as at January 31, 2015	320	320
Accumulated depreciation		
Balance as at February 1, 2013	-	-
Depreciation for the year	48	48
Balance as at January 31, 2014	48	48
Depreciation for the year	110	110
Balance as at January 31, 2015	158	158
Carrying amounts		
At February 1, 2013	-	-
At January 31, 2014	272	272
At January 31, 2015	162	162

7. EXPLORATION AND EVALUATION ASSETS

Estrella de Oro Property

On January 16, 2014, the Company signed a five year option agreement ("the Agreement") with Kootenay Silver Inc. to earn a 60 percent interest in the 700-hectare Estrella de Oro gold exploration property located in Sonora State, Mexico, approximately 200 kilometers southeast of the city of Hermosillo.

7. EXPLORATION AND EVALUATION ASSETS (cont'd)

Estrella de Oro Property (cont'd)
The option payments consist of staged cash payments totaling USD$150,000, expenditures of USD$2,000,000 and the issuance of 200,000 common shares of the Company upon regulatory approval (issued).

In October 2014, the Company completed testing and determined that the property lacked the potential. The Company then advised Kootenay that it would not be proceeding with the option agreement and wrote off $65,881 (2014 - $Nil) of project expenditures on the Estrella de Oro Property.

Captain Property
The Company owns a 100% interest in certain mineral claims comprising the Captain Property located near Fort St. James, British Columbia.

At January 31, 2015, included in mineral exploration tax credits recoverable is $Nil (January 31, 2014 - $60,791) relating to the Captain property.

As at January 31, 2015, the Company has issued a $29,000 (January 31, 2014 - $29,000) reclamation bond to the Ministry of Energy, Mines and Petroleum Resources of British Columbia to guarantee reclamation of the environment on the Captain Property.

Todd Creek Property
On April 3, 2008, the Company signed a property option agreement with Goldeye Explorations Limited ("Goldeye"), Polar Star Mining Corporation ("Polar"), and Geofine Exploration Consultants Ltd. ("Geofine") to acquire an interest in certain claims comprising the Todd Creek Property located in the Skeena Mining Division in northwestern British Columbia.

The Company earned a 51% interest in the Todd Creek Property by making cash payments of $180,000, issuing 170,000 common shares at a fair value of $10,500 and incurring work expenditures of $2,500,000.

Upon earning the 51% interest, the Company, Goldeye, Polar and Geofine formed a Joint Venture (the "JV") on April 30, 2010. Pursuant to the JV agreement, the Company is the operator and holds a 51% interest in the JV and Polar Star and Goldeye (collectively, the "JV partners") each hold a 24.5% interest in the JV.

Upon production, the JV shall pay a royalty to Geofine of 2.5% of the Net Smelter Return royalty ("NSR") derived from operations on the Todd Creek Property.

Commencing on or before November 30, 2010 and for each anniversary of that date until an NSR is derived from operations on the property, the JV will provide a payment to Geofine of $25,000 (paid). Such payments will be considered to be non-refundable advances on any NSR that Geofine shall be entitled to. The JV has the exclusive option to purchase the NSR for $750,000 for each 0.5% of royalty interest held on the property.

At January 31, 2015, included in receivables is $23,094 (January 31, 2014 - $26,443) owing from the JV partners.

At January 31, 2015, included in mineral tax credits recoverable is $Nil (January 31, 2014 - $1,488) relating to the Todd Creek Property.

As at January 31, 2015, recorded in deposits is $17,500 (January 31, 2014 - $17,500) paid to Geofine, which has been used towards the posting of a reclamation bond with the Ministry of Energy, Mines and Petroleum Resources of British Columbia to guarantee the reclamation of the Todd Creek Property.

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (cont'd)

The Company has incurred the following on acquisition and deferred exploration costs:

