



2015 ANNUAL REPORT

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Background

This Management Discussion and Analysis (MD&A) of Oceanus Resources Corporation (Oceanus or the Corporation) is dated July 29, 2015 and provides an analysis of the financial operating results for the years ended March 31, 2015 and March 31, 2014. This MD&A should be read in conjunction with the audited financial statements and accompanying notes for the years ended March 31, 2015 and March 31, 2014, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") for financial statements. All amounts are in Canadian dollars unless otherwise specified. The financial statements and additional information, including news releases, the Filing Statement and technical report referenced herein, are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com under the Corporation's name.

The common shares of Oceanus are traded on the TSX Venture Exchange under the symbol **OCN**. Additional information can be found on the Corporation's website at www.oceanusresources.ca.

Forward-Looking Information

Certain statements in this MD&A are forward-looking statements or information (collectively "forward-looking statements"). The Corporation is hereby providing cautionary statements identifying important factors that could cause the actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, the Corporation has assumed that the risks listed below will not adversely impact the business of the Corporation.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Corporation, that could influence actual results include, but are not limited to: limited operating history; exploration, development and operating risks; regulatory risks; substantial capital requirements and liquidity; financing risks and dilution to shareholders; competition; reliance on management and dependence on key personnel; fluctuating mineral prices and marketability of minerals; title to properties; local resident concerns; no mineral reserves or mineral resources; environmental risks; governmental regulations and processing licenses and permits; management inexperience in developing mines; conflicts of interest of management; uninsurable risks; exposure to potential litigation; dividends; and other factors beyond the control of the Corporation.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Corporation undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Corporation or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See "Risks and Uncertainties".

Company Overview

Oceanus was incorporated on June 14, 2010 under the Canada Business Corporations Act (CBCA). The registered office of the Corporation is located at Suite 2108, Purdy's Tower Two, 1969 Upper Water Street, Halifax, Nova Scotia B3J 3R7.

MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE YEAR ENDED MARCH 31, 2015

The Corporation completed a \$500,000 Initial Public Offering ("IPO") in December 2010 with 5,000,000 shares being issued at a price of \$0.10 per share. The common shares of Oceanus commenced trading on the TSX Venture Exchange ("Exchange") on December 17, 2010.

Oceanus was established as a "Capital Pool Company" ("CPC") and accordingly the principal focus of the Corporation during 2010 and 2011 was the completion of a "Qualifying Transaction". Qualifying Transaction means a transaction where a CPC acquires significant assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another Company or by other means. Any Qualifying Transaction must be approved by the Exchange, and in the case of a Non-Arm's Length Qualifying Transaction, must also receive Majority of the Minority Approval, in accordance with the CPC Policy.

Oceanus entered into a definitive asset purchase agreement dated July 15, 2011 for the arm's length acquisition of the Lac Mégantic Gold- Base Metal Property (the "Transaction"). The Lac Mégantic Property is located about 70 kilometers southeast of the mining town of Thetford Mines and 210 kilometers east of Montreal in the Eastern Townships of the Province of Quebec. At time of acquisition the Property comprised 622 claims covering approximately 36,651 ha or 366.5 km².

The Transaction was completed on October 24, 2011 with Oceanus acquiring the Lac Mégantic Property in consideration for the issuance of 1,000,000 Oceanus common shares to the vendors and payment of \$162,500. The vendors retained a net smelter royalty ("NSR") of 2%. Oceanus may at any time purchase one-half of the NSR for \$1,000,000. Oceanus also paid a finder's fee of 125,000 of its common shares in connection with the acquisition.

The acquisition of the Lac Mégantic Property was approved by the TSX Venture Exchange as being the Corporation's Qualifying Transaction. Concurrently, the Corporation completed a private placement of flow-through common shares priced at \$0.40 for gross proceeds of \$500,000. The flow-through common shares entitle the purchasers to certain benefits under the Income Tax Act.

Trading of the common shares of Oceanus on the Exchange was halted from March 29, 2011, the date on which the Corporation press released its Qualifying Transaction. Trading of the common shares of Oceanus resumed on the TSX Venture Exchange on November 1, 2011 under the symbol "OCN".

