

BIOMASS SECURE POWER INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015 AND 2014

(Unaudited)

BIOMASS SECURE POWER INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MARCH 31, 2015

Responsibility for financial statements

The accompanying condensed interim consolidated financial statements for Biomass Secure Power Inc. (the "Company") have been prepared by management in accordance with International Financial Reporting Standards consistently applied. The most significant of these accounting principles have been set out in Note 3 to the attached financial statement. These interim statements have been presented on the accrual basis of accounting. Therefore estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the interim financial statements, management is satisfied that these condensed interim financial statements have been fairly presented.

Auditor involvement

The Company's auditors have not performed a review of the unaudited condensed interim consolidated financial statements as and for the nine month period ended March 31, 2015.

"J Carroll"

James Carroll
Director

BIOMASS SECURE POWER INC.

CONDENSED INTERIM CONSOLIDATEDSTATEMENT OF FINANCIAL POSITION

(Unaudited)
(Stated in U.S. Dollars)

	March 31, 2015	June 30, 2014
ASSETS		
Current		
Cash	**$ 3,572**	$ 122,215
Other receivable	**12,989**	11,132
Deposit	**-**	-
Total current assets	**16,561**	133,347
Non-current assets		
Equipment (Note 5)	**319**	1,104
Intellectual property (Note 6)	**1**	1
Total non-current assets	**320**	1,105
TOTAL ASSETS	**$ 16,881**	$ 134,362
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 175,277**	$ 169,772
Loans payable (Note 7)	**229,060**	287,373
Due to related parties (Notes 8 and 10)	**486,189**	319,188
Total current liabilities	**896,726**	776,333
STOCKHOLDERS' DEFICIT		
Common shares (Note 9)	**7,944,930**	7,920,200
Share subscriptions received	**-**	35,000
Convertible debt option reserve	**12,326**	12,326
Accumulated deficit	**(8,837,101)**	(8,609,497)
Total shareholders' deficit	**(879,845)**	(641,971)
TOTAL DEFICIT AND LIABILITIES	**$ 16,881**	$ 134,362

Subsequent event (Note 16)

Approved by the Board of Directors:

"*James Carroll*"	"*George Pappas*"
James Carroll, Director	George Pappas, Director

The accompanying notes are an integral part of these financial statements

BIOMASS SECURE POWER INC.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS / INCOME
For the Three and Nine Months Ended March 31
(Unaudited)
(Stated in U.S. Dollars)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2015	2014	**2015**	2014
Expenses				
Consulting	**$ -**	$,	**$ -**	$ 25,513
Depreciation (Note 5)	**232**	249	**695**	557
Interest	**12,396**	3,238	**31,185**	12,843
Management fees (Notes 8 and 12)	**60,000**	60,000	**180,000**	180,000
Non-refundable lease option	**-**	-	**-**	15,000
Other expenses (recovery) (Note 11)	**4,419**	19,432	**54,744**	54,547
Net loss and comprehensive loss for the period	**$ (77,047)**	$ (92,919)	**$ (266,624)**	$ (288,460)
Loss per share Basic and Diluted	**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.00)

The accompanying notes are an integral part of these financial statements

BIOMASS SECURE POWER INC.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (DEFICIT)
For the Periods Ended March 31
(Stated in U.S. Dollars)
(Unaudited)

	Share capital			Equity Portion of		
	Number	Amount	Share Subscriptions	Convertible Debt	Accumulated Deficit	Total
Balance, June 30, 2013	599,991,908	$ 7,855,700	$ -	$ 1,592	$ (8,247,081)	$ (389,789)
Common shares issued for cash	6,450,000	64,500	-	-	-	64,500
Equity imbedded in convertible debt issued	-	-	-	10,734	-	10,734
Share subscriptions received	-	-	35,000	-	-	35,000
Net loss for the nine months ended March 31, 2014	-	-	-	-	(288,460)	(288,460)
Balance, March 31, 2014	606,441,908	$ 7,920,220	$ 35,000	12,326	(568,015)	(568,015)
Net loss for the three months ended June 30, 2014	-	-	-	-	(73,956)	(73,956)
Balance, June 30, 2014	**606,441,908**	**$ 7,920,200**	**$ 35,000**	**$ 12,326**	**$ (8,609,497)**	**$ (641,971)**
Balance, June 30, 2014	606,441,908	$ 7,920,200	$ 35,000	$ 12,326	$ (8,609,497)	$ (641,971)
Common shares issued for cash	1,750,000	43,750	(35,000)	-	-	8,750
Common shares issued for debt	5,000,000	20,000	-	-	-	20,000
Common shares returned for cancellation	(3,000,000)	(39,020)	-	-	39,020	-
Net loss for the nine months ended March 31, 2015	-	-	-	-	(266,624)	(266,624)
Balance, March 31, 2015	**608,191,908**	**$ 7,944,930**	**$ -**	**$ 12,326**	**$ (8,837,101)**	**$ (879,845)**