	January 31, 2013	Additions	January 31, 2014	Additions	January 31, 2015
	$	$	$	$	$
Captain Property					
Acquisition costs	275,922	65	275,987	65	276,052
Deferred exploration costs					
Assays	35,117	4,679	39,796	1,022	40,818
Drilling	566,994	167,883	734,877	-	734,877
Geological	265,776	101,034	366,810	9,035	375,845
Geophysical	117,875	25,502	143,377	-	143,377
Surveying	40,846	-	40,846	-	40,846
Other	1,061	-	1,061	-	1,061
	1,027,669	299,098	1,326,767	10,057	1,336,824
Mining exploration tax credit	(212,831)	(62,175)	(275,006)	-	(275,006)
	1,090,760	236,988	1,327,748	10,122	1,337,870
Todd Creek Property					
Acquisition costs	268,785	12,750	281,535	12,750	294,285
Deferred exploration costs					
Aircraft	626,189	-	626,189	-	626,189
Assays	196,652	4,955	201,607	5,480	207,087
Camp	237,807	-	237,807	-	237,807
Geological consulting	257,421	-	257,421	-	257,421
Drilling	312,864	-	312,864	-	312,864
Field	234,469	-	234,469	-	234,469
Geophysical	288,630	-	288,630	-	288,630
Other	91,128	-	91,128	-	91,128
Professional	58,424	-	58,424	-	58,424
Salaries and wages	410,555	-	410,555	-	410,555
	2,714,139	4,955	2,719,094	5,480	2,724,574
Mining exploration tax credit	(518,767)	(1,488)	(520,255)	497	(519,758)
Write-off of exploration and evaluation assets	(78,500)	-	(78,500)	-	(78,500)
	2,385,657	16,217	2,401,874	18,727	2,420,601

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (cont'd)

	January 31, 2013	Additions	January 31, 2014	Additions	January 31, 2015
	$	$	$	$	$
Estrella de Oro					
Acquisition costs	-	-	-	6,000	6,000
Deferred exploration costs					
Assays	-	-	-	2,572	2,572
Dirt Work	-	-	-	25,773	25,773
Environmental	-	-	-	5,012	5,012
Geological	-	4,170	4,170	21,272	25,442
Surveying	-	-	-	1,082	1,082
	-	4,170	4,170	55,711	59,881
Write-off of mineral exploration	-	-	-	(65,881)	(65,881)
	-	4,170	4,170	(4,170)	-
Total	3,476,417	257,375	3,733,792	24,679	3,758,471

8. TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

	January 31, 2015	January 31, 2014
	$	$
Trade payables	46,561	24,942
Accrued liabilities and other	29,942	30,350
Total	76,503	55,292

9. RELATED PARTY TRANSACTIONS

a) Key management personnel compensation

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

	January 31, 2015	January 31, 2014
	$	$
Salaries, fees, and short-term employee benefits	130,560	145,380
Share-based payments	-	28,000
Total	130,560	173,380

(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS (cont'd)

b) Other related party transactions

Amounts charged/due to:	Service	Total charged as at January 31, 2015	Total charged as at January 31, 2014	Balance outstanding as at January 31, 2015	Balance outstanding as at January 31, 2014
		$	$	$	$
A public company with a director in common with the Company	Rent	-	4,701	-	-
Officers and directors	Consulting fees and geological consulting fees	-	16,500	-	-
Total		-	44,654	-	-

Amounts charged/due from:	Service	Total charged as at January 31, 2015	Total charged as at January 31, 2014	Balance outstanding as at January 31, 2015	Balance outstanding as at January 31, 2014
		$	$		$
A public company with a director in common with the Company	Rent	54,712	55,488	-	-
A private company controlled by a director of the Company (Note 5)	Rent	13,083	12,065	24,524	14,065
A public company with a director in common with the Company (Note 5)	Rent	13,083	12,065	9,968	11,234
Total		80,877	79,618	34,492	25,299

Amounts owing to/from related parties are non-interest bearing, unsecured, and have no fixed terms of repayment.

10. SHARE CAPITAL

a) Authorized

Authorized: Unlimited number of common shares without par value.

b) Details of issuance of common shares

At January 31, 2015, there were 37,772,233 (January 31, 2014 – 37,572,233) issued and fully paid common shares.

<u>Fiscal 2015</u>

On February 10, 2014, the Company issued 200,000 shares at a fair value of $6,000 pursuant to the signing of the Estrella de Oro Property agreement.

<u>Fiscal 2014</u>

On June 20, 2013, the Company completed a non-brokered private placement for aggregate proceeds of $151,250 by issuing 1,779,410 units at $0.085 per unit (the "Unit"). Each Unit comprised of one common share and one-half of one common share purchase warrant .Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.14 until June 20, 2014. The warrants were allocated a fair value of $12,106 using the Black Scholes Option Pricing Model. The Company paid cash finder's fees of $1,488 and an aggregate of $1,507 was also included in share issue costs for the applicable filing fees.

