DISCOVERY VENTURES INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations for the Fiscal Year Ended December 31, 2014

General

The following discussion and analysis should be read in conjunction with the audited financial statements and notes for the fiscal years ended December 31, 2014 and 2013. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. Additional information relating to the Company can be found on the SEDAR website at www.sedar.com.

The Management Discussion and Analysis was approved by the Board of Directors of the Company on April 30, 2015.

The Company's head office and principal address is 900 – 570 Granville Street, Vancouver, BC, V6C 3P1.

The financial statements have been prepared in accordance with International Financial Reporting Standard ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting.

All prices are in Canadian dollars unless otherwise stated.

Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "progressing", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown risks, uncertainties and other factors, many of which are beyond the Company's ability to predict or control could cause actual results to differ materially from those contained in the forward-looking statements. which include, without limitation, commodity price volatility, changes in debt and equity markets, the uncertainties involved in interpreting geological data, increases in costs, environmental compliance and changes in environmental legislation and regulation, interest rate and exchange rate fluctuations, general economic conditions and other risks involved in the mineral exploration and development industry, the ability of the Company to receive continued financial support from related parties and to obtain public equity financing, the ability to generate profitable operations in the future, and the receipt of regulatory approvals on acceptable terms. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the forward-looking statements.

Overview

The Company was incorporated on October 13, 1999 under the laws of British Columbia under the name 593960 British Columbia Ltd. and was inactive during the fiscal years 1999 to 2007. Commencing in the fiscal year 2008, the Company was reactivated with the purpose of assessing exploration opportunities in western Canada. On February 28, 2008 the Company changed its name to Discovery Ventures Inc. to better reflect a change in the focus of its principal business to the exploration of mineral interests.

The Company's common shares were approved for listing on the TSX Venture Exchange and commenced trading on October 30, 2009.

The Company is a natural resource company engaged in the acquisition and exploration of mining properties. The Company's main emphasis was on the exploration for gold in the Similkameen Mining Division Province of British Columbia, where the Company has an interest in the Rabbitt Mine Property, which is located in the Similkameen Mining Division, 10 km west of Tulameen, British Columbia. The Rabbitt Mine Property is more specifically described below under the heading "Interest in Mineral Property". The Rabbitt Mine Property consists of 19 mineral claims. To December 31, 2014, the Company has spent $254,827, net of Mining Exploration Tax Credits received of $17,699 (December 31, 2013 - $254,827) on the exploration of the Rabbitt Mine Property.

During fiscal 2010 Company acquired 30 claims located in the Lillooet Mining Division, British Columbia in consideration for $15,000 (paid) and 1,000,000 shares (issued), subject to a 2% Net Smelter Return Royalty. Additional amount were incurred in the fiscal year ended December 31, 2013 for filing assessment work to keep the claims in good standing. The Company has a further option to purchase one-half of the Net Smelter Return Royalty for $1.5 million. During the fiscal year ended December 31, 2014 management decided to abandon the Bralorne Mineral Property. Accordingly, the aggregate costs related to the abandoned exploration and evaluation assets in the amount of $333,597 were written off and charged to operations.

Pursuant to an agreement dated March 30, 2012 the Company has been granted an exclusive right and option to earn a 50% interest in the Big Creek Property, British Columbia, pursuant to which on May 5, 2012 the Company issued 400,000 common shares for mineral acquisition costs at a fair value of $0.23 per share (see Big Creek Property – "Interest in Mineral Properties"). To December 31, 2013 the Company incurred exploration expenditures in the amount of $52,454 (2012 - $62,904), net of Mining Exploration Tax Credits received or receivable in the amount of $23,402 (2012 - $15,819). Due to the focus of the Company on other mineral properties, during the fiscal year ended December 31, 2013 management terminated the agreement and abandoned the Big Creek Property. The year-end statements of operations for the fiscal year ended December 31, 2013 reflects a write-off of exploration and evaluation assets related to acquisition and exploration costs and accrued liabilities in the amount of $372,454.

On November 30, 2012 the Company issued 7,108,000 units and 622,600 Agent warrants, and on December 7, 2012 issued 2,460,000 units and 188,000 Agent warrants, pursuant to brokered private placements consisting of 9,568,000 units at $0.25 per unit. Each unit consists of one common share and one share purchase warrant exercisable over 5 years, at a price of $0.35 per common share in the first year, $0.40 in the second year and $0.45 per common share from the third to the fifth year.

During the fiscal year ended December 31, 2012 the Company issued 3,442,597 common shares upon the exercise of warrants at $0.20 per share.

Pursuant to an option agreement dated November 13, 2012 (as further amended on September 24, 2013, January 13, 2014 and February 27, 2014) and an Assumption Agreement dated April 15, 2014 the Company has agreed to acquire up to an 100% interest in the Willa property, consisting of 5,328 hectares located in the Slocan Mining Division, British Columbia, subject to a 2.5% NSR. See Interest in Mineral Properties - Willa Deposit, British Columbia

On January 8, 2013 the Company issued 50,000 common shares to a consultant upon the exercise of stock options exercisable at a price of $0.235 per share for net proceeds in the amount of $11,750.

On January 8, 2013 the Company issued 400,000 common shares at a fair value of $0.39 per share, and on August 14, 2014 the Company issued an additional 400,000 common shares at a fair value of $0.18 per share for contractual commitments (see Big Creek Property – "Interest in Mineral Properties").

On August 8, 2013 the Company announced it had entered into a renewable contract dated August 2, 2013 with Bircress Corporate Relations Inc. for investor relations and corporate communications services for a monthly fee of $3,000. Pursuant to the terms of the contract the Company granted 500,000 share purchase options, exercisable on or before August 8, 2018 at a price of $0.25 per share. The options shall vest over a 12 month period with 25% of the options vesting after each 3 months.

On November 4, 2013 (as further amended on January 5, 2014 and March 6, 2014), the Company entered into a binding letter agreement with Roca Mines Inc. ("Roca") and FortyTwo Metals Inc. ("FortyTwo") a

wholly-owned subsidiary of Roca, whereby Roca granted an exclusive option to the Company to acquire all of the issued and outstanding common shares of FortyTwo. FortyTwo holds, among other assets, the Max Mine which includes an underground molybdenum mine, crushing, milling and concentrating facilities, tailing storage facilities, mineral claims, mining leases, licenses and other holdings located near Trout Lake in the Revelstoke Mining Division of the Province of British Columbia. See Investment in Associate – FortyTwo Metals Inc.

On November 15, 2013 the Company completed a private placement financing, pursuant to which it has issued 4,779,000 units at a price of $0.21 per unit for gross proceeds of $1,003,590. Each unit will consist of one common share in the capital of the Company and one share purchase warrant. Each warrant will entitle the holder to purchase one additional common share in the capital of the company for a period of two years from the date of issuance, at a purchase price of $0.35 per share. The Company paid a finder`s fee of $60,215 and issued 286,740 warrants.

On April 1, 2014, the Company completed a private placement of 6,024,250 units at a price of $0.15 per Unit for gross proceeds of $903,638. Each Unit consists of one share of common share and one half of one non-transferrable warrant with each full Warrant entitling the holder to purchase one additional Share at a price of $0.30 for a period of three years. The Company paid a finder's fee of $54,218 and issued warrants to purchase up to 361,455 Shares on the same terms as the Units.

The Company used a portion of the proceeds from the Financing to complete the exercise of the second stage of the option and acquired additional share capital of FortyTwo Metals Inc., a partially-owned subsidiary of Roca Mines Inc. as further described in the news release dated March 7, 2014.