The accompanying notes are an integral part of these financial statements

BIOMASS SECURE POWER INC.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the Nine Months Ended March 31
(Unaudited)
(Stated in U.S. Dollars)

		2015		2014
Cash Flows From (Used By) Operating Activities				
Net loss for the period	**$**	**(266,624)**	$	(288,460)
Items not involving cash:				
Depreciation		**695**		557
Accrued management fees		**180,000**		180,000
Foreign exchange change on loans payable		**(35,408)**		(6,593)
Amortization of deferred financing costs		**8,684**		-
Amortization of equity component of convertible debt		**9,611**		-
Interest accrued on loans and advances payable		**(8,516)**		
Stock issued for expenses		**20,000**		
Change in non-cash operating working capital items:				
Amounts receivable		**(1,857)**		8,654
Deposits		**-**		1,481
Accounts payable and accrued liabilities		**14,021**		22,313
Net cash outflows from operating activities		**(79,394)**		(82,048)
Cash Flows From (Used By) Financing Activities				
Share subscriptions received		**8,750**		64,500
Loan advances from (repayments to) related parties (Note8)		**(12,999)**		14,791
Repayment of loan payable		**(35,000)**		-
Loan proceeds – other		**-**		56,256
Net cash inflows from financing activities		**(39,249)**		135,547
Cash Flows Used By Investing Activities				
Purchase of capital assets		**-**		(1,104)
Decrease in Cash		**(118,643)**		52,395
Cash, Beginning of Period		**122,215**		11,766
Cash, End of Period	**$**	**3,572**	$	64,161
Supplemental Cash Flow Information				
Interest Paid	**$**	**16,873**	$	-
Income Taxes Paid	**$**	**-**	$	-

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The accompanying notes are an integral part of these financial statements

1. CORPORATE INFORMATION

Biomass Secure Power Inc. was incorporated in the Province of British Columbia on August 24, 1989 as Flamingos Beach Resort Inc. On August 10, 1999, we changed our name to VMH Videomoviehouse.com Inc. On May 18, 2006, we changed our name to Virtual Media Holdings Inc. On February 9, 2009, we changed our name to Biomass Secure Power Inc. On June 30, 2009, we acquired all the outstanding shares of 0625920 BC Ltd. ("0625920") and on that date was legally amalgamated with 0625920 B.C. Ltd. ("0625920") under the British Columbia *Business Corporations Act* (the "Amalgamation"). The amalgamated company continued operations as Biomass Secure Power Inc. Under the terms of the Amalgamation, each common share of 0625920 was exchanged for fifteen common shares of the Company ("Consideration Shares").

The address of the Company's registered office is Suite 800, 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3H1. The address of the Company's principal place of business is 40218 Wellsline Road, Abbotsford, BC, V3G 2K7.

The Company has not generated revenue from operations. The Company had an operating loss of $266,624 for the nine months ended March 31, 2015, a history of prior year losses and, as of that date the Company's accumulated deficit was $8,837,101. The Company is considered to be in the development stage as it has not commenced revenue earning operations. These consolidated financial statements have been prepared on a going concern basis, which assumes the realization of asset and liquidation of liabilities in the normal course of business. While these consolidated financial statements have been prepared on the assumption that the Company is a going concern and will be able to realize its assets and meet its obligations in the normal course of operations, there are conditions and events that cast significant doubt on the validity of that assumption. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise debt or equity financings and the attainment of profitable operations. Management has taken steps to reduce cash expenditures to a level that will enable operations to continue and meeting its minimum commitments for a minimum of twelve months from the date of these financial statements. There can be no assurance that management's plans will be successful. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

a) Statement of Compliance

These condensed interim consolidated financial statements of the Company for the nine months ending March 31, 2015 have been prepared in accordance with *International Accounting Standard 34 - Interim Financial Reporting* ("IAS 34") using policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board. These condensed interim consolidated financial statements have been prepared on the basis of and using accounting policies, methods of computation and present consistent with those applied in the audited annual consolidated financial statements for the year ended June 30, 2014 and should be read in conjunction with those annual consolidated financial statements.