On April 25, 2012 the Corporation completed a non-brokered private placement financing issuing a total of one million common shares at a price of \$0.25 per share for gross proceeds of \$250,000.

On October 24, 2012 the Corporation entered into a binding letter of intent to acquire all of the issued and outstanding securities of Lunar Gold Holdings Incorporated ("LGH"), a Canadian company, in consideration of the issuance of 11 million common shares of Oceanus ("LGH Acquisition"). LGH and LGH's wholly owned Canadian subsidiary, LGHI Holdings Incorporated ("LGHI"), together own 100% of Minera Pueblo de Oro S.A. de C.V., a Mexican company, ("MPO"). MPO is a party to three option agreements under which it can earn a 100-per-cent interest in twelve (12) Mexican mining concession titles, collectively known as the La Lajita Property, covering approximately 3,200 hectares in Durango, Mexico. Pursuant to Exchange Policy 5.3 trading of Oceanus's stock was halted on October 24, 2012 and remained halted until completion of the transaction.

On March 13, 2013 Oceanus completed the LGH Acquisition together with a private placement financing pursuant to which the Corporation issued 8,846,141 common shares at a price of \$0.26 per share for gross proceeds of \$2.3 million. Trading of Oceanus' common shares resumed on March 15, 2013.

On March 7, 2014 the Corporation completed a non-brokered private placement financing issued 6,003,622 common shares at a price of \$0.22 per share for gross proceeds of \$1.3-million.

On July 25, 2014 the Corporation completed a non-brokered private placement financing issued 8,000,000 common shares at a price of \$0.35 per share for gross proceeds of \$2.8 million. The net proceeds from the financing are being used for continuing exploration of the La Lajita gold property and for general working capital.

La Lajita Property, Mexico

The La Lajita Property comprises 12 mining concessions located in the south-west corner of Durango State, Mexico, along the western flanks of the Sierra Madre Occidental, in one of the largest volcanic belts in the world. This area is recognized as an extremely prospective mineral belt for gold and silver deposits. Furthermore, this area is a virgin district having never been discovered or worked by the Spanish and there are no historic mining records. There are numerous pits, adits and small shafts that have been developed by local gambusinos during the 1900's, and the locals continue to mine in the area to this day.



The property is underlain by volcanic sequences and intrusive rocks disrupted by faulting. Gold and silver mineralization is found in a number of locations along the northwest trending La Lajita and La Lajita East structures over a strike length of 2 km. Small scale mining by pick and shovel is the oldest known work on the property and dates back approximately 50 years. Gold is hand panned after pulverization of the material mined from five areas on the property. The most significant mining took place at Mina la Guadalupe where the underground workings have followed the mineralization along strike for a distance of 150 metres.

During 2003 and 2004, certain of these mining concessions were the focus of an exploration program by International Northair Mines Ltd. ("Northair"). Geologic mapping, rock sampling and other field investigations by Northair led to the discovery of several significant gold and silver mineralized zones, and there remains potential for additional discoveries both parallel to and along strike. Mineralization generally occurs as veins, stockwork and breccia zones along and adjacent to fault zones. The presence of relatively minor amounts of sulphide minerals along with hematite (locally as specularite) within these alteration zones indicates association with a low-sulfidation type epithermal system. Visible gold is present within siliceous quartz and hematite breccia hosted by maroon colored andesitic pyroclastic host rocks. Drilling completed by Northair indicates that gold and silver mineralized zones extend at least 100 meters from surface with true widths up to 12 meters. Wider zones of high grade gold and silver mineralization may also occur in areas influenced by structural intersections.

The most significant mineralization found on the property consists of five zones hosted by the La Lajita fault. From north to south these are the La Esperanza, Las Zanzas, Santo Nino, Dos Hermanos and La Lajita Zones. Three other zones are located along a secondary fault, La Lajita East, that parallels the La Lajita fault, and are known as the La

Guadalupe, Los Ratones and the Cerro de Sol Zones. The initial 2013 exploration program consisted of continued geological mapping, prospecting and sampling of these zones and their immediate extensions along strike.