The Company entered into an assignment, assumption, and framework agreement (the "Assignment Agreement") dated April 15, 2014 with 0951719 B.C. Ltd. ("Numberco") and the owners of the Willa Property (collectively, the "Optionors"). Pursuant to an option agreement dated October 5, 2012, as amended (the "Option Agreement"), the Optionors granted Numberco an option to acquire a 100% interest in the Willa Property, consisting of 5,328 hectares located in the Slocan Mining Division, British Columbia, south of the town of Silverton, B.C., subject to a 2.5% net smelter royalty.

At the Company's annual general and special meeting of shareholders held April 30, 2014, the shareholders of the Company approved the increase in the Company's authorized capital from 100,000,000 common shares to an unlimited number of common shares (the "Increase Amendment") and an amendment (the "Amendment") to its Articles to authorize the board of directors of the Company to change the Company's name or adopt or change any translation of that name. For more information on the Increase Amendment and the Amendment please refer to the Company's Information Circular filed on SEDAR on April 3, 2014.

In connection with the Amendment, the Company issued 3,600,000 common shares to 0951719 B.C. Ltd. pursuant to the assignment agreement announced on April 17, 2014. These common shares will be subject to a statutory hold period expiring four months and one day after issuance.

The Company has retained Palisade Capital Corp. ("Palisade") as an independent consultant to provide marketing services, setting up marketing teleconferences and road shows for the European, Canadian and U.S. investment community, and assisting in the distribution of news releases. In consideration for Palisade's services, the Company has agreed to pay Palisade a total fee of $70,000 for a term of 10 months commencing April 1, 2014 and ending on February 1, 2015. The Company also agreed to issue options to purchase up to 100,000 common shares of the Company at a price to be determined on the date of grant for a period of two years.

In May 2014, the Company released National Instrument 43-101 (NI 43-101) compliant Preliminary Economic Assessment (PEA) and Technical Report for the WillaMAX. The PEA reviews the economic potential of mining the Willa resource, located in the Slocan Mining Division, and milling at the MAX Mine and Mill facilities, located approximately 135 Highway - km from the Willa property in the Revelstoke Mining Division, British Columbia, Canada. For more information on the PEA please refer to the Company's Technical Report filed on SEDAR. The Company voluntarily filed an amended PEA dated June 20, 2014. The amended PEA clarifies that a mineral reserve has not been estimated for the WillaMax project and removes all references to mineral reserves in the Amended PEA. By definition, a mineral reserve is the

economically mineable part of a Measured or Indicated mineral Resource demonstrated by at least a preliminary feasibility study.

On May 6, 2014, the Company announced that, further to its news release dated February 24, 2014, it has ceased negotiations with a third party for a $12 million senior secured term debt facility. On June 18, 2014 the Company announced entry into a non-binding term sheet with a third party lender for a $12.1 million (the "Principal Amount") gold prepayment agreement with a New York based financing firm (the "Facility"). The Facility would bear interest at a rate of 9% per annum on funds advanced and would be repaid by the delivery of 14,400 ounces of gold and 900 tons of copper over a maximum 36 month period starting no later than the 19th month following the closing date. The Principal Amount will be provided in two tranches with the first tranche of $4.1 million provided at closing and the second tranche of $8.0 million to be funded no later than 12 months after closing, subject to conditions precedent to be mutually agreed upon. Proceeds from the Facility will be used to complete the acquisition of FortyTwo Metals Inc. (including the MAX Mine, existing permits, mill/concentrator and tax loss pools) and advance and develop the WillaMAX Project in British Columbia to sustainable production as outlined in Discovery's Preliminary Economic Assessment (PEA) Report dated May 26, 2014. Subject to satisfactory legal and technical due diligence, the entry into of a definitive agreement, and the completion of conditions to be contained in the definitive agreement, the Facility is targeted to close by September 2014 and will be secured by Discovery's assets. Discovery will enter an off-take agreement for all production from the WillaMAX Project during the repayment period. The Facility was arranged by BayFront Capital Inc. and Discovery anticipates paying a finder's fee of 5% in cash and in warrants of any amount drawn through the Facility. Any agreement and the issuance of all fees and shares shall be subject to the prior approval of the TSX Venture. Although the non-binding term sheet currently contemplates that upon entry into a binding definitive agreement Discovery will be required to deliver 400 troy ounces of gold and 25 tons of copper concentrate per month for 36 months starting on the 19th month following entry into a definitive agreement (aggregate of 14,400 troy ounces of gold and 900 tons copper concentrate), Discovery can offer no assurance that it will enter into a binding definitive agreement with the lender, that the WillaMAX property will be in production or that Discovery will be in a position to deliver such materials as and when required if such an agreement is entered into. If Discovery enters into a binding definitive agreement with the third party lender, the failure to deliver the materials when required will constitute a default under the terms of such agreement. Before a production decision can be made, additional work on the WillaMAX Project is required as further outlined in the Amended PEA, including re-activation of the underground workings, environmental permitting and approvals, First Nation engagement, re-evaluation of the mineral resources at different cut-off grades, redevelopment of the mine design and re-evaluation of the capital and operating costs.

On July 2, 2014, the Company completed a private placement of 7,971,333 units at a price of $0.15 per Unit for gross proceeds of $1,195,670. Each Unit consists of one common share and one half of one share purchase warrant with each warrant entitling the holder to purchase one additional share at a price of $0.30 for a period of three years. The Company paid a finder's fee of $32,025 and issued agent warrants to purchase up to 213,500 shares on the same terms as the warrants attached in the Unit. As at September 30, 2014 the Company had received $590,050 in advance.

On July 21, 2014, the Company completed a private placement of 8,385,666 units at a price of $0.15 per Unit for gross proceeds of $1,257,850. Each Unit consists of one common share and one half of one share purchase warrant with each warrant entitling the holder to purchase one additional share at a price of $0.30 for a period of three years. The Company paid a finder's fee of $29,160 and issued agent warrants to purchase up to 203,400 shares on the same terms as the warrants attached in the Unit.

On August 7, 2014, the Company retained the financial consultant firm of Baxter Capital Advisors, Inc. to help coordinate an application to be quoted on the OTC QX.

On August 12, 2014, the Company announced that it has retained Star Finance GmbH, an investor relations firm from Switzerland to provided investor relations services to the Company for a period of twelve months at $4,500 per month, paid in one annual amount of $54,000.

Effective August 15, 2014, the Company engaged a consultant to provided investor relations services, for a period of six months, at $12,500 per month.

On August 20, 2014, the Company granted options to acquire up to 5,331,999 shares to officers, directors and consultants of the Company, exercisable at a price of $0.25 per share. Of these 5,331,999 are exercisable for a period of 5 years and 100,000 options are exercisable for a period of 2 years. See “Stock Options”.

On August 25, 2015 the Company announced that it has filed a notice of work (“Now”) application with the provincial government of British Columbia to conduct underground exploration activities at the Willa Project. The proposed work is intended to focus on i) re-opening the existing adit portals (currently closed), ii) repair and maintain the existing adit drainage systems and iii) to conduct underground percussion drill sampling of some of the mineralized zones within the Willa Resource. The underground work is expected to be conducted over the course of a 30 day period and will provide an opportunity to assess ground conditions of the workings.

The Company entered into a twelve month advisory agreement dated August 28, 2014 to engage Jacob Securities Inc. to provide certain services including market intelligence and liquidity support in exchange for a monthly advisory fee of $10,000.