The condensed interim consolidated financial statements of the Company as at March 31, 2015 were approved and authorised for issue by the Board of Directors on May 15, 2015.

b) Basis of measurement

These condensed interim financial statements have been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets.

The condensed interim financial statements are presented in United States dollars, which is also the Company's functional currency, and all values are rounded to the nearest dollar, unless otherwise indicated.

Preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statement are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial statements have been prepared using accounting policies specified by those IFRSs that are in effect at the end of the reporting period (March 31, 2015).The standards that will be effective in the financial statements for the year ending June 30, 2015 are subject to change and may be affected by additional interpretations.

These interim condensed financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2014.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Newly Adopted Standards

No new standards have been adopted in the period

Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements were issued by the IASB of the IFRS Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2014 or later years.

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements. The following new standards, interpretations and amendments, which have not been applied in these consolidated financial statements:

IFRS 9 *Financial Instruments* is part of the IASB's wider project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized costs and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The effective date of this amendment is fiscal periods commencing after January 1, 2018. The Company early adopted IRFS 9.

IAS 32 *Financial Instruments: Presentation* In December 2011 further amendments to this standard outline additional accounting requirements for the presentation of financial instruments, particularly as to the classification of such instruments into financial assets, financial liabilities and equity instruments. The standard also provides guidance on the classification of related interest, dividends and gains/losses, and when financial assets and financial liabilities can be offset. The effective date of this amendment is fiscal periods commencing after January 1, 2014. This amended standard will have no impact on the Company's financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustments to the carry amounts of assets and liabilities recognized in the condensed interim financial statements within the next financial year are discussed below:

Depreciation and Amortization

Depreciation and amortization amounts have been calculated based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate an assets useful life. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current knowledge and estimates. Significant changes in estimates will result in changes to depreciation and amortization from period to period.

Impairment of Equipment

Equipment is reviewed for impairment events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined based on value in use calculations prepared on the basis of management's assumptions and estimates.

Impairment of Intellectual Property

The Company is required to test, at least annually, whether intellectual property has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a suitable discount rate in order to calculate the present value of these cash flows. Actual outcomes could vary.

Provisions

Management's judgment is required to determine provision amounts to be recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS - Continued

Functional Currency

Management has concluded the functional currency of the Company, being the currency of the primary economic environment in which the Company operates, is the United States dollar. In determining the function currency management considered the currency that revenue will primarily be derived in and the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. The United States dollar is the dominant currency.

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, recognition of the tax losses also depends on the probability of the Company being able to generate profits in the future to utilize the losses before they expire in the respective jurisdictions.

5. EQUIPMENT

	Computers and Equipment
Cost	
Balance at June 30, 2013	1,676
Additions during the period	1,104
Balance at June 30, 2014 and March 31, 2015	**$ 2,780**
Depreciation	
Balance at June 30, 2013	$ 1,024
Depreciation for the year	742
Balance at June 30, 2014	1,766
Depreciation for the period	695
Balance at March 31, 2015	**$ 2,461**
Carrying amounts	
At June 30, 2014	$ 1,014
At March 31, 2015	**$ 319**

6. INTELLECTUAL PROPERTY

On September 8, 2008, the Company entered into an Asset Acquisition Agreement (the "Agreement") with 0625920 BC Ltd. ("0625920") whereby the Company would acquire 100% of the issued shares of 0625920 by issuance of shares of the Company. At the time of the Agreement the Company and 0625920 had a common director and officer, Mr. Jim Carroll, who was the President/CEO/CFO of the Company and was the President of 0625920, and had two common shareholders, Mr. Carroll and his spouse. Pursuant to the terms of the Agreement fifteen common shares of the amalgamated company were to be issued in exchange for each 0625920 share outstanding at the Agreement date, resulting in the issuance of 225,269,250 shares of common stock (the "Consideration Shares") to the shareholders of 0625920.