Exploration Activities

In 2013 Oceanus completed a helicopter-borne magnetics and radiometric survey over the property to assist with the geological interpretation of the intrusive rocks and structures.

An initial sampling program was carried out and results were detailed in the Oceanus news releases dated May 8, May 29, June 12 and August 22, 2013. Highlighted assay results include the following;

La Guadalupe Zone

- 13.7 g/t gold and 71.5 g/t silver over a length of 8 meters from underground channel SPML-033
- 11.0 g/t gold and 65.1 g/t silver over a length of 13.5 meters from underground channel SPML-023

Dos Hermanos Zone

- 9.55 g/t gold and 108.5 g/t silver over a length of 15 meters from surface channel SPML-001
- 10.3 g/t gold and 87.6 g/t silver over a length of 10 meters from underground channel SPML-040

Santo Nino Zone

- 10.64 g/t gold and 41.0 g/t silver over a length of 10 meters from underground channel SPML-015
- 3.46 g/t gold and 42.3 g/t silver over a length of 16 meters from surface channel SPML-016

La Fortuna Zone

- 8.53 g/t gold and 31.7 g/t silver over a length of 12 meters from channel sample OLL-011
- 5.41 g/t gold and 113.0 g/t silver over a length of 6 meters from channel sample OLL-108

At the La Lajita Property epithermal, low sulphidation gold and silver associated with hematite and silica alteration is hosted along NNW-SSW trending fault/breccia structures cutting tuffs and ignimbrites of the Upper Volcanic Series over a strike length of 3 kilometers. The mineralization is exposed on surface, in small scale workings and in the underground development and stopes at the Mina la Guadalupe deposit. Mapping and sampling of the underground workings at the Mina la Guadalupe has confirmed the relationship between high grade gold and silver mineralization associated with green quartz veins along the hanging wall side of the fault breccia and the overall dip of the structure.

In light of these encouraging results, MPO contracted SPM Perforacion of Hermosillo, Mexico to carry out a 1,000 meter diamond drilling program. The program commenced in June 2013 with the objective of establishing the depth to the contact with andesitic rocks of the Lower Volcanic Complex. The majority of the large multi-million ounce gold and silver deposits in the Sierra Madre i.e. Ocampo, Pinos Altos, Tayoltita occur at or below this contact.

On September 24, 2013 Oceanus press released that diamond drilling had intersected high-grade gold and silver mineralization at both the Santo Nino and Dos Hermanos prospects. Significant assay results are detailed in the following table.

2013 La Lajita Diamond Drill Hole Intersections								
Target	DDH #	Comment	From (m)	To (m)	Length* (m)	Au (g/t)	Ag (g/t)	EqAu50** (g/t)
Dos Hermanos	OCN-13-001		47.3	57.4	10.1	1.82	70.7	3.23
		<i>including</i>	49.4	56.3	6.9	2.59	94.1	4.47
Dos Hermanos	OCN-13-002		49.6	64.0	14.4	1.70	62.9	2.96
		<i>including</i>	51.6	53.3	1.7	10.17	143.0	13.03
Dos Hermanos	OCN-13-003		65.6	92.6	27.0	0.48	22.7	0.94
		<i>including</i>	66.3	69.3	3.0	2.58	46.8	3.52
Santo Nino	OCN-13-004		57.8	76.5	18.8	0.58	10.3	0.78
		<i>including</i>	57.8	59.5	1.8	3.29	25.9	3.81
Santo Nino	OCN-13-005		66.6	86.6	20.0	7.09	48.8	8.07
		<i>including</i>	70.6	77.1	6.5	18.87	71.3	20.30
Dos Hermanos	OCN-13-007		246.1	247.8	1.7	3.98	97.7	5.93