The Company commenced a surface exploration program at the Willa Project. The surface work includes geological mapping and sampling of bedrock exposures not previously mapped in detail. The work is being completed for Discovery by geologist David Good, B.Sc.

The Company engaged Eagle Mapping Ltd. to conduct a high-accuracy aerial LiDAR survey to deliver detailed topographic information and a digital terrain model over the Willa Property. The completed survey, and accompanying digital photography has been used to create accurate maps. As completed, that information is now to be included in the new modeling to confirm, and if necessary adjust surface drill-hole collar locations within the current drill hole database. The Company has engaged Micon International Limited, a Vancouver, BC based geology and mining consultancy firm to update and refine the geological modeling of the Willa Resource.

The Company has engaged the service of Ms. Vanessa Freberg in the role of Community Engagement manager for the WillaMAX Project.

The Company engaged the geotechnical consulting firm Klohn Crippen Berger of Vancouver, BC to complete Dam Safety Inspection of the MAX Mine Tailings Storage Facility. A site inspection was completed on September 4, 2014. SRK Consultants of Vancouver, BC has also been engaged to complete an independent third party review of the Dam Safety Inspection and recently completed a site visit to the MAX Tailing Storage Facility. Having completed the site inspection, the consultants are now reviewing design and monitoring records in conjunction with Canadian Dam Association, Dam Safety Guidelines.

The Company engaged Sundown Holdings Inc. of Kelowna, BC to commence various maintenance and upgrades to the MAX Mill.

The Company engaged Sitkum Consulting Ltd, a geosciences firm based in Nelson, BC to review the project imagery and to ground-proof various slopes for potential avalanche and terrain mapping. The Company engaged Masse Environmental Consultants Ltd. of Nelson, BC to initiate detailed baseline water quality monitoring programs and to complete a review of historical data collected at the site.

On September 26, 2014, the Company announced that its ordinary shares began trading on the OTCQX marketplace under symbol DTVMF. U.S. investors can find current financial disclosures and quotes for the Company on www.otcmarkets.com.

On November 24, 2014, the Company announced that it had received Mines Act Permit MX-5-786, approved by the Ministry of Energy and Mines, to undertake its planned underground sampling and mapping activities at the Willa Project.

Selected Annual Information

	2014	2013	2012
	$	$	$
Interest Income	45	14,272	2,672
Loss before income tax	2,697,407	1,353,329	480,847
Net Loss	2,697,407	1,353,329	480,847
Total assets	6,151,982	3,887,305	3,652,014
Loss per share	(0.05)	(0.04)	(0.02)

Interest in Mineral Properties

As at	December 31, 2014	December 31, 2013
	$	$
Acquisition costs		
Rabbitt Mine Property	198,042	198,042
Bralorne Mineral Property	-	281,662
Willa Deposit	1,778,957	647,291
Balance, end of year	1,976,999	1,126,995
Exploration costs		
Rabbitt Mine Property	254,827	254,827
Bralorne Mineral Property	-	51,935
Willa Deposit	635,605	85,312
Balance, end of year	890,432	392,074
Net Smelter Royalty advance payment		
Willa Deposit	350,000	100,000
Balance, end of year	350,000	100,000
Total exploration and evaluation assets	3,217,431	1,619,069

Rabbitt Mine Property

As at April 28, 2008, the Company signed an option agreement, whereby it may acquire a 100% undivided interest in 4 mineral claims situated in the Similkameen Mining Division, British Columbia in exchange for an immediate cash payment of $15,000 (paid) and the following future consideration.

a. $20,000 (paid) and 200,000 of the Company's common shares (issued) no later than 15 days after the date the Company's shares are listed, posted and called for trading on the TSX Venture Exchange (TSX initial trading date – October 30, 2009).
b. $25,000 (paid) no later than October 30, 2010.
c. $25,000 (paid) no later than October 30, 2011.
d. $30,000 (paid) no later than October 30, 2012.

The Agreement is subject to 2% Net Smelter Return Royalty payable by the Company to the Optionor. The Company has the option to purchase the 2% Net Smelter Return Royalty at a purchase price of $1,000,000 per percentage point during the five year period commencing from that date upon which the Property is put into commercial production.

As at May 27, 2008, the Company signed an option agreement, whereby it may acquire a 100% undivided interest in 15 mineral claims situated in the Similkameen Mining Division, British Columbia in exchange for an immediate cash payment of $5,000 (paid) and the following future consideration.

a. $10,000 (paid) no later than 15 days after the date the Company's shares are listed, posted and called for trading on the TSX Venture Exchange (TSX initial trading date – October 30, 2009).
b. $10,000 (paid) no later than October 30, 2010.

c. $10,000 (paid) no later than October 30, 2011.
d. $15,000 (paid) no later than October 30, 2012.

The Agreement is subject to 2% Net Smelter Return Royalty payable by the Company to the Optionor. The Company has the option to purchase the 2% Net Smelter Return Royalty at a purchase price of $1,000,000 per percentage point during the five year period commencing from that date upon which the Property is put into commercial production.

Acquisition costs	Year ended December 31, 2014	Year ended December 31, 2013
	$	$
Balance, end of year	198,042	198,042

Exploration costs	Year ended December 31, 2014	Year ended December 31, 2013
	$	$
Balance, end of year	254,827	254,827

Bralorne Mineral Property, Lillooet Mining Division, British Columbia

The Company acquired 30 claims located in the Lillooet Mining Division, British Columbia in consideration for $15,000 (paid) and 1,000,000 shares (issued), subject to a 2% Net Smelter Return Royalty. The Company has a further option to purchase one-half of the Net Smelter Return Royalty for $1.5 million.

Acquisition costs	December 31, 2014	December 31, 2013
	$	$
Balance, beginning of year	281,662	265,000
Additions during the year	-	16,662*
Write-off on abandonment	(281,662)	-
Balance, end of year	-	281,662

Exploration costs	December 31, 2014	December 31, 2013
	$	$
Balance, beginning of year	51,935	51,935
Write-off on abandonment	(51,935)	-
Balance, end of year	-	51,935

* Relates to file assessment work to keep the claims in good standing incurred as part of mineral property acquisition cost.

Due to the focus of the Company on other mineral properties, during the fiscal year ended December 31, 2014 management decided to abandon the Bralorne Mineral Property. Accordingly, the aggregate costs related to the abandoned exploration and evaluation assets in the amount of $333,597 were written off and charged to operations.

Willa Deposit, British Columbia

Pursuant to an option agreement dated November 13, 2012 (as amended September 24, 2013, January 13, 2014 and further amended on February 27, 2014), and an Assumption Agreement dated April 15, 2014, the Company has agreed to acquire up to a 100% interest in the Willa property, consisting of 5,328 hectares located in the Slocan Mining Division, British Columbia, subject to a 2.5% NSR. In consideration for certain modifications to the option agreement, the Company has agreed to pay an

additional $200,000 (paid August 1, 2014) to the Optionors and to accelerate the $400,000 advanced royalty payment otherwise due on September 28, 2014, to a date that proposed funding may be received. The Company also agreed to pay an additional $20,000 (paid July 3, 2014) to the Optionors to extend the date of payment of the signing bonus. The Company will make payments consisting of $3,600,000 and 21,600,000 common shares of the Company and incur expenditures totaling $1,500,000 on or before April 12, 2016 as follows:

(i) Issue shares and cash payments:
- (a) $50,000 upon execution of the Option Agreement (paid);
- (b) $150,000 and 1,000,000 common shares in the capital of the Company on or before five days from the date of the TSX Venture Exchange ("TSXV") approval (the "Approval Date" being February 19, 2013) (paid and shares were issued on February 19, 2013);
- (c) $100,000 (paid) on January 15, 2014 and $250,000 (paid July 28, 2014) and 4,000,000 common shares in the capital of the Company on August 19, 2014(issued subsequent to December 31, 2014);
- (d) 3,600,000 common shares in the capital of the Company upon TSXV acceptance for filing of amended agreement dated February 27, 2014(issued on May 9, 2014);
- (e) $1,000,000 (to be paid) and 6,000,000 common shares in the capital of the Company on or before April, 12, 2015 (issued subsequent to December 31, 2014);
- (f) $1,450,000and 7,000,000 common shares in the capital of the Company on or before April 12, 206;
- (g) $600,000 from net profits of production of the Willa property after deduction of any royalties and expenses and after repayment of any outstanding production financing.

(ii) Expend $1,500,000 in exploration expenditures on the Property as follows:
- (a) $500,000 on or before August 19, 2014;
- (b) $500,000 on or before the second anniversary of the Approval Date; and
- (c) $500,000 on or before the third anniversary of the Approval Date.

Until the date that the Property commences Commercial Production, the Company shall be responsible to pay minimum royalties advance payments due as follows:

- (a) $100,000 on or before September 28, 2013 (paid);
- (b) $400,000 on or before September 28, 2014; (paid $100,000, see "Subsequent Event")
- (c) $250,000 on or before September 28, 2015;
- (d) $250,000 on or before September 28, 2015;
- (e) $250,000 on or before September 28th of each subsequent year until commencement of Commercial Production

The Company has further agreed that in the event of termination of the Option Agreement, the Company will ensure that it has applied for a minimum of three years' assessment work on the Willa Property.

Acquisition costs		**December 31, 2014**	**December 31, 2013**
		$	$
Balance, beginning of year		647,291	102,607
Additions during the year			
Property option payments	– for cash	570,000	150,000
	– for shares	558,000	335,000
Additional acquisition costs*		3,666*	59,684*
		1,131,666	544,684
Balance, end of year		1,778,957	647,291

* Relates to geological consulting cost, management fees and filing fees incurred as part of mineral property acquisition cost.

Exploration costs	December 31, 2014	December 31, 2013
	$	$
Balance, beginning of year	85,312	-
Additions during the year		
Assays	3,193	-
Assessment reports	41,668	-
Consulting	93,483	-
Dam safety inspection	30,000	-
Data compilation, 3D survey	21,454	4,762
Engineering	88,252	35,914
Environmental consulting	5,702	-
Equipment mobilization	-	831
Equipment rental	2,150	-
Equipment repairs	-	6,759
Field geology	26,800	-
Field supplies	1,568	-
Food and lodging	7,900	-
Geological survey and soil sampling	-	54,597
Hazard management	15,733	-
Mapping	18,346	-
Max Mine site work	208,844	-
Metallurgical consulting	1,500	3,000
Metallurgical testing	11,331	-
Permitting and notice of work	4,551	3,474
Project management	136,330	35,000
Security	12,500	-
Site maintenance	16,054	-
Tailing pond testing	17,118	-
Transportation	1,960	-
Travel	9,538	3,602
Mining tax credit	(225,682)	(62,627)
	550,293	85,312
Balance, end of year	635,605	85,312

Net Smelter Royalty advance payment	December 31, 2014	December 31, 2013
	$	$
Balance, beginning of year	100,000	-
Additions during the year	250,000	100,000
Balance, end of year	350,000	100,000

Investment in Associate – FortyTwo Metals Inc.

On November 4, 2013 (and as amended January 5, 2014 and further amended on March 6, 2014), the Company entered into a binding letter agreement with Roca Mines Inc. ("Roca") and FortyTwo Metals Inc. ("FortyTwo") a wholly-owned subsidiary of Roca, whereby Roca granted an exclusive option to the Company to acquire all of the issued and outstanding common shares of FortyTwo. FortyTwo holds, among other assets, the Max Mine which includes an underground molybdenum mine, crushing, milling and concentrating facilities, tailing storage facilities, mineral claims, mining leases, licenses and other holdings located near Trout Lake in the Revelstoke Mining Division of the Province of British Columbia.

The Company may exercise the option and acquire all of the shares of FortyTwo for a total purchase price of $5,675,000, consisting of cash payments of $5,050,000 and the issuance of 2,500,000 shares of the Company at a deemed price of $0.25 per share in accordance with the following schedule:

- $50,000 payable (paid) to Roca as a non-refundable deposit upon entry into the Agreement;

- $750,000 payable to Roca within 10 days of receipt of conditional approval from the Exchange the ("Approval Date" (November 6, 2013), following which the first stage of the option will be deemed exercised and Roca will transfer 16% of the shares capital of FortyTwo to the Company (paid);
- $250,000 payable to Roca on or before January 8, 2014 (paid) and $50,000 to Roca on or prior to March 6, 2014 (paid) and an additional $650,000 to Roca on or prior to March 24, 2014 (paid) (together, the "Second Payment"). The Second Payment will be used to retire certain critical payables, past wages and delinquent accounts critical to maintaining Roca, FortyTwo and the Assets in good standing. Upon advance of the $250,000 Roca will transfer 5 FortyTwo Shares (equal to 5% of the FortyTwo Shares and 21% in aggregate) to the Company and will provide a copy of a share certificate and supporting documentation to evidence the completion of such share transfer. Upon advance of the $50,000, Roca will transfer 1 FortyTwo Share (equal to 1% of the FortyTwo Shares and 22% in the aggregate) to the Company and will provide a copy of a share certificate and supporting documentation to evidence the completing of such share transfer. Upon advance of the $650,000, Roca will transfer 13 FortyTwo Shares (equal to 13% of the FortyTwo Shares and 35% in the aggregate) to the Company and will provide a copy of a share certificate and supporting documentation to evidence the completing of such share transfer. Upon advance of the Second Payment in full, the second stage of the Option will be deemed exercised.
- $3,300,000 payable to Roca and the issuance of 2,500,000 million shares of the Company to Roca within 150 days of the Approval Date, or April 5, 2014, following which the third and final stage of the option will be deemed exercised and Roca will transfer the remaining 65% of the share capital of FortyTwo to the Company (100% in the aggregate).

The Company completed the first stage of the acquisition upon its payment to Roca of the $50,000 non-refundable deposit on November 4, 2013, and the subsequent payment of $750,000 on November 15, 2013. During the three months ended March 31, 2014 the Company paid $300,000 towards the Second Payment (22% in the aggregate). On April 1, 2014 the Company paid an additional $650,000 and completed its Second Payment (35% in the aggregate). To date, the Company has not paid the funds or issued the securities to Roca as required under the amended letter agreement in order to exercise the third stage of the option and acquire 100% of the share capital of FortyTwo. The Company has not received a notice of default or notice of termination from Roca or FortyTwo with respect to the amended letter agreement.

The Company's investment relating to its 35% interest in FortyTwo Metals Inc. is detailed as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
	$	$
Balance, beginning of year	800,000	-
Investment in shares, at cost	950,000	800,000
Cash advance	150,000	-
	1,900,000	800,000
Equity loss for the year	(147,356)	-
Balance, end of year	1,752,644	800,000

Results of Operations

The major expenditures recorded during the fiscal year ended December 31, 2014 were incurred for consulting fees with respect to property acquisitions (see "Commitments"), for filing and transfer agent fees incurred as a result of activities related to the maintenance of the Company's public listing, filing fees with respect to property acquisitions, and for professional fees incurred for legal, audit and accounting fees related to maintenance of the Company's TSX listing and property acquisitions. The Company also entered into various investor relations services agreements during the year. Office expenses are incurred for the maintenance of the Company's office. Share based payments were incurred during the fiscal years ended December 31, 2014 and 2013. This is a non-cash expense which records the fair value of incentive stock options granted to directors, officers and consultants. Travel and related expenses were incurred by various directors and consultants for travel to business meetings. Due to the Company's focus on other mineral properties, during the fiscal year the Company wrote off its interest in the Bralorne property. The Company appraised its mining equipment and wrote down the carrying values based on the appraisal by $95,505.

Operating Expenses

Amounts by major sub-category are as follows:

General and Administrative Expenses	Three months ended December 31, 2014	2013	Fiscal years ended December 31, 2014	2013
	$	$	$	$
Amortization	363	-	568	550
Bank charges	280	292	481	624
Consulting	119,750	100,000	323,251	245,790
Donations	5,000	-	5,000	-
Filing and transfer agent fees	27,021	13,990	103,048	63,360
Insurance	3,003	-	8,691	-
Investor relations	50,700	9,000	111,700	15,000
Management and administration	11,700	18,550	90,500	98,900
Office and miscellaneous	3,601	3,200	18,232	9,995
Professional fees	(13,452)	130,597	425,553	290,113
Rent	7,500	7,500	30,000	30,000
Share based payments	338,919	35,134	860,364	42,132
Shareholder communications	7,647	32,220	72,232	70,123
Strategic planning	-	9,000	-	49,500
Travel and promotion	11,215	112	52,878	20,010
Website maintenance	10,830	(4,700)	18,496	59,050
	(584,077)	(354,895)	(2,120,994)	(995,147)
Other				
Interest income	-	2,135	45	14,272
Equity loss - investment in FortyTwo Metals Inc.	-	-	(147,356)	-
Write down of mining equipment	(95,505)	-	(95,505)	-
Write-off of exploration and evaluation assets	-	7,582	(333,597)	(372,454)
	(95,505)	9,717	(576,413)	(358,182)
Net loss and comprehensive loss for the period	(679,582)	(345,178)	(2,697,407)	(1,353,329)

Fourth quarter ended December 31, 2014

During the fiscal quarter ended December 31, 2014, the Company had a net loss of $(679,582) compared with a loss of $(345,178) for the fiscal quarter ended December 31, 2013.

The major expenditures recorded during the fiscal quarter ended December 31, 2014 were incurred for consulting fees of $119,750 compared to $100,000 in 2013. Filing and transfer agent fees were $27,021 compared to $13,990 in 2013. Professional fees of $(13,452) included a $93,483 reclassification during the period for the capitalization of consulting fees related to exploration activities. Also incurred in professional fees was $7,117 (2013: $83,697) for legal fees, $60,914 (2013: $35,900) for audit, tax and related services and other fees incurred for due diligence, and $12,000 (2013: $11,000) of fees paid to the Company`s Chief Financial Officer for accounting, financial and administrative related services. Management and administration fees of $11,700 (2013: $18,550) were incurred in the fiscal quarter ended December 31, 2014, of which $11,700 (2013: $8,100) was paid to the Company's President, and $Nil (2013: $10,450) for other general administrative services. The Company incurred rent for office premises in the amount of $7,500 (2013: $7,500) and $3,601 (203:$ $3,200) for office and miscellaneous expenses. Investor relations incurred during the three months ended December 31, 2014 amounted to $119,750. The Company entered into a renewable agreement with an investor relations firm for $3,000 per month, of which $9,000 was recorded for investor relations services in the fiscal quarter ended December 31, 2013. Share based payments was recorded in the amount of $338,919 (2013: $35,134). This is a non-cash expense which records the fair value of incentive stock options granted to directors, officers and consultants. Travel and related expenditures incurred by directors and consultants to attend business meetings and to promote the Company`s business activities amounted to $11,215 (2013: $112) in the three months ended December 31, 2014. Interest earned from funds placed on deposit was $45 (2013: $2,135) for three months ended

December 31, 2014. During the fiscal quarter the Company appraised its mining equipment and wrote down the carrying values based on the appraisal by $95,505.

Going-Concern

The Company emphasises that attention should be drawn to 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. These financial statements have been prepared using accounting principles applicable to a going concern which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The recoverability of capitalized costs is uncertain and dependent upon projects achieving commercial production or sale. The ability of the Company to carry out its business objectives dependent on the Company's ability to receive continued financial support from related parties, to obtain public equity financing, or to generate profitable operations in the future.

	December 31 2014	December 31 2013
Deficit	$ (6,812,957)	$ (4,115,550)
Working capital	$ 331,648	$ 803,304

Basis of presentation

The financial statements have been prepared in accordance with International Financial Reporting Standard ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and impairment losses. Equipment is depreciated to write off the cost of assets to operations using declining balance method over their estimated useful life at the following annual rates:

Computer Equipment	- 30%
Mining Equipment	- 30%

Cost	Computer equipment	Mining equipment	Total
December 31, 2012	$ 1,606	$ 394,978	$ 396,584
Additions	909	201,099	202,008
December 31, 2013	2,515	596,077	598,592
Additions	1,965	65,000	66,965
December 31, 2014	$ 4,480	$ 661,077	$ 665,557

Accumulated amortization	Computer equipment	Mining equipment	Total
December 31, 2012	$ 1,054	$ -	$ 1,054
Additions	551	-	551
December 31, 2013	1,605	-	1,605
Additions	568	-	568
December 31, 2014	$ 2,173	$ -	$ 2,173

Write Down	Computer equipment	Mining equipment	Total
December 31, 2013	$ -	$ -	$ -
Additions	-	95,505	95,505
December 31, 2014	$ -	$ 95,505	$ 95,505

Carrying amount	Computer equipment	Mining equipment	Total
December 31, 2013	$ 910	$ 596,077 *	$ 596,987
December 31, 2014	$ 2,307	$ 565,572 *	$ 567,879

* Mining equipment was not available for use as at December 31, 2014 and 2013 and no amortization has been provided.

During the year 2014, the Company wrote off $95,505 mining equipment and charged to operations.

Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in mineral interests. Accordingly, once a license to explore an area has been secured, the Company follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of exploration and evaluation assets and crediting all revenues received against the cost of the related interests. Such costs, include, but are not limited to, geological and geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable resources. The aggregate costs related to abandoned exploration and evaluation assets are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

The recoverability of amounts shown for exploration and evaluation assets is dependent up on the discovery of economically recoverable resources, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition. The Company recognized as income any costs recovered on exploration and evaluation assets when amounts received or receivable are in excess of the carrying amount.

Upon transfer of exploration and evaluation costs into mine development, all subsequent expenditures on the construction, installation or completion of infrastructure facilities is capitalized within mine development. After production starts, all assets included in mine development costs are transferred to producing mines.

Mining Tax Credit

Mining tax credits are recorded in the accounts when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits. These non-repayable mining credits are earned in respect to exploration costs incurred in British Columbia, Canada and are recorded as a reduction of the related exploration expenditures.

Equity Investment

Equity investments consist of investments in associates and joint ventures of the Company. The Company did not have any joint venture as at December 31, 2014 and 2013.