On November 1, 2008 the Company issued 15,000,000 shares of stock, as a deposit on the Agreement, (the "Deposit Shares"), to Mr. George Pappas, a director of 0625920, who was unrelated to the Company at that time but was subsequently appointed a director of the Company. The deposit forms part of the total share consideration issued pursuant to the Agreement. Therefore, a further 210,269,250 common stock were to be issued. As a result of a Cease Trade Order issued by the British Columbia Securities Commission on November 19, 2009 the Company was prohibited from issuing the shares required to complete the share exchange to complete the acquisition. Subsequent to November 19, 2009 all of the issued shares of 0625920 were delivered in trust to the Company's lawyer.

On June 30, 2009 (the "Amalgamation Date") the Company and 0625920 were legally amalgamated pursuant to the British Columbia *Business Corporations Act.* The amalgamated company continued operations as Biomass Secure Power Inc. As a result of a cease-trade order issued by the British Columbia Securities Commission on November 19, 2009 the Company was prohibited from issuing the shares required to complete the share exchange to complete the acquisition. Consequently, the Consideration Shares were not issued on June 30, 2009 and therefore, the transaction was neither completed nor reflected in the Company's June 30, 2010 financial statements. Completion of the Agreement was deferred until the cease-trade order was lifted on April 8, 2011.

Mr. Pappas, acting in his capacity as a director of the Company, transferred the Deposit Shares to a creditor of the Company in full settlement of the amount due. Therefore the Deposit Shares were re-characterized from deposit to payment of a liability, resulting in the requirement for the Company to issue the full number of Consideration Shares to be issued on April 27, 2011.

The Agreement was accounted for in the June 30, 2011 financial statements as a purchase of the net assets of 0625920, as management concluded that 0625920 did not meet the definition of a "business". The total purchase price of $968,658, being the fair value of the 225,269,250 Consideration Shares at the Amalgamation Date ($0.0043 per share), was allocated to the intellectual property assets (the "IP") acquired from 0625920. Management of 0625920 warranted the company had no liabilities at that date. Transaction costs associated with the purchase were negligible.

Pursuant to the Company's policy, upon completion of the Agreement management completed an impairment assessment of the IP and determined the fair value of the IP to be nominal due to the lack of a certain future cash flow emanating from the IP. As a result the Company recognized a post-acquisition impairment of $968,657 charged to operations for the year ended June 30, 2011.

Cost	
Balance at June 30, 2014 and March 31, 2015 (Net of impairment charge of $968,657)	**$ 1**
Amortization	
Balance at June 30, 2014 and March 31, 2015	**$ -**
Carrying amounts	
At June 30, 2014	$ 1
At March 31, 2015	**$ 1**

7. LOANS PAYABLE

	March 31, 2015	June 30, 2014
Return of share subscription	**$ 6,000**	$ 6,000
On August 23, 2012 the Company, with the mutual agreement of two shareholders, rescinded the issuance of 1,111,110 common shares issued on April 27, 2011 at $0.0054 per share. The shares were issued pursuant to an exemption which is not available in the province the investors are resident in. The total subscription price of $6,000 has been classified as loans payable in these financial statements.		
Convertible debenture	**-**	35,000

On August 25, 2011 the Company entered into a $35,000 convertible debenture (the "Note") with interest at 8% per annum, due 9 months after issuance. The Note has the following conversion and other terms:

a) The Company may prepay the Note at any time by paying the accrued interest plus a premium on the principal of 30% if paid in the period ending 90 days following the date of the Note, 35% if paid in the period 91 days to 120 days following the date of the Note, 45% if paid in the period 121 days to 150 days following the date of the Note or 50% if paid in the period 151 days to 180 days following the date of the Note. After 180 days the Company has no right of prepayment.
b) At any time during the period beginning on the date which is 180 days following the date of the Note to the complete satisfaction of the Note, the Note is convertible into shares of common stock of the Company at a price that is 55% of the average of the three trading prices for the common stock during the ten trading day period prior to the date of conversion;
c) The Note Holder is limited to convert no more than 4.99% of the issued and outstanding common stock at the time of conversion;
d) In the event of default the Note is immediately due and payable at the minimum amount of 150% times the sum of outstanding principal plus unpaid interest. The Note holder can request payment in shares.