MPO subsequently completed a Phase II diamond drilling program at La Lajita in summer 2014. The 2014 diamond drilling program focused on the high-grade Santa Nino “clavos” and the Dos Hermanos prospect, both of which returned excellent results from the first round of drilling in 2013. Six holes totaling 1,143.9 meters were drilled at Santo Nino to test the down dip extension of the high-grade ore shoot intersected by the discovery hole OCN-13-005. Highlighted assay results from Santo Nino include the following:

- 3.13 g/t gold and 22.3 g/t silver over a core length of 26.0 meters, including 7.42 g/t gold and 34.5 g/t silver over a core length of 10.5 meters in ddh OCN-14-026
- 2.08 g/t gold and 25.3 g/t silver over a core length of 28.0 meters, including 5.92 g/t gold and 46.1 g/t silver over a core length of 8.9 meters in ddh OCN-14-008
- 1.50 g/t gold and 17.4 g/t silver over a core length of 25.3 meters, including 11.80 g/t gold and 63.0 g/t silver over a core length of 2.5 meters in ddh OCN-14-027

Seven holes totaling 882.1 meters were drilled at the Dos Hermanos Prospect, four holes totaling 470.6 meters were also drilled at the northern strike extension of Dos Hermanos and four holes totaling 505.9 meters were also drilled at the southern strike extension at Dos Hermanos. This drilling has effectively doubled the strike length of the mineralized zone at Dos Hermanos to 225 meters. Highlighted assay results from the Dos Hermanos north extension include the following:

- 0.81 g/t gold and 18.5 g/t silver over a core length of 24.5 meters, including 2.57 g/t gold and 27.8 g/t silver over a core length of 5.5 meters in ddh OCN-14-022
- 0.82 g/t gold and 21.6 g/t silver over a core length of 29.5 meters, including 5.13 g/t gold and 42.8 g/t silver over a core length of 2.0 meter in ddh OCN-14-024

MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE YEAR ENDED MARCH 31, 2015

MPO subsequently completed a Phase III drill program in the later part of 2014 comprised of four diamond drill holes at the Santo Nino prospect. Geological mapping, prospecting and sampling were also completed along the La Lajita fault system. Stream sediment sampling was completed in the north-western area of the property to assess the gold potential along the north-west extension of the La Lajita fault system.

The Phase 3 drill program was focused to define the down dip extension of the mineralization along strike to the northwest. Highlights from the fall drilling program are detailed below:

- 1.5 grams per tonne gold and 35.8 grams per tonne silver over a core length of 8.8 meters from 110.0 to 118.8 meters, including 4.3 grams per tonne gold and 49.2 grams per tonne silver over 1.5 meters from 112.0 meters to 113.5 meters in hole OCN-14-028
- 1.6 grams per tonne gold and 36.8 grams per tonne silver over a core length of 8.8 meters from 123.9 meters to 132.7 meters, including 2.6 grams per tonne gold and 37.4 grams per tonne silver over 3.3 meters from 129.4 meters to 132.7 meters in hole OCN-14-029

Drill hole OCN-14-030 entered the breccia zone and intersected 2.0 grams per tonne gold and 51.7 grams per tonne silver over a 1 meter interval, however was then lost due to difficult drilling conditions.

At the Cerro del Sol prospect geologists observed local gambusinos performing small scale mining on an east-west trending epithermal breccia zone over a strike length of 50 meters and to a depth of 10 meters. The breccia consists of angular fragments of the wall rock supported by a siliceous, jasperoidal, green quartz with colloform textures. Geologists observed visible gold in the breccia with gold grains up to 1.0 mm in size.

Grab samples were collected on the basis of their interesting geological characteristics. Although visible gold was observed in the Cerro del Sol breccia, none was seen in the samples sent to the laboratory for analyses. Sampling of a jasperoidal breccia material graded 53.0 grams per tonne gold and 123.3 grams per tonne silver and a sample of green quartz breccia graded 39.4 grams per tonne gold and 138.7 grams per tonne silver. Company geologists have recommended a program of mapping, trenching, sampling and drilling to follow-up this new gold discovery.

La Lajita Option Agreements

MPO is party to three separate option agreements covering the twelve mining concessions. The terms of the three option agreements are summarized below.