(Expressed in Canadian dollars)

10. SHARE CAPITAL (cont'd)

c) Warrants

The continuity of warrants is as follows:

Expiry date	Exercise price	January 31, 2013	Issued	Expired/ cancelled	January 31, 2014	Issued	Expired/ cancelled	January 31, 2015
July 11, 2013	0.40	1,225,000	-	(1,225,000)	-	-	-	-
October 23, 2013	0.15	7,937,500	-	(7,937,500)	-	-	-	-
October 23, 2013	0.17	1,650,000	-	(1,650,000)	-	-	-	-
June 20, 2015	0.14	-	889,705	-	889,705	-	-	889,705
		10,812,500	889,705	(10,812,500)	889,705	-	-	889,705
Weighted average exercise price ($)		0.56	0.14	0.18	0.14	-	-	0.14

In May 2014, the Company extended the expiry date of the above 889,705 warrants for one additional year to June 20, 2015. The exercise price of $0.14 remains unchanged.

The weighted average remaining contractual life of the outstanding warrants as at January 31, 2015 is 0.38 years (January 31, 2014 – 0.38 years).

The following table summarizes the assumptions used in the Black-Scholes Option Pricing Model to estimate the fair value of the various warrants and agent warrants:

	January 31, 2015	January 31, 2014
Risk-free interest rate	n/a	1.14%
Annualized volatility	n/a	114%
Expected dividend yield	n/a	Nil
Expected option life in years	n/a	1 year

d) Share purchase option compensation plan

The Company has adopted an incentive share option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-Venture Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares to be outstanding at closing. Such options will be exercisable for a period of up to 5 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares.

(Expressed in Canadian dollars)

10. SHARE CAPITAL (cont'd)

d) Share purchase option compensation plan (cont'd)

The continuity of options is as follows:

Expiry date	Exercise price	January 31, 2013	Issued	Expired/ forfeited	January 31, 2014	Issued	Expired/ forfeited	January 31, 2015
	$							
March 7, 2013	0.80	125,000	-	(125,000)	-	-	-	-
September 8, 2013	0.42	138,750	-	(138,750)	-	-	-	-
January 12, 2015	0.60	50,000	-	(50,000)	-	-	-	-
September 8, 2015	0.42	368,750	-	(56,250)	312,500	-	-	312,500
September 29, 2015	0.40	50,000	-	-	50,000	-	-	50,000
October 26, 2017	0.15	2,355,000	-	(500,000)	1,855,000	-	-	1,855,000
June 28, 2018	0.10	-	625,000	-	625,000	-	-	625,000
October 7, 2018	0.10	-	150,000	-	150,000	-	-	150,000
		3,087,500	775,000	(870,000)	2,992,500	-	-	2,992,500
Weighted average exercise price ($)		0.23	0.10	0.40	0.17	-	-	0.17
					-	-		
Options vested and exercisable		732,500	-	-	2,992,500	-	-	2,992,500
Weighted average exercise price ($)		0.50	-	-	0.17	-	-	0.17

At January 31, 2015 the weighted average remaining life of the outstanding and exercisable options is 2.79 years (January 31, 2014 – 3,86 years).

On October 7, 2013, the Company granted a director of the Company incentive stock options to purchase an aggregate of 150,000 common shares. The options are exercisable until October 7, 2018 at an exercise price of $0.10 per share. The options vested at a rate of 25% on January 7, 2014 and at a rate of 25% every three months thereafter.

On June 28, 2013, the Company granted directors, officers, employees and consultants of the Company incentive stock options to purchase an aggregate of 625,000 common shares. The options are exercisable until June 28, 2018 at an exercise price of $0.10 per share. The options vested at a rate of 25% on September 28, 2013 and at a rate of 25% every three months thereafter.

The assumptions used in the Black Scholes Option Pricing Model to estimate the fair value of options were:

	January 31, 2015	January 31, 2014
Risk-free interest rate	n/a	1.79% - 1.88%
Annualized volatility	n/a	164 - 173%
Expected dividend yield	n/a	Nil
Expected option life	n/a	5 years

Based on these variables, share based payment expense for the options vested during the year ended January 31, 2015 was $15,552 (January 31, 2014 - $164,264).

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

10. SHARE CAPITAL (cont'd)

f) Reserves

The reserves account records items recognized as share-based compensation expense and other share-based payments. When stock options are exercised, the corresponding amount will be transferred to share capital. Amounts recorded for forfeited or expired unexercised options remain in the reserves account. Amounts recorded for exercised, cancelled or expired warrants remain in the reserves account.

11. LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended January 31, 2015 was based on the loss attributable to common shareholders of $378,809 (January 31, 2014 – $571,151) and a weighted average number of common shares outstanding of 37,766,754 (January 31, 2014 – 36,534,244).

Diluted loss per share did not include the effect of 889,705 warrants and 2,992,500 stock options (January 31, 2014 – 889,705 and 2,992,500 respectively) because they are anti-dilutive to loss per share.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, receivables, trade payables and due to related parties. The carrying value of these financial instruments approximates their fair value. The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and interest risk.