The debenture was due on May 25, 2012. The Note Holder agreed to defer the due date until such time as the cease trade order, issued by the British Columbia Securities Commission, has been revoked. The revocation of the cease trade order was issued of September 7, 2012. During the current period the Note, plus accrued interest, was repaid in full

Demand Promissory Notes	**126,744**	143,104
The Company has entered into a number unsecured demand promissory notes (including $95,000 payable in Canadian dollars) due on the earlier of demand or dates up to December 2013, with interest at 12%. The promissory notes have not been paid subsequent to their due dates.		
Unsecured Non-transferable Convertible Debentures	**102,516**	111,952
Unsecured non-transferable convertible debentures, in the amount of $102,516 ($130,000 payable in Canadian dollars), without interest and due March 1, 2015 ("Maturity Date"), which by way of amending agreement dated January 30, 2015 was amended to September 1, 2015, convertible at the option of the holder at $0.10 per share, unless converted at Maturity Date, at which date it shall be converted at $0.09. If the Company obtains a listing on the TSX Venture Exchange the amount shall be converted at a date immediately prior to the effective date of the listing.		
Unamortized financing costs	**-**	(8,683)
	$ 235,260	$ 287,373

8. DUE TO RELATED PARTIES

The Company is indebted to directors and officers of the Company for operating expenses paid by those individuals on behalf of the company, cash advances and accrued management fees. The amounts are payable on demand, unsecured and without interest.

	March 31, 2015	June 30, 2014
Balance, beginning	**$ 319,188**	$ 88,869
Accrued management and director fees	**180,000**	240,000
Cash advances to company	**-**	4,846
Expenses paid on behalf of the company	**32,058**	72,252
Repayment – cash	**(45,056)**	(86,779)
Balance, ending	**$ 48,190**	$ 319,188

9. SHARE CAPITAL

a) Authorized

The Company is authorized to issue an unlimited number of no par value common shares.

b) Issued

Share issuances in the period ended March 31, 2015

On July 17, 2014 the Company issued 1,750,000 common shares at $0.025 per share, for total consideration of $43,750 for cash, of which $35,000 had been recorded as share subscriptions as at June 30, 2014.

On January 15, 2015 the Company issued 5,000,000 common shares, valued at $0.004 per share, as part repayment of a convertible debenture (Note 7) in the amount of $35,000 plus accrued interest. The payment also included a cash payment of $31,873.

On January 19, 2015 the Company cancelled 3.000,000 common shares pursuant to settlement of a legal action brought against the Company regarding trading restrictions on certain previously issued stock. Pursuant to the settlement agreement the plaintiff returned 12,030,868 common stock to the Company, of which 9,030,868 common stock has been reissued subject to trading restrictions and 3,000,000 common stock have been cancelled. The cancellation is valued in these financial statements at the average issue price of common shares.

Share issuances in the year ended June 30, 2014

On March 26, 2014 the Company issued 5,900,000 common shares at $0.01 per share, for total consideration of $59,000 for cash; and

On April 25, 2014 the Company issued 550,000 common shares at $0.01 per share, for total consideration of $5,500.

c) Share Purchase Warrants

During the year ended June 30, 2014 the Company issued 104,000 share purchase warrants issued as agent warrants regarding the issue of convertible debentures. The warrants entitled the holder to acquire one common share at a price of C$0.10 per share to June 4, 2015. The estimated fair value of these warrants at the grant date was $Nil, determined using the Black-Scholes model using the following weighted average assumptions: Average risk-free interest rate – 1.08%; Expected life – 1 year; Share price volatility – 72%; and Expected dividend yield - 0%.

10. EQUITY AND RESERVES

a) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's balance sheet from time to time will include "Contributed Surplus", 'Warrant Reserve', 'Share-based Payment Reserve', and 'Accumulated Deficit'.

- "Contributed Surplus" recognizes amounts contributed to the Company shareholders either by way of direct contribution of cash or assets to the Company or delivery of assets to the Company having a fair valued in excess of consideration paid by the Company.
- 'Warrant Reserve' is used to recognize the fair value of share warrants prior to exercise or expiry.
- 'Share-based Payment Reserve' is used to recognize the fair value of stock option grants prior to exercise, expiry or cancellation and the fair value of other share-based consideration paid at the date of payment.
- 'Accumulated Deficit' is used to record the Company's change in deficit from earnings from period to period.

10. EQUITY AND RESERVES - Continued

b) Stock Options

At March 31, 2015 and June 30, 2014 the Company had no stock option plan.

11. OTHER INCOME AND EXPENSES

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2015	2014	**2015**	2014
Other expenses include:				
Foreign exchange gain	**$ (17,457)**	$ (3,608)	**$ (38,736)**	$ (4,506)
Financing costs	**1,035**	,	**8,683**	,
General and administration	**2,867**	2,042	**10,320**	5,674
Professional fees	**15,325**	15,570	**53,370**	34,236
Shareholder communication	**-**	-	**5,000**	-
Transfer agent and filing fees	**1,119**	1,041	**6,179**	3,116
Travel	**1,530**	4,387	**9,928**	16,027
	$ 4,419	$ 19,432	**$ 54,744**	$ 54,547

12. RELATED PARTY TRANSACTIONS

Goods or services rendered

Key management includes directors (executive and non-executive) and senior management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). The compensation paid or payable to key management for employee services is disclosed in the table below. All amounts owing are unsecured, non-interest bearing and have no specific terms of repayment.

Except as disclosed elsewhere in these financial statements, the Company incurred the following general and administrative costs with related parties:

	March 31, 2015	March 31, 2014
Goods or services rendered:		
Management fees paid or accrued to our CEO	**$ 90,000**	$ 90,000
Management fees paid or accrued to directors who are also officers of the Company	**$ 90,000**	$ 90,000
Accounting fees paid or accrued to a partnership related to our CFO for his services	**$ 22,500**	$ 22,625

Transactions with related parties were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Amounts due to related parties

	March 31, 2015	June 30, 2014
Amounts due to related parties recorded in accounts payable and accrued liabilities		
Due to (from) directors	$ 486,189	$ 319,188
Due or accrued as due to a partnership related to our CFO	$ 89,503	$ 75,235

13. CAPITAL MANAGEMENT

The Company monitors its cash, common shares, warrants and stock options as capital. The Company's objectives when maintaining capital are to maintain sufficient capital base in order to meet its short-term obligations and at the same time preserve investor's confidence required to sustain future development and production of the business.

The Company is not exposed to any externally imposed capital requirements.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is present throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies, and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

i) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk as follows:

Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the US dollar and the Canadian dollar or other foreign currencies will affect the Company's operations and financial results. The Company could have exposure to foreign currency risk. The Company's functional currency is US dollars but it raises some of its capital in Canadian dollars. The Company has not hedged its exposure to currency fluctuations.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash, cash equivalents and short-term deposits held with Canadian financial institutions. The Company considers this risk to be immaterial.

Equity risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets.

ii) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and equivalents, short-term deposits, other receivables and environmental deposit. Cash and equivalents and short-term deposits are maintained with financial institutions of reputable credit and may be redeemed upon demand.

The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at March 31, 2015 and June 30, 2013 relating to cash and equivalents and short-term deposits of $3,572 and $122,215 respectively. All cash, cash equivalents and short-term deposits are held at Bank of Nova Scotia. The Company considers this risk to be minimal for all cash and cash equivalent assets.

iii) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that is will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - Continued

General Objectives, Policies and Processes - continued

iii) Liquidity Risk - continued

Typically, the Company ensures that is has sufficient cash on demand to meet expected operational expenses for a period of 180 days. To achieve this objective, the Company prepares annual operating and capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on explorations projects to further manage expenditures.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Consolidated Statement of Financial Position carrying amounts for cash and cash equivalents and trade and other payables approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable marker data (unobservable inputs).

15. LOSS PER SHARE

Income (loss) per Share

Basic loss per share amounts are calculated by dividing the net profit for the year by the weighted average number of common shares outstanding during the year.

	March 31, 2015	March 31, 2014
Loss attributable to common shareholders	$ (266,624)	$ (288,460)
Weighted average number of common shares	608,692,820	600,099,572
Basic loss per share	$ ($0.00)	$ ($0.00)
Fully diluted number of common shares	608,692,820 (1)	600,099,572 (1)
Fully diluted loss per share	$ ($0.00)	$ ($0.00)

(1) The basic and diluted number of common shares is the same as there are no instruments that have a dilutive effect on the basic loss per share.

Weighted Average Number of Common Shares

	March 31, 2015	March 31, 2014
Issued common shares	606,441,908	599,991,908
Effect of shares issued and shares cancelled during the period	2,250,912	107,664
Weighted average issued common shares for the period	608,692,820	600,099,572
Outstanding share purchase warrants	104,000	-
Weighted average fully diluted common shares for the period	608,796,850	600,099,572