

(An Exploration Stage Company)

CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

Six Month Ended June 30, 2015 and 2014

Corporate Head Office

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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a) continuous disclosure requirement, if any auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these Condensed Interim Financial Statements.

BALMORAL RESOURCES LTD.
(An Exploration Stage Company)
CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

June 30, 2015 and 2014

INDEX **Page**

Condensed Interim Financial Statements

Condensed Interim Statements of Financial Position	1
Condensed Interim Statements of Operations and Comprehensive Income (Loss)	2
Condensed Interim Statements of Changes in Equity	3-4
Condensed Interim Statements of Cash Flows	5
Notes to Condensed Interim Financial Statements	6-15

BALMORAL RESOURCES LTD.
(An Exploration Stage Company)
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	June 30, 2015	December 31, 2014
		(Audited)
ASSETS		
Current assets		
Cash and cash equivalents	$ 9,724,462	$ 15,587,381
Accounts receivable	2,217	6,258
Input tax credits receivable	278,167	140,994
Refundable tax credit	248,126	248,126
Marketable securities (Note 3)	462,778	152,778
Prepaid expenses (Note 8)	206,993	151,012
	10,922,743	16,286,549
Property, plant and equipment (Note 4)	7,152	5,336
Exploration and evaluation assets (Note 5)	45,373,948	40,712,432
	$ 56,303,843	$ 57,004,317
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	$ 609,961	$ 452,507
Other liabilities (Note 9)	1,892,537	3,768,262
	2,502,498	4,220,769
Deferred income tax liability	4,261,117	4,261,117
	6,763,615	8,481,886
Shareholders' equity		
Capital stock (Note 6)	64,253,566	64,253,566
Share-based payment reserve	7,436,615	7,425,315
Warrant reserve	297	297
Accumulated other comprehensive loss (Note 3)	120,000	-
Deficit	(22,270,250)	(23,156,747)
	49,540,228	48,522,431
	$ 56,303,843	$ 57,004,317

Approved on behalf of the Directors:

"Graeme Currie" Director — Graeme Currie

"Lawrence W. Talbot" Director — Lawrence W. Talbot

The accompanying notes are an integral part of these financial statements

BALMORAL RESOURCES LTD.
(An Exploration Stage Company)
CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Three months ended June 30		Six months ended June 30	
	2015	**2014**	**2015**	**2014**
Expenses				
Consulting fees (Note 8)	$ 12,360	$ 11,500	$ 32,720	$ 22,750
Depreciation	358	333	625	667
Filing and transfer agent's fees	22,771	26,834	78,228	91,004
Office and miscellaneous	59,487	33,903	103,965	66,044
Professional fees	53,916	33,764	85,161	60,713
Rent	29,502	20,960	55,736	43,351
Salaries and benefits (Note 8)	148,998	131,441	281,319	257,215
Share-based payments (Notes 7 and 8)	11,300	-	11,300	1,787,329
Shareholder communication	162,153	198,736	366,975	313,328
Travel and related costs	6,028	31,401	47,650	62,488
Loss before other items	(506,873)	(488,872)	(1,063,679)	(2,704,889)
Other items				
Interest income	25,627	19,010	73,339	41,877
Impairment losses on marketable securities	-	(45,833)	-	(707,446)
Foreign exchange gain (loss)	1,466	(4,159)	1,112	3,408
Loss before income taxes	(479,780)	(519,854)	(989,228)	(3,367,050)
Deferred income tax recovery (Note 9)	746,909	197,307	1,875,725	531,492
Net income (loss) for the period	267,129	(322,547)	886,497	(2,835,558)
Other comprehensive income (loss)				
Items that may be reclassified subsequently to net income				
Fair value adjustment on marketable securities (Note 3)	29,444	(45,833)	120,000	(198,611)
Transfer to losses on impairment of marketable securities	-	45,833	-	707,446
Comprehensive income (loss) for the period	$ 296,573	$ (322,547)	$ 1,006,497	$ (2,326,723)
Basic and diluted income (loss) per share	$ 0.00	$ (0.00)	$ 0.01	$ (0.03)
Weighted average number of shares outstanding	110,381,521	99,007,213	110,381,521	98,561,816