Management of Financial Risk
The Company's financial instruments are exposed to certain financial risks, which include credit risk, interest rate risk, liquidity risk, and market risk.

Credit Risk
Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation causing the other party to incur a financial loss. The Company is exposed to credit risks arising from its cash holdings, mineral tax credit recoverable and other receivables. The Company manages credit risk by placing cash and cash equivalents with major Canadian financial institutions. Receivables and mineral tax credit recoverable are due from the Government of Canada. Management believes that credit risk related to these amounts is low.

Interest Rate Risk
Interest rate risk is the risk that an investment's value will change due to a change in the level of interest rates. The Company's exposure to interest rate risk is minimal and relates to its ability to maintain the current rate of interest on its short-term investment.

Liquidity Risk
Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. To manage liquidity risk, the Company reviews additional sources of capital to continue its operations and discharge its commitments as they become due.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash and cash equivalents, primarily through private placements. The Company access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

(Expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

Market Risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The Company is not subject to currency risk as the functional currency is the Canadian dollar. The Company does not use any form of derivative or hedging instruments to reduce its foreign currency risk. The Company is not affected by price risk or interest rate risk.

Management of Industry Risk
The Company is engaged primarily in the mineral exploration field and manages related industry risk issues directly. The Company is potentially at risk for environmental reclamation and fluctuations in commodity based market prices associated with resource property interests. Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements.

13. CAPITAL MANAGEMENT

The Company considers its capital structure to be shareholders' equity represented by net assets over liabilities. The Company manages its capital structure based on the funds available to the Company, in order to support acquisition, maintenance, exploration, and development of exploration and evaluation assets.

The Board of Directors has not established any quantitative return on capital criteria for management, instead relying on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has interests are in the exploration stage so the Company is dependent on external financing to fund its activities. In order to carry out activities and administration, the Company will spend its existing working capital and raise additional amounts as needed.

The Company is not subject to externally-imposed capital restrictions.

14. SUPPLEMENTAL CASH FLOW INFORMATION

Significant non-cash transactions were as follows:

	January 31, 2015	January 31, 2014
	$	$
Exploration and evaluation assets in trade and other payables	36,709	19,256
Common shares issued for exploration and evaluation assets	6,000	-
Fair value of warrants (Note 10)	-	12,106

(Expressed in Canadian dollars)

15. INCOME TAXES

No provision has been made for current income taxes as the Company has no taxable income. A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	January 31, 2015	January 31, 2014
	$	$
Loss for the year	(379,071)	(571,151)
Statutory tax rate	26.00%	25.83%
Expected income tax recovery	(98,558)	(147,547)
Permanent differences and non-deductible amounts	8,691	19,339
Change in valuation allowance	89,867	128,208
Income tax recovery	-	-

The components of the Company's deferred income tax assets and liabilities are estimated as follows:

	January 31, 2015	January 31, 2014
	$	$
Exploration and evaluation assets	(121,000)	9,000
Loss carry-forwards	3,736,000	3,390,000
Equipment and other	7,000	-
Share issuance costs	111,000	175,000
Valuation allowance	(3,733,000)	(3,574,000)
Net deferred income tax assets	-	-

The tax pools relating to these deductible temporary differences expire as follows:

	Exploration and evaluation assets	Loss carry-forwards	Share issuance costs
	$	$	$
2016	-	-	60,768
2017	-	-	49,542
2018	-	-	599
2028	-	82,258	-
2029	-	589,427	-
2030	-	565,162	-
2031	-	458,077	-
2032	-	550,304	-
2033	-	649,026	-
2034	-	496,634	-
2035	-	345,906	-
No expiry	3,630,842	-	-
	3,630,842	3,736,794	110,909

15. INCOME TAXES (cont'd)

Provision for current tax

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

For the year ended January 31, 2015 and 2014, there were no issuances of flow-through shares.

Under the IFRS framework, the increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds, or "premium," are recorded as a deferred charge. As expenditures are renounced, the charge is reversed. The net amount is recognized as flow-through share liability reversal. To January 31, 2015, the Company had no required expenditures under flow-through.

Provision for deferred tax

As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized. As at January 31, 2015, the Company has approximately $3.4 million in non-capital losses that can be offset against the taxable income of future years, and which begin expiring at various dates commencing in 2028. The potential future tax benefit of these losses has not been recorded as a future tax asset, beyond offsetting known future tax liabilities, due to the uncertainty regarding the utilization of these losses.