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control, generally consisting of shareholding between 20% and 50% of voting rights.

The profit or loss, assets and liabilities of equity accounted investments are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5, “Non-Current Assets Held for Sale and Discontinued Operations”. Under the equity method, an investment in an associate or joint venture is initially recognized in the statements of financial position at cost and adjusted thereafter to recognize the Company’s share of profit or loss and of other comprehensive income or loss of the associate or joint venture. When the Company's share of loss of an associate or joint venture exceeds the Company's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Company’s net investment in the associate or joint venture), the Company discontinues recognizing its share of further loss unless the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Gain or losses arising from the dilution of investment ownership in associates are recognized in the statements of operations and comprehensive loss.

Impairment of non-financial assets

The Company reviews and evaluates its property, including exploration and evaluation assets and property and equipment for indications of impairment when events or changes in circumstances indicate that the related carrying amount may not be recoverable or at least at the end of each reporting period. The asset's recoverable amount is estimated if an indication of impairment exists.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. Future cash flows are estimated based on expected future production, commodity prices, operating costs and capital costs.

The recoverable amount is the greater of the asset's 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 the current market assessment of the time value of money and the risks specific to the asset. Impairment losses reducing the carrying value to the recoverable amount are recognized in profit and loss.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

Share based payments

The Company's Stock Option Plan allows directors, officers and consultants to acquire shares of the Company in exchange for the options exercised. The fair value of share options granted to employees is recognized as an expense over the vesting period using the graded vesting method 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, including directors of the Company.

The fair value is measured at the grant date and recognized 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 based on estimate of forfeiture rate.

The compensation cost of stock options granted to consultant is initially measured at fair value of the awards at the grant date and periodically remeasured to fair value until the consultant's performance is complete, and recognised over the periods during which the consultant become unconditionally entitled to the options. The compensation cost is charged to income with a corresponding increase to share-based payment reserve.

Warrants

Proceeds from issuances by the Company of units consisting of shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants.

Warrants that are issued as payment for agency fee or other transactions costs are counted for as share-based payments.

Change in accounting policies

The following new or amended standards, and their resulting consequential amendments, were applied for the first time in the current year and the adoption standards and/or amendments does not have any impact on the Company's financial statements:

- **IFRS 2 Share based payment**
  The amendments to IFRS 2, issued in December 2013 clarify the definition of "vesting conditions", and separately define a "performance condition" and a "service condition". A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments are effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

- **IFRS 7 Financial Instruments: Disclosure and IAS 32 Financial Instruments: Presentation**
  Financial assets and financial liabilities may be offset, with the net amount presented in the statement of financial position, only when there is a legally enforceable right to set off and when there is either an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. The amendments to IAS 32, issued in December 2011, clarify the meaning of the offsetting criterion "currently has a legally enforceable right to set off" and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014.

- **IAS 36 Impairment of assets**
  The amendments to IAS 36, issued in May 2013, require:
  - Disclosure of the recoverable amount of impaired assets; and
  - Additional disclosures about the measurement of the recoverable amount when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount.

  The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014.

- **IAS 39 Financial Instruments Recognition and measurement**
  The amendments to IAS 39, issued in June 2013, clarify that innovation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations, does not terminate hedge accounting. The amendments are effective for annual periods beginning on or after January 1, 2014.

New Accounting Standards and Interpretations

The Company has not yet applied the following new standards, interpretations or amendments to standards that have been issued as at December 31, 2014 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations and intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material, unless otherwise stated.

- **IAS 16 Property plant and equipment and IAS 38 Intangible assets**
  The amendments to IAS 16 and IAS 38, issued in December 2013, clarify how an entity calculates the gross carrying amount and accumulated depreciation when a revaluation is performed. The amendments are effective for annual periods beginning on or after July 1, 2014.

- **IAS 24 Related party disclosures**
  The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014.

Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and related disclosure.

Judgment is used mainly in determining how a balance or transaction should be recognized in the financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

Significant areas where management's estimates and judgments have been applied include:

Judgments

i) Asset Impairments

The application of the Company's accounting policy for impairment on equipment and exploration and evaluation assets requires judgment in determining if the facts and circumstances suggest that the carrying amount exceeds the recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company would carry out an impairment test at the asset or group of assets, which requires estimate and judgement in determining the recoverable amount with reference to the fair value of the assets or group of assets less costs to sell or the value in use calculation. Where recoverable amount is determined to be less than the carrying amount, an impairment loss may arise. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

ii) Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures capitalized requires judgment in determining which expenditures are recognized as exploration and evaluation assets and applying the policy consistently. In making this determination, the Company considers the degree to which the expenditure can be associated with finding specific mineral resources.

iii) Provision

The Company applied judgement when recognizing the provisions for restoration, rehabilitation and environmental obligations.

iv) Going concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements.

v) Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operations could limit the ability of the Company to obtain tax deductions in future periods.

vi) Depreciation

Depreciation of mining equipment begins when it is available for use, which is defined as occurring when the asset is in the location and condition necessary for it to be capable of operating in the manner

intended by management. Judgment is required in determining whether the mining equipment is available for use at each reporting date.

Judgment, estimates and assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Off-Balance Sheet Arrangements

The Company has not entered into any off balance sheet arrangements, other than previously disclosed, that have, or are reasonably likely to have, an impact on the current or future results of operations or the financial condition of our company.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, short term investments, investment in shares of Forty Two Metals Inc. and accounts payable and accrued liabilities. The Company has designated its cash and cash equivalents, short term investments and investment in shares of Forty Two Metals Inc. as fair value through profit or loss, which is measured at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. The fair value of cash and cash equivalents, short term investments and accounts payable and accrued liabilities are equal to their carrying value due to their short-term maturity. Investment in shares of Forty Two Metals Inc. is measured at cost as the fair value cannot be reliably measured. The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and commodity price risk.

Credit risk
Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to accounts receivable. The Company believes it has no significant credit risk.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2014, the Company had a cash and cash equivalents and short term investments balance of $125,820 (2013 - $697,007) to settle current liabilities of $272,380 (2013 - $67,945). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk
The Company has cash and cash equivalents balances and no interest-bearing debt. The Company believes it has no significant interest rate risk.

On December 31, 2014, reclamation bonds consisted of fixed guaranteed investment certificate redeemable before maturity, which bears interest at annual variable rates of 1.45% and matures October 29, 2017. During the year ended December 31, 2014, cash and cash equivalents were not subject to any interest on bank balances. Sensitivity to a plus or minus 1% change in rates is not material to the statements of operations and comprehensive loss.

(b) Foreign currency risk
As at December 31, 2014, the Company's expenditures are in Canadian dollars, any future equity raised is expected to be predominantly in Canadian dollars. The Company does not hold balances in foreign currencies which would give rise to exposure to foreign exchange risk.

Fair value hierarchy
The Company applied the following fair value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels:

The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

For the years ended December 31, 2014 and 2013, cash and cash equivalents, short term investments and reclamation bonds are assessed to be Level 1 instruments.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its resource properties and to maintain flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity as well as cash and cash equivalents.

The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. As at December 31, 2014, the Company has not entered into any debt financing.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. There were no changes in the Company's approach to capital management during the year.

Outstanding Share Data

(a) Authorized: Unlimited number of comm. Shares with no par value

(b) Issued and outstanding

	Number of shares
Balance, December 31, 2012	33,209,749
Shares issued pursuant to the exercise of options at a price of $0.235 per share	50,000
Shares issued for Big Creek Property (see Interest in Mineral Properties)	400,000
Shares issued for Willa Deposit (see Interest in Mineral Properties)	1,000,000
Shares issued for Big Creek Property (see Interest in Mineral Properties)	400,000
Shares issued pursuant to non-brokered private placement at a price of $0.21 per unit	4,779,000
Balance, December 31, 2013	39,838,749
Shares issued pursuant to the exercise of options at a price of $0.135 per share	500,000
Shares issued pursuant to the exercise of warrants at a price of $0.30 per unit	100,000
Shares issued for Willa Property (see Interest in Mineral Properties)	3,600,000
Shares issued pursuant to a brokered private placements at a price of $0.15 per unit	22,381,249
Balance, December 31, 2014	66,419,998
Shares issued for Willa Deposit (see Interest in Mineral Properties)	10,000,000
Balance, April 30, 2015	76,419,998

Stock options:

A summary of stock option activity for the years is as follows:

	Number of options	Weighted-average exercise price
		$
Balance, December 31, 2012	2,080,018	0.23
Options exercised	(50,000)	0.24
Options forfeited / cancelled	(1,280,018)	0.28
Options granted and exercisable on or before August 8, 2018	500,000	0.25
Balance, December 31, 2013	1,250,000	0.18
Options exercised	(500,000)	0.135
Options granted and exercisable on or before August 20, 2016	100,000	0.25
Options granted and exercisable on or before August 20, 2019	5,231,999	0.25
Balance, December 31, 2014	6,081,999	0.245

As at December 31, 2014, the Company has the following options outstanding and exercisable:

Number of Options Outstanding	Number of Options Exercisable	Weighted Average Exercise Price	Years to expiry	Expiry Date
250,000	250,000	$ 0.135	0.70	September 14, 2015
500,000	500,000	0.25	3.61	August 8, 2018
100,000	25,000	0.25	1.64	August 20, 2016
5,231,999	2,516,000	0.25	4.64	August 20, 2019
6,081,999	3,291,000	$ 0.241	4.34	

The Company has a stock option plan whereby it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company.

On August 8, 2013 the Company granted 500,000 share purchase options to a consultant pursuant to an investor relations contract, exercisable on or before August 8, 2018 at a price of $0.25 per share where the exercise price is higher than the market price at the date of grant. The options shall vest over a 12 month period with 25% of the options vesting after each 3 month period. During the year ended December 31, 2014 a total of $31,287 (2013 - $42,132) of stock based compensation costs was recorded. As at December 31, 2014, 500,000 options granted remain outstanding and exercisable. The fair value of options granted during the fiscal year ended December 31, 2014 has been estimated using the Black-Scholes option pricing model, using weighted average assumptions of a risk-free interest rate of 1.8% and 1.95%, expected dividend yield of 0%, share price volatility of 108% and an expected life of the options of 5 years.

The Company granted 3,649,999 incentive stock options to directors on August 20, 2014, exercisable on or before August 20, 2019 at a price of $0.25 per share where the exercise price is lower than the market price at the date of grant. 25% of the options vested immediately upon the grant date, and 25% every three months thereafter. The fair value of options granted has been estimated using the Black-Scholes option pricing model, using weighted average assumptions of a risk-free interest rate of 1.56%, expected dividend yield of 0%, share price volatility of 87% and an expected life of the options of 5 years. During the year ended December 31, 2014 the Company recorded $647,454 of stock based compensation. As at December 31, 2014, all 3,649,999 options remained outstanding and 1,825,000 were exercisable.

The Company granted 1,182,000 additional incentive stock options to consultants on August 20, 2014, exercisable on or before August 20, 2019 at a price of $0.25 per share where the exercise price is lower than the market price at the date of grant. 25% of the options vested immediately upon the grant date, and 25% every three months thereafter. The fair value of options granted has been estimated using the Black-Scholes option pricing model, using weighted average assumptions of a risk-free interest rate of 1.56%, expected dividend yield of 0%, share price volatility of 89% and an expected life of the options of 5 years.

During the year ended December 31, 2014 the Company recorded stock based compensation costs of $145,864. As at December 31, 2014, 2014, all 1,182,000 options remained outstanding and granted to consultants remained outstanding and 591,000 were exercisable.

The Company granted 400,000 additional incentive stock options to investor relations consultants on August 20, 2014, exercisable on or before August 20, 2019 at a price of $0.25 per share where the exercise price is lower than the market price at the date of grant. 25% of the options vest every three months thereafter. The fair value of options granted has been estimated using the Black-Scholes option pricing model, using weighted average assumptions of a risk-free interest rate of 1.56%, expected dividend yield of 0%, share price volatility of between 89% and an expected life of the options of 5 years. During the year ended December 31, 2014 the Company recorded stock based compensation of $31,048. On December 31, 2014 all 400,000 options remained outstanding and 100,000 were exercisable.

The Company granted 100,000 additional incentive stock options to investor relations consultants on August 20, 2014, exercisable on or before August 20, 2016 at a price of $0.25 per share where the exercise price is lower than the market price at the date of grant. 25% of the options vest every three months thereafter. The fair value of options granted has been estimated using the Black-Scholes option pricing model, using weighted average assumptions of a risk-free interest rate of 1.56%, expected dividend yield of 0%, share price volatility of 101% and an expected life of the options of 2 years. During year ended December 31, 2014 the Company recorded stock based compensation of $4,711. On December 31, 2014 all 100,000 options remained outstanding and 25,000 were exercisable.

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessary provide reliable measure of the far value of the Company's stock options.

Warrants:

On November 15, 2013 the Company completed a private placement financing, pursuant to which it has issued 4,779,000 units at a price of $0.21 per unit. Each unit consists of one common share and one share purchase warrant exercisable over 2 years, at a price of $0.35 per common share. As the unit was issued at a price higher than the market trading price on November 15, 2013, $47,790 was allocated to contributed surplus as fair value for the warrants under the residual value method. The Company also issued 286,740 agent warrants.

On April 1, 2014 the Company completed a private placement financing, pursuant to which it has issued 6,024,250 units at a price of $0.15 per unit. Each unit consists of one common share and one half of one share purchase warrant exercisable over 3 years, at a price of $0.30 per common share. As the unit was issued at a price lower than the market trading price on April 1, 2014 $nil was allocated to contributed surplus as fair value for the warrants under the residual value method. During the year ended December 31, 2014, 100,000 of these warrants were exercised. The Company also issued 361,455 agent warrants with the same terms as the Units.

On July 2, 2014 the Company completed a tranche of private placement financing, pursuant to which it has issued 7,971,333 units at a price of $0.15 per unit. Each unit consists of one common share and one half of one share purchase warrant exercisable over 3 years, at a price of $0.30 per common share. As the unit was issued at a price lower than the market trading price on July 2, 2014 $nil was allocated to contributed surplus as fair value for the warrants under the residual value method. The Company also issued 213,500 agent warrants with the same terms as the Units.

On July 21, 2014 the Company completed a tranche of private placement financing, pursuant to which it has issued 7,971,333 units at a price of $0.15 per unit. Each unit consists of one common share and one half of one share purchase warrant exercisable over 3 years, at a price of $0.30 per common share. As the unit was issued at a price lower than the market trading price on July 21, 2014 $nil was allocated to contributed surplus as fair value for the warrants under the residual value method. The Company also issued 203,400 agent warrants.

A summary of warrants activity for the years is as follows:

	Number of Warrants Exercisable	Weighted Average Exercise Price	Years to expiry	Expiry Date
Balance, December 31, 2012	10,378,600	$ 0.35		
Warrants issued	4,779,000	$ 0.35	0.87	November 15, 2015
Agent's Warrants issued	286,740	$ 0.35	0.87	November 15, 2015
Balance, December 31, 2013	15,444,340	$ 0.35		
Warrants issued	3,012,125	$ 0.30	2.25	April 2, 2017
Agent's Warrants issued	361,455	$ 0.30	2.25	April 2, 2017
Warrants issued	3,985,667	$ 0.30	2.50	July 2, 2017
Agent's Warrants issued	213,500	$ 0.30	2.50	July 2, 2017
Warrants issued	4,192,833	$ 0.30	2.56	July 21,2017
Agent's Warrants issued	203,400	$ 0.30	2.56	July 21,2017
Warrants exercised	(100,000)	$ 0.30	2.25	April 2, 2017
Balance, December 31, 2014	27,313,320	$ 0.33	2.34	

Related Party Transactions

During the fiscal year ended December 31, 2014, the Company entered into the following transactions with related parties:

a) Paid or accrued management fee of $10,000 (2013 - $Nil) to a former directors and officers.

b) Paid or accrued management fees of $68,600 ($2013 - $29,900) to a director and officer.

c) Included in professional fees is $53,000 (2013: $40,700) paid to an officer and director for accounting services.

d) Included in accounts payable and accrued liabilities is $9,113 (2013 - $2,625) payable to officers and directors for management fees, professional fees and expenses incurred on behalf of the Company.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related party.

Liquidity and Capital Resources

The Company has financed its operations primarily from proceeds from the sale of shares.

As at December 31, 2014 the Company had working capital of $331,648 compared to working capital of $803,304 as at December 31, 2013.

Cash provided by the issuance of units pursuant to a non-brokered private placement, exercise of warrants, agent's warrants and stock options for new common shares during the fiscal year ended December 31, 2014 was $3,339,284 and during the fiscal year ended December 31, 2013 was $955,125.

The Company believes that funds on hand will be sufficient to fund its cash requirements through 2014. However, the Company plans to issue more securities at such time as it believes additional capital could be obtained on favourable terms. There can be no assurance that such funds can be available on favourable terms, if at all.

Commitments

See "Interest in Mineral Properties" and "Investment In Associate - FortyTwo Metals Inc.".

Legal Action

During the year, the Company has been served a Notice of Civil Claim by a consultant of the Company for unpaid consulting work and services in the amount of $78,076. The Company does not believe there is any merit in the claim.

Subsequent Events

Subsequent to December 31, 2014, the Company issued 10,000,000 common shares in connection with the Willa Property.

Financing Risks

The Company has limited financial resources and there is no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfil its obligations under applicable agreement. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the property interest of the Company with the possible dilution or loss of such interest. Further, revenues, financings and profits, if any, will depend upon various factors, including the success, if any, of exploration programs and general market conditions for natural resources. There is no assurance that the Company can operate profitably or that it will successfully implement its plans.

The Company has only recently commenced operations and has no operating earnings. The likelihood of success of the Company must be considered in light of the problems, expenses and difficulties, complications and delays frequently encountered in connection with the establishment of any business. The Company operates at a loss and there is no assurance that the Company will ever be profitable.

Risk and uncertainties

Exploration for minerals is a speculative venture necessarily involving some substantial risk. The program proposed by the Company is an exploratory search for ore. There is no certainty that the expenditures to be made by the Company in the acquisition and exploration of the interests will result in discoveries of commercial quantities of ore. The property of the Company does not contain any known body of commercial ore.

Resource exploration and development is a speculative business and involves a high degree of risk. The marketability of natural resources, which may be acquired or discovered by the Company, will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

The grade of any ore ultimately mined from a mineral deposit may differ from that produced from drilling results. Production volumes and costs can be affected by such factors as the proximity and capacity of processing facilities, permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. Short-term factors relating to ore reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on the results of operations. Moreover, there can be no assurance that minerals recovered in small-scale laboratory tests will be achieved under production scale conditions. Although precautions to minimize risks will be taken, processing operations are subject to hazards such as equipment failure or failure of tailings impoundment facilities, which may result in environmental pollution and consequent liability.

Mining operations generally involve a high degree of risk. Hazards such as unusual or unexpected formations and other conditions are involved. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material adverse effect on the Company's financial position.

There is a degree of uncertainty attributable to the calculation of reserves, resources and corresponding grades being dedicated to future production. Until reserves or resources are actually mined and processed,

the quantity of reserves or resources and grades must be considered as estimates only. In addition, the quantity of reserves or resources may vary depending on metal prices. Any material change in the quantity of reserves, resource grade or stripping ratio may affect the economic viability of the Company's properties. In addition, there can be no assurance that mineral recoveries in small-scale laboratory tests will be duplicated in large tests under on-site conditions or during production.

While the Company has obtained the usual industry standard title report with respect to its properties, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. The Company must expend monies to carry out further work on the properties in order to keep in good standing.

The Company's properties include mineral claims, which have not been surveyed, and therefore, the precise location of the mineral claims may be in doubt.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge; title to all of its properties is in good standing.

The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources that the Company, in the search for and the acquisition of attractive mineral properties. The ability of the Company to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable properties or prospects for mineral exploration. There is no assurance that the Company will continue to be able to compete successfully with its competition in acquiring such properties or prospects.

The current or future operations of the Company, including exploration and development activities and commencement of production on its properties, require permits from various levels of government. Such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. The Company believes it is in substantial compliance with all material laws and regulations that currently apply to its activities. There can be no assurance however, that all permits which the Company may require for construction of mining facilities and conduct of mining operations, particularly environmental permits, will be obtainable on reasonable terms or that compliance with such laws and regulations would not have an adverse effect on the profitability of any mining project that the Company might undertake.

Failure to comply with applicable laws, regulations and permit requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Mining, like many other extractive natural resource industries, is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Environmental liability may result from mining activities conducted by others prior to the Company's ownership of its properties. To the extent the Company is subject to uninsured environmental liabilities, the payment of such liabilities would reduce funds otherwise available of the Company and could have a material adverse effect on the Company. Should the Company be unable to fund fully the cost of remedying an environmental problem, the Company might be required to suspend operations or enter into interim compliance measures.

Summary of Quarterly Results

The following table sets out selected quarterly information for the eight most recent quarters ended December 31, 2014:

Quarters ended in 2014 fiscal year	December 31 $	September 30 $	June 30 $	March 31 $
Interest income	-	-	-	45
Loss	(679,582)	(1,403,896)	(198,979)	(414,950)
Loss per common share	(0.01)	(0.02)	(0.00)	(0.01)
Quarters ended in 2013 fiscal year	**December 31 $**	**September 30 $**	**June 30 $**	**March 31 $**
Interest income	2,135	3,350	3,817	4,970
Loss	(345,178)	(199,545)	(514,359)	(294,247)
Loss per common share	(0.01)	(0.01)	(0.01)	(0.01)

DISCOVERY VENTURES INC.

CORPORATE DATA

April 30, 2015

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CAPITALIZATION

Authorized:	Unlimited number of common shares, no par value
Issued:	76,419,998
Warrants:	27,313,320
Options:	6,081,999

LISTINGS

TSX Venture Exchange
Trading Symbol: DVN.V
CUSIP #: 25470R