Ten of the mining concessions are subject to an option agreement dated October 4, 2012 that provides for aggregate cash option payments aggregating US\$2,000,000. The remaining cash option payments as at March 31, 2015 are as follows:

- On or before October 4, 2015 US\$300,000
- On or before October 4, 2016 US\$300,000
- On or before October 4, 2017 US\$500,000
- On or before October 4, 2018 US\$500,000

The option agreement also provides for minimum optional exploration expenditures of US\$150,000 in each of the first four years of the agreement. To the extent that MPO incurs exploration expenditures greater than US\$150,000 in a given year, the excess amount may be carried forward and applied against the required expenditure amount of the following year.

In the event MPO establishes mineral production on any of the ten concessions it is obligated to pay the Optionors a 2% net smelter return if gold is valued at or less than \$1,000 per ounce or a 2.5% net smelter return if gold is valued at greater than \$1,000 per ounce at the time of production. MPO has the option to purchase 50% of the net smelter return for a cash payment of US\$1,500,000.

MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE YEAR ENDED MARCH 31, 2015

One of the mining concessions is subject to an option agreement dated October 4, 2012, as amended May 9, 2013 and December 19, 2013, that provides for aggregate cash option payments of US\$150,000 which have been paid.

In the event MPO establishes mineral production on this mining concession it is obligated to pay the Optionors a 2% net smelter return if gold is valued at or less than \$1,000 per ounce or a 2.5% net smelter return if gold is valued at greater than \$1,000 per ounce at the time of production. MPO has the option to purchase 50% of the net smelter return for a cash payment of US\$200,000.

One of the mining concessions is subject to an option agreement dated October 15, 2012 that is for a term of 10 years and provides for monthly cash option payments of Mexican Pesos 15,000. In the event MPO establishes mineral production on this mining concession, the monthly cash option payment increases to Mexican Pesos 20,000.

Lac Mégantic Property, Canada

During fiscal 2014 the Company's exploration focus shifted wholly to the La Lajita Property. Given the Corporation has no intentions of incurring further exploration expenditures on the Lac Megantic Property, the carrying value of the property was written down to \$nil in the fourth quarter of fiscal 2014.

Qualified Person

David Duncan, P. Geo., a qualified person as defined by National Instrument 43-101, has reviewed and approved the information provided in this Management Discussion and Analysis for the year ended March 31, 2015.

Selected Financial Information

Oceanus' consolidated net loss for the year ended March 31, 2015 was \$1,372,574 (\$0.03 per share) compared to \$1,910,207 (\$0.05 per share) for the year ended March 31, 2014 and \$599,882 (\$0.04 per share) for the year ended March 31, 2013. For the year ended March 31, 2014 the Corporation recorded a write-down of its Lac Megantic resource property in the amount of \$0.9 million or \$0.025 per share.

The following table contains selected financial information for the years ended March 31, 2015, 2014 and 2013.

	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013
Revenue	\$ -	\$ -	\$ -
Net loss and comprehensive loss	\$ 1,372,574	\$ 1,910,207	\$ 599,882
Total assets	\$ 8,088,225	\$ 5,815,527	\$ 5,827,392
Working capital	\$ 341,534	\$ 1,249,637	\$ 1,738,784
Shareholder equity	\$ 7,685,348	\$ 5,639,267	\$ 5,578,800
Loss per share	\$ 0.03	\$ 0.05	\$ 0.04

Results of Operations – Three Months Ended March 31, 2015

For the three month period ended March 31, 2015 the Corporation incurred a net loss of \$188,575 as compared to a net loss of \$1,111,838 for the three month period ended March 31, 2014.

The expenses and income incurred during the three month periods ended March 31, 2015 and March 31, 2014 are detailed in the following table.

MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE YEAR ENDED MARCH 31, 2015

	3 months ended March 31, 2015	3 months ended March 31, 2014
Consulting fees	\$ 93,100	\$ -
Dues and fees	\$ 9,808	\$ 12,643
Foreign exchange loss	\$ (4,175)	\$ 3,248
Insurance	\$ 12,923	\$ 9,308
Office	\$ 8,078	\$ 5,783
Professional fees	\$ 37,894	\$ 88,706
Shareholder communication	\$ 3,366	\$ (26)
Travel	\$ 27,010	\$ 15,388
Wages and benefits	\$ 1,373	\$ 58,772
Write-down of resource property	\$ -	\$ 918,016
Total operating expenses	\$ 189,377	\$1,111,838
Interest income	\$ (802)	\$ -
Net loss for the period	\$ 188,575	\$1,111,838

During the 3 month period ended March 31, 2014, the Corporation recorded a write-down of its Lac Megantic resource property in the amount of \$918,016 as the Corporation focused its efforts entirely on its La Lajita property in Mexico. There was no write-down expense recorded in the current quarter.

The Corporation incurred consulting fees of \$93,100 in the three month period ended March 31, 2015 compared to \$nil in the prior year comparable period. The consulting fees in the current quarter were comprised of contract management fees provided by the CEO and CFO commencing in September 2014. Prior to September 2014 the compensation of the former CEO and the CFO was included in wages and benefits expense. Consequently wages and benefits for the three month period ended March 31, 2015 decreased to \$1,373 compared to \$58,772 for the three month period ended March 31, 2014.

Results of Operations – Year Ended March 31, 2015

For the year ended March 31, 2015 the Corporation incurred a net loss of \$1,372,574 compared to a net loss of \$1,910,207 for the year ended March 31, 2014.

The expenses and income incurred during the years ended March 31, 2015 and March 31, 2014 are detailed in the following table.

	12 months ended March 31, 2015	12 months ended March 31, 2014
Consulting fees	\$ 300,400	\$ -
Dues and fees	\$ 30,686	\$ 34,714
Foreign exchange (gain) loss	\$ (55,039)	\$ 16,504
Insurance	\$ 46,705	\$ 43,100
Interest income	\$ (8,488)	\$ (7,735)
Office	\$ 35,258	\$ 27,956
Professional fees	\$ 296,095	\$ 244,752
Shareholder communication	\$ 38,729	\$ 57,477
Stock-based compensation	\$ 413,000	\$ 306,000
Travel	\$ 55,866	\$ 40,466
Wages and benefits	\$ 219,362	\$ 228,957
Write-down of resource properties	\$ -	\$ 918,016
Net loss for the period	\$1,372,574	\$ 1,910,207

MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE YEAR ENDED MARCH 31, 2015

During the year ended March 31, 2014, the Corporation recorded a write-down of its Lac Megantic resource property in the amount of \$918,016 as the Corporation focused its efforts entirely on its La Lajita property in Mexico. There was no write-down expense recorded in the current year.

The Corporation incurred consulting fees of \$300,400 in the year ended March 31, 2015 compared to \$nil in the prior year. The consulting fees in the current period were comprised of contract financial advisory fees and contract management fees. The contract management fees pertained to management services provided by the CEO and CFO commencing in September 2014. Prior to September 2014 the compensation of the former CEO and the CFO was included in wages and benefits expense.

For the year ended March 31, 2015 the Corporation incurred a net foreign exchange gain of \$55,039, compared to a net foreign exchange loss of \$16,504 in the prior year comparable period. Mexican resource property expenditures are denominated in US dollars and Mexican Pesos and the Corporation's reporting currency is Canadian dollars, consequently foreign exchange gains and losses result with changes in the US dollar/Canadian exchange rate and the Mexican Pesos/Canadian exchange rate. During fiscal 2015, the Mexican peso depreciated significantly against the Canadian dollar resulting in an exchange gain from the revaluation of the Mexican VAT receivable at year end.

For the year ended March 31, 2015 the Corporation recorded non-cash stock-based compensation expense of \$413,000 compared to \$306,000 for the prior year comparable period. In determining the stock-based compensation expense, the fair value of stock options issued is estimated using the Black-Scholes option pricing model.

Summary of Quarterly Results

The following table contains selected financial information for the Corporation for the past eight quarterly periods.