The accompanying notes are an integral part of these financial statements

BALMORAL RESOURCES LTD.
(An Exploration Stage Company)
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Number of shares	Capital stock	Share-based payment reserve	Warrant reserve	Accumulated other comprehensive loss	Deficit	Total shareholders' equity
Balance, December 31, 2013	**98,111,469**	**52,682,398**	**5,632,050**	**125,150**	**(508,835)**	**(18,836,218)**	**39,094,545**
Shares issued for cash:							
Private placements	2,580,000	4,515,000	-	-	-	-	4,515,000
Allocation of value to flow-through premium	-	(954,600)	-	-	-	-	(954,600)
Exercise of warrants	1,201,349	901,012	-	-	-	-	901,012
Exercise of options	180,000	108,000	-	-	-	-	108,000
Share issuance costs	-	(389,145)	95,496	-	-	-	(293,649)
Reallocation on exercise of warrants	-	16,738	(16,738)	-	-	-	-
Reallocation on exercise of options	-	68,007	(68,007)	-	-	-	-
Share-based payments	-	-	1,787,329	-	-	-	1,787,329
Net loss for the period	-	-	-	-	-	(2,835,558)	(2,835,558)
Fair value adjustment on marketable securities	-	-	-	-	(198,611)	-	(198,611)
Transfer to losses on impairment of marketable securities	-	-	-	-	707,446	-	707,446
Balance, June 30, 2014	**102,072,818**	**56,947,410**	**7,430,130**	**125,150**	**-**	**(21,671,776)**	**42,830,914**

The accompanying notes are an integral part of these financial statements

BALMORAL RESOURCES LTD.
(An Exploration Stage Company)
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (Cont'd)
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Number of shares	Capital stock	Share-based payment reserve	Warrant reserve	Accumulated other comprehensive loss	Deficit	Total shareholders' equity
Balance, June 30, 2014	**102,072,818**	**56,947,410**	**7,430,130**	**125,150**	**-**	**(21,671,776)**	**42,830,914**
Shares issued for cash:							
Private placements	5,900,000	10,030,000	-	-	-	-	10,030,000
Allocation of value to flow-through premium	-	(4,071,000)	-	-	-	-	(4,071,000)
Exercise of warrants	1,944,403	1,458,302	-	-	-	-	1,458,302
Exercise of options	347,300	229,665	-	-	-	-	229,665
Property acquisition (Note 5(e))	117,000	211,750	-	-	-	-	211,750
Share issuance costs	-	(822,814)	47,221	-	-	-	(775,593)
Reallocation on exercise of warrants	-	129,193	(4,340)	(124,853)	-	-	-
Reallocation on exercise of options	-	141,060	(141,060)	-	-	-	-
Share-based payments	-	-	93,364	-	-	-	93,364
Net loss for the period	-	-	-	-	-	(1,484,971)	(1,484,971)
Fair value adjustment on marketable securities	-	-	-	-	(106,944)	-	(106,944)
Transfer to losses on impairment of marketable securities	-	-	-	-	106,944	-	106,944
Balance, December 31, 2014	**110,381,521**	**64,253,566**	**7,425,315**	**297**	**-**	**(23,156,747)**	**48,522,431**
Share-based payments	-	-	11,300	-	-	-	11,300
Net income for the period	-	-	-	-	-	886,497	886,497
Fair value adjustment on marketable securities	-	-	-	-	120,000	-	120,000
Balance, June 30, 2015	**110,381,521**	**$ 64,253,566**	**$ 7,436,615**	**$ 297**	**$ 120,000**	**$ (22,270,250)**	**$ 49,540,228**

The accompanying notes are an integral part of these financial statements

BALMORAL RESOURCES LTD.
(An Exploration Stage Company)
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
Six Months Ended June 30, 2015 and 2014

	2015	2014
OPERATING ACTIVITIES		
Net income (loss) for the period	$ 886,497	$ (2,835,558)
Items not affecting cash:		
Depreciation	625	667
Share-based payments	11,300	1,787,329
Impairment losses on marketable securities	-	707,446
Deferred income tax expense (recovery)	(1,875,725)	(531,492)
Changes in non-cash working capital items:		
Accounts receivable	565	(527)
Input tax credits receivable	(137,173)	(10,794)
Prepaid expenses	(55,981)	(33,841)
Accounts payable and accrued liabilities	(103,416)	(218,974
Net cash flows used in operating activities	(1,273,308)	(1,135,744)
FINANCING ACTIVITIES		
Shares issued for cash	-	5,524,012
Share issuance costs	-	(293,649)
Net cash flows provided by financing activities	-	5,230,363
INVESTING ACTIVITIES		
Investment in and expenditures on exploration and evaluation assets	(4,587,170)	(3,151,338)
Advances in and expenditures on exploration and evaluation assets	(2,441)	-
Net cash flows used in investing activities	(4,589,611)	(3,151,338)
Increase (decrease) in cash and cash equivalents	(5,862,919)	943,281
Cash and cash equivalents, beginning of the period	15,587,381	10,141,937
Cash and cash equivalents, end of the period	$ 9,724,462	$ 11,085,218
Cash and cash equivalents consist of the following:		
Cash	$ 954,953	$ 1,083,048
Term deposits	8,769,509	10,002,170
	$ 9,724,462	$ 11,085,218
Supplemental cash flow information		
Accounts receivable related to exploration and evaluation assets	$ 2,217	$ 200
Accounts payable related to exploration and evaluation assets	$ 517,379	$ 283,886
Refundable tax credit for exploration and evaluation assets	$ 248,126	$ -
Marketable securities received for property option (Notes 5(a) and (e))	$ 190,000	$ -
Common shares issued for property acquisition	$ -	$ -
Agent warrants issued for finder's fees	$ -	$ 95,496

The accompanying notes are an integral part of these financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Balmoral Resources Ltd. (the "Company" or "Balmoral") is incorporated under the laws of British Columbia, Canada, and is primarily engaged in the acquisition, exploration and development of mineral properties. The address of its head office is 2300 – 1177 West Hastings Street, Vancouver, British Columbia, Canada V6E 2K3. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The Company is a publicly-traded Company listed on the Toronto Stock Exchange ("TSX") under the symbol "BAR", on the OTCQX market in the United States under the symbol "BALMF" and on the Frankfurt Stock Exchange under the symbol "BOR".

These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future, and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company had an income of $886,497 for the six months ended June 30, 2015 (2014 – a loss of $2,835,558). The Company has working capital (which includes short term tax recoveries and publicly traded shares and excludes other liabilities related to flow-through share obligations) as at June 30, 2015 of $10,312,782 (December 31, 2014 - $15,834,042) and a deficit of $22,270,251 (December 31, 2014 - $23,156,747). The current working capital provides sufficient funding for operations for the ensuing year.

The business of mineral exploration involves a high degree of risk and there can be no assurance that exploration programs will result in profitable mining operations. The Company has sufficient cash to meet its requirements for administrative overhead, to conduct due diligence on exploration and evaluation acquisition targets, and to conduct exploration of its exploration and evaluation assets.

The Company does not generate cash flows from operations to fund its activities, and therefore, relies principally upon the issuance of securities for financing. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. The Company intends to continue relying upon the issuance of securities to finance its future activities but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company. Although these condensed interim financial statements do not include any adjustments that may result from the inability to secure future financing, such a situation would have a material adverse effect on the Company's business, results of operations and financial condition.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The accompanying condensed interim financial statements have been prepared in accordance with the *International Financial Reporting Standards* ("IFRS"), as issued by the *International Accounting Standards Board ("IASB")* applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, *"Interim Financial Reporting"*. The accounting policies, methods of computation and presentation applied in these condensed interim financial statements are consistent with those of the previous financial year.

(b) Approval of financial statements

The Board of Directors approved these condensed interim financial statements on August 12, 2015.

3. MARKETABLE SECURITIES

As at June 30, 2015, the Company held 3,055,555 (December 31, 2014 - 3,055,555) common shares of GTA Resources and Mining Inc. with a fair value of $152,778 (December 31, 2014 - $152,778). The Company classified these shares as available-for-sale.

On February 26, 2015, the Company received 1,000,000 common shares of Wealth Minerals Ltd. ("Wealth") with fair value of $190,000 as a first option payment as part of an option agreement whereby Wealth may earn an initial 51% interest in the N1 and N2 Properties (Note 5 (a)). As at June 30, 2015, the Company held 1,000,000 (December 31, 2014 –Nil) common shares of Wealth with a fair value of $310,000 (December 31, 2014 - $Nil). The Company classified these shares as available-for-sale. Fair value adjustments for the period ended June 30, 2015 amounted to unrealized gain of $120,000, recorded as other comprehensive income. Subsequent to June 30, 2015, the Company sold 100,000 shares of Wealth for an average price of $0.2406 per share for gross proceeds of $24,060 and a realized net gain of $4,570.

4. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment	Vehicle	Computer	Total
Cost				
Balance, December 31, 2014	$ 1,681	$ 9,698	$ -	$ 11,379
Addition for the period	-	-	2,441	2,441
Balance, June 30, 2015	$ 1,681	$ 9,698	$ 2,441	$ 13,820
Depreciation				
Balance, December 31, 2014	$ 1,062	$ 4,981	$ -	$ 6,043
Depreciation for the period	62	472	91	625
Balance, June 30, 2015	$ 1,124	$ 5,453	$ 91	$ 6,668
Carrying amounts				
At June 30, 2015	$ 557	$ 4,245	$ 2,350	$ 7,152
At December 31, 2014	$ 619	$ 4,717	$ -	$ 5,336

5. EXPLORATION AND EVALUATION ASSETS

	Fenelon (Note 5(a))	N2 (Note 5(a))	Martiniere (Note 5(a))	Northshore (Note 5(b))	Detour East (Note 5(c))	Grasset (Note 5(d))	Others (Note 5(e))	Total
Balance, December 31, 2014	$ 4,601,217	$ 1,916,860	$ 21,944,438	$ 389,784	$ 3,293,799	$ 7,603,089	$ 963,245	$ 40,712,432
Acquisition costs								
Cash payments	-	-	-	-	-	-	-	-
Share issuances	-	-	-	-	-	-	-	-
Total acquisition costs	-	-	-	-	-	-	-	-
Deferred exploration costs:								
Camp	160,856	-	275,778	3,132	-	538,231	29,364	1,007,361
Drilling and analysis	207,587	-	661,270	-	-	1,173,339	19,143	2,061,339
Land maintenance and tenure	8,806	500	5,117	1,329	2,483	3,410	13,768	35,413
Personnel and geology	335,052	3,150	401,188	900	3,450	977,736	25,927	1,747,403
Total deferred exploration costs	712,301	3,650	1,343,353	5,361	5,933	2,692,716	88,202	4,851,516
Total expenditures for the period	712,301	3,650	1,343,353	5,361	5,933	2,692,716	88,202	4,851,516
Cost recoveries	-	(95,000)	-	-	-	-	(95,000)	(190,000)
Balance, June 30, 2015	$ 5,313,518	$ 1,825,510	$ 23,287,791	$ 395,145	$ 3,299,732	$ 10,295,805	$ 956,447	$ 45,373,948

5. EXPLORATION AND EVALUATION ASSETS (Continued)

(a) Fenelon, N2 and Martiniere, Quebec

The Company owns 100% interests in each of the Fenelon, N2 and Martiniere Properties.

There are certain net smelter return ("NSR") royalties on the properties - 2% at Martiniere, between 2% and 4% for Fenelon and 1% to 5% on the N2 Property - in favour of former property owners with said royalties payable on commencement of commercial production. Buyout provisions exist for certain portions of said royalties.

On February 2, 2015, the Company agreed to option a partial interest in its N1 (Note 5(e)) and N2 Properties (the "Project") to Wealth. Under the terms of the Option Agreement, Wealth will be granted an option to earn an initial 51% interest in the Project by completing $2,200,000 dollars in exploration on the Project over three years, including a minimum of $1,200,000 in drilling, and issuing 3,000,000 common shares to the Company. Under a second option, Wealth may earn an additional 24% interest in the Project (for an aggregate 75% interest) through additional expenditures of $2,800,000 (for total aggregate expenditures of $5,500,000) and making cash payments of $600,000 to the Company. The Company currently holds a 100% interest in the Project. Wealth received final approval from the TSX Venture Exchange on February 25, 2015 and issued 1,000,000 common shares to the Company on February 26, 2015 (Note 3).

(b) Northshore, Ontario

As at June 30, 2015 the Company owns a 49% interest in the Northshore Property along with certain surface rights attached to the property. The Northshore Property mineral rights are underlain by a sliding-scale NSR royalty to a third-party (Autotrac Limited), which is adjusted to the contained number of ounces of gold outlined in a pre-production resource estimate.

On July 24, 2011, the Company and GTA entered into an option agreement whereby GTA was granted the exclusive right to acquire up to a 70% interest in the Northshore Property.

Under the terms of the Option Agreement, GTA was granted a First Option to earn an initial 51% interest in the Northshore Property by making cash payments to the Company of $50,000 (received), issuing in favour of Balmoral 2,500,000 common shares of GTA (received) and incurring a minimum of $2,500,000 in eligible exploration expenditures (incurred) on the property over a three-year period from the date of receipt of regulatory approval, including the production of a National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") technical report.

On July 14, 2014, GTA delivered a First Option vesting notice to the Company and subsequently advised the Company that it would not be proceeding with a Second Option which had been granted under the terms of the Option Agreement. As a consequence, a 51%/49% participatory contractual arrangement has now been formed with respect to the Northshore Property with GTA as the majority holder and project operator. As the Company does not have joint control over the operations, but retains a 49% undivided interest to the property, the Company accounted for the disposal of its Northshore Property and the acquisition of this interest in Northshore by recognizing its share of the assets under the arrangement at $395,145, the carrying value of the Northshore Property.

5. EXPLORATION AND EVALUATION ASSETS (Continued)

(c) Detour East, Quebec

The Company owns a 100% interest in the Detour East Property, except for 18 claims, which are in a 63%/37% participatory joint venture with Encana Corp. for which the Company is the operator.

There is a NSR royalty of 2%, which relates to the entirety of the property, payable to a former property owner, which may be repurchased by the Company at any time, at a cost of $1,000,000 for the first of 50% of the NSR interest and $2,000,000 for the second 50% of the NSR interest.

(d) Grasset, Quebec

The Company acquired a 100% interest by staking a group of mineral claims located east of the Company's Fenelon Project (Note 5(a)). During the year ended December 31, 2014, the Company acquired additional claims at Grasset Property for staking fees of $2,683. There are no underlying royalties on the Grasset Property.

(e) Others, Quebec

Harri

The Company acquired by staking and holds a 100% interest in, with no underlying royalties, a group of mineral claims that connect the Company's Martiniere and Fenelon Properties (Note 5(a)).

Doigt

The Company acquired by staking and holds a 100% interest in, with no underlying royalties, a group of mineral claims located northwest of the Company's Martiniere Property (Note 5(a)).

N1

The Company acquired by staking and holds a 100% interest in, with no underlying royalties, a group of mineral claims located just west of the Company's N2 Property (Note 5(a)).

On February 2, 2015, the Company agreed to option its N1 and N2 (Note 5(a)) Properties to Wealth.

Lac Fleuri

During the year ended December 31, 2014, the Company acquired by staking and holds a 100% interest in, with no underlying royalties, two groups of claims located east of the Company's Grasset Property (Note 5(d)) for staking fees of $328.

5. EXPLORATION AND EVALUATION ASSETS (Continued)

(e) Others, Quebec (Continued)

Jeremie

During the year ended December 31, 2014, the Company acquired by staking a 100% undivided interest in the Jeremie Property located north of the Fenelon Property (Note 5(a)) for $5,648.

Jeremie South

On July 31, 2014, the Company acquired a 100% interest in the Jeremie South Property by completing the following property acquisition agreements:

i. Jeremie (ABE) Property Agreement

The Company acquired a 100% interest in the Jeremie (ABE) Property from ABE Resources Inc. ("ABE") through the issuance of 60,000 common shares of the Company fair valued at $109,200 or $1.82 per common share on July 30, 2014 and the granting to ABE of a 1% NSR royalty on the 17 claims which comprise the property.

At any time, the Company will have the right to purchase from ABE 50% of ABE's 1% NSR interest for $500,000 and shall have a right of first refusal on the sale or transfer of ABE's royalty interest.

In addition, the Company purchased an existing 2% NSR interest in the property from two underlying vendors through the issuance of 30,000 common shares fair valued at $54,600 or $1.82 per common share on July 30, 2014.

ii. Jeremie 5 Property

The Company acquired a 100% interest in the Jeremie 5 Property from an arm's length individual through the issuance of 20,000 common shares of the Company fair valued $36,400 or $1.82 per common share on July 30, 2014 and the granting to the individual a 1% NSR royalty on the claims which comprise the property.

At any time, the Company will have the right to purchase from the individual 50% of the individual's 1% NSR interest for $1,000,000 and shall have a right of first refusal on the sale or transfer of the individual's royalty interest.

iii. Jeremie 8 Property

The Company acquired a 100% interest in the Jeremie 8 Property from an arm's length individual through the issuance of 7,000 common shares of the Company fair valued at $11,550 or $1.65 per common share on August 29, 2014 and the granting to the individual a 1% NSR royalty on the claims which comprise the property.

At any time, the Company will have the right to purchase from the individual 50% of the individual's 1% NSR interest for $1,000,000 and shall have a right of first refusal on the sale or transfer of the individual's royalty interest.

6. CAPITAL STOCK

(a) Common shares

Authorized

An unlimited number of common shares without par value.

Share issuances

There were no share issuances during the period ended June 30, 2015.

(b) Warrants

The following common share purchase warrants entitle the holders thereof to purchase one common share for each common share purchase warrant. Warrant transactions are summarized as follows:

	June 30, 2015		December 31, 2014	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning of the period	390,800	$ 1.37	3,152,002	$ 0.75
Issued	-	$ -	390,800	$ 1.37
Exercised	-	$ -	(3,145,752)	$ 0.75
Expired	-	$ -	(6,250)	$ 0.75
Balance, end of the period	390,800	$ 1.37	390,800	$ 1.37

The weighted average remaining contractual life of warrants outstanding at June 30, 2015 was 0.60 (December 31, 2014 – 1.10) year.

As at June 30, 2015 and December 31, 2014, the Company had outstanding warrants as follows:

	June 30, 2015		December 31, 2014	
Expiry date	Exercise price	Number of warrants	Exercise price	Number of warrants
June 20, 2016 (agent warrants)	$ 1.25	154,800	$ 1.25	154,800
November 6, 2015 (agent warrants)	$ 1.45	236,000	$ 1.45	236,000
		390,800		390,800

7. SHARE-BASED PAYMENTS

(a) Stock options

Stock option transactions are summarized as follows:

	June 30, 2015		December 31, 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of the period	7,932,700	$ 0.81	3,720,000	$ 1.10
Granted	360,000	$ 0.77	4,850,000	$ 0.61
Expired	(870,000)	$ (0.88)	(110,000)	$ (1.06)
Exercised	-	$ -	(527,300)	$ (0.64)
Balance, end of the period	7,422,700	$ 0.78	7,932,700	$ 0.81

The weighted average remaining contractual life of options outstanding at June 30, 2015 was 3.10 (December 31, 2014 - 3.48) years.

Stock options outstanding and exercisable are as follows:

	June 30, 2015			December 31, 2014		
Expiry date	Exercise price	Options outstanding	Options exercisable	Exercise price	Options outstanding	Options exercisable
June 6, 2016	$ 1.25	695,000	695,000	$ 1.25	855,000	855,000
February 6, 2018	$ 1.05	2,397,700	2,397,700	$ 1.05	2,707,700	2,707,700
January 23, 2019	$ 0.60	3,520,000	3,520,000	$ 0.60	3,920,000	3,920,000
February 5, 2019	$ 0.61	300,000	300,000	$ 0.61	300,000	300,000
December 23, 2019	$ 0.90	150,000	150,000	$ 0.90	150,000	150,000
June 18, 2020	$ 0.77	360,000	-	$ -	-	-
		7,422,700	7,062,700		7,932,700	7,932,700

7. SHARE-BASED PAYMENTS (Continued)

(b) Share-based payments

Share-based payment expenses for the six months ended June 30, 2015 totalled $11,300 (2014 - $1,787,329). The fair value of stock options was determined using the Black-Scholes option pricing model based on the following assumptions:

For the six months ended	2015	2014
Risk-free interest rate	0.96%	1.60%
Expected life of options	5 years	5 years
Expected annualized volatility	75%	78%
Expected dividend yield	0.0%	0.0%
Forfeiture rate	0.0%	0.0%

The weighted average fair value of options at measurement date is $0.45 (2014 - $0.37).

Expected volatility is based on historical price volatility to the extent of the expected life of the option.

8. RELATED PARTY TRANSACTIONS AND BALANCES

During the periods ended June 30, 2015 and 2014, the Company entered into the following transactions with related parties:

Key management compensation

Key management consists of senior officers and directors of the Company, their compensation is as follows:

	2015	2014
Short-term benefits (included in consulting fees and salaries and benefits)	$ 333,188	$ 244,292
Share-based payments	11,300	1,273,496
	$ 344,488	$ 1,517,788

Transactions with other related parties

Amount due to a related party of $8,789 (December 31, 2014 - $1,678) is due to officers of the Company for reimbursement of expenses and included in accounts payable and accrued liabilities. The amount is non-interest-bearing with no fixed terms of repayment.

A short-term advance of $22,135 (December 31, 2014 - $11,064) to key management for travel is included in prepaid expenses. The amount is non-interest-bearing with no fixed terms of repayment.

9. OTHER LIABILITIES

On issuance, the Company allocates the amount received for flow-through shares as i) capital stock and ii) a flow-through share premium, equal to the estimated premium if any, investors pay for the flow-through feature, which is recognized as a liability. Upon qualifying expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax recovery in income for the amount of tax reduction renounced to the shareholders. Other liabilities include the portion of the premium on flow-through shares that, at period-end, has not been used to incur qualifying exploration expenditures. The following is a continuity schedule of the liability portion of the flow-through share issuances:

Flow-through shares

Balance, December 31, 2013		467,780
Liability incurred on flow-through shares issued June 20, 2014		954,600
Liability incurred on flow-through shares issued November 6, 2014		4,071,000
Settlement of flow-through share liability on incurring expenditures		(1,725,118)
Balance, December 31, 2014	$	3,768,262
Settlement of flow-through share liability on incurring expenditures		(1,875,725)
Balance, June 30, 2015	$	1,892,537

During the six months ended June 30, 2015, the Company incurred $4,621,351 of qualified flow-through funded exploration expenditures, which partially fulfilled its commitment to the flow-through share financing on November 6, 2014. As at June 30, 2015, approximately $4,662,773 remains to be incurred on qualifying expenditures during fiscal 2015.