	Revenue	Net loss and comprehensive loss	Total assets	Working capital	Shareholder equity	Loss per Share
June 30, 2013	Nil	\$ 348,430	\$5,713,007	\$1,037,524	\$5,542,406	\$0.01
September 30, 2013	Nil	\$ 134,705	\$5,617,206	\$ 440,300	\$5,407,702	\$0.004
December 31, 2013	Nil	\$ 315,235	\$5,462,476	\$ 206,339	\$5,288,466	\$0.01
March 31, 2014	Nil	\$1,111,837	\$5,815,527	\$1,249,637	\$5,639,267	\$0.05
June 30, 2014	Nil	\$ 462,413	\$6,034,314	\$ 419,108	\$5,694,154	\$0.01
September 30, 2014	Nil	\$ 333,333	\$8,137,494	\$2,041,046	\$7,987,564	\$0.01
December 31, 2014	Nil	\$ 388,253	\$8,113,001	\$ 756,474	\$7,865,311	\$0.01
March 31, 2015	Nil	\$ 188,575	\$8,088,225	\$ 341,534	\$7,685,348	\$0.004

Liquidity and Capital Resources

As at March 31, 2015 the Corporation reported cash and cash equivalents of \$228,837, total current assets of \$744,411 and working capital of \$341,534.

On June 19, 2015 the Corporation completed a non-brokered private placement and issued 6,250,000 units at a price of \$0.20 per unit, for aggregate gross proceeds of \$1,250,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one common share of the Company for \$0.30 for a period of 18 months from the closing date of the offering.

The Corporation finances its operations through the issuance of equity securities. The Company is dependent on raising additional funding through the issuance of equity securities in order to fund future exploration programs and to meet its ongoing general and administrative requirements and while management has been successful in obtaining funding in the past, there can be no assurance that it will be able to do so in the future. The reader should refer to the "Going Concern" disclosure in the Risks and Uncertainties section of this MD&A.

Off-Balance Sheet Arrangements

The Corporation has no off-balance sheet arrangements.

Related Party Transactions

All transactions with related parties are in the normal course of business.

Legal services were provided during the year by a firm of which an officer of the Corporation is the sole lawyer practitioner. The cost of these legal services during the year was \$390,505 (2014 - \$280,807). The Corporation recorded \$250,908 (2014 - \$201,814) to professional fees expense and \$139,598 (2014 - \$78,993) to share issue costs.

Geological and administrative consulting services were provided during the year by a company owned by a non-executive director of the Corporation. The cost of these consulting services during the year was \$123,700 (2014 - \$99,000). The Corporation recorded \$112,000 (2014 - \$99,000) to resource properties and \$11,700 (2014 - \$nil) to professional fees.

The Corporation incurred office rent expenses of \$1,500 during the year (2014 - \$3,600) relating to the rental of an office from a company owned by a non-executive director of the Company.

During the year, the Corporation settled \$140,000 (2014 - \$245,638) of accounts payable that were due to the officers and companies owned by non-executive directors through the issuance of share capital.

Outstanding Share Data

As at March 31, 2015 the Corporation had 51,951,633 common shares issued and outstanding. The fully diluted number of common shares of the Corporation as at March 31, 2015, was 56,804,494.

As at March 31, 2015 the Corporation had outstanding 4,810,000 stock options of which 1,000,000 were granted to directors and officers having an exercise price of \$0.10 per share and expire on December 13, 2020, 420,000 were granted to directors, officers and an employee having an exercise price of \$0.20 per share and expire on May 18, 2022, 1,195,000 were granted officers, directors, employees and consultants having an exercise price of \$0.20 per share and expire on May 16, 2023, 795,000 were granted to officers, directors, employees and consultants having an exercise price of \$0.25 per share and expire on October 7, 2023, 700,000 were granted to directors, officers and consultants having an exercise price of \$0.43 per share and expire on May 30, 2024, 50,000 were granted to an investor relations consultant having an exercise price of \$0.44 per share, a vesting date of September 1, 2014 and expire on June 9, 2019, and 650,000 were granted to officers, directors and employees having an exercise price of \$0.40 per share and expire on November 3, 2024.

As at March 31, 2015 the Corporation also had outstanding 42,861 finder's warrants having an exercise price of \$0.40 and expiring on July 25, 2016 that were issued in connection with the July 2014 private placement financing.

On June 2, 2015, the Company granted stock options to officers, directors and consultants in respect of an aggregate of 385,000 common shares. The exercise price of the stock options is \$0.21 per share and they vest immediately. The stock options, which were granted under Oceanus' 2010 Stock Option Plan, expire ten years from the date of grant.

On June 19, 2015 the Company completed a non-brokered private placement and issued 6,250,000 units at a price of \$0.20 per unit, for aggregate gross proceeds of \$1,250,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one common share of the Company for \$0.30 for a period of 18 months from the closing date of the offering.

The Company issued 30,000 finder's warrants to finders acting on behalf of the Corporation in connection with the private placement. Each finder's warrant is exercisable into one common share of the Company at \$0.30 per share for a period of 12 months from the closing date.

As at July 29, 2015 the Corporation had 58,201,633 common shares issued and outstanding. The fully diluted number of common shares of the Corporation as at July 29, 2015, was 63,469,494.

Risks and Uncertainties

The following are certain factors relating to the business of the Corporation. These risks and uncertainties are not the only ones facing the Corporation. Additional risks and uncertainties not currently known to the Corporation, or that the Corporation currently deems immaterial, may also impair the operations of the Corporation. If any such risks actually occur, the financial condition, liquidity and results of operations of the Corporation could be materially adversely affected and the ability of the Corporation to implement its growth plans could be adversely affected.

The following is a description of certain risks and uncertainties that may affect the business of the Corporation.

Going concern

The Corporation's ability to continue as a going concern is dependent on its ability to successfully identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. The Corporation will actively seek financing from time to time to finance its operations; however, the availability, amount and timing of this financing is not certain at this time.

Capital Requirements, Liquidity and Dilution to Shareholders

Additional funds for the establishment of the Corporation's current and planned mining operations will be required. No assurances can be given that the Corporation will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Corporation may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Corporation or at all. If the Corporation is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, and pursue only those development plans that can be funded through cash flows generated from its existing operations.

Limited Operating History

The Corporation is a relatively new company with limited operating history and no history of business or mining operations, revenue generation or production history. The Corporation was incorporated on June 14, 2010 and has yet to generate a profit from its activities. The Corporation will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. The Corporation anticipates that it may take several years to achieve positive cash flow from operations.

Competition

The Corporation will compete with many exploration companies that may have substantially greater financial and technical resources than the Corporation, as well as, for the recruitment and retention of qualified personnel.

Reliance on Key Individuals

The Corporation's success depends to a certain degree upon certain key members of the management. It is expected that these individuals will be a significant factor in its growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on the Corporation.

Title to Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to its exploration properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that Oceanus does not have title to its exploration properties could cause the Corporation to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

Other Information

Additional information regarding the Corporation is available on SEDAR at www.sedar.com.



Consolidated Financial Statements
March 31, 2015 and 2014

July 29, 2015

Management's Report

The accompanying consolidated financial statements of **Oceanus Resources Corporation** (the "Company") are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements include certain amounts and assumptions that are based on management's best estimates and have been derived with careful judgment.

In fulfilling its responsibilities, management has developed and maintains a system of internal accounting controls. These controls are designed to provide reasonable assurance that the financial records are reliable for preparation of the consolidated financial statements. The Audit Committee of the Board of Directors reviewed and approved the Company's consolidated financial statements and recommended their approval by the Board of Directors.

(signed) "*Glenn Jessome*"
President and Chief Executive Officer
Halifax, Nova Scotia

(signed) "*Glenn Holmes*"
Chief Financial Officer
Halifax, Nova Scotia



July 29, 2015

Independent Auditor's Report

To the Shareholders of Oceanus Resources Corporation

We have audited the accompanying consolidated financial statements of **Oceanus Resources Corporation** and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2015 and March 31, 2014, and the consolidated statements of changes in equity, loss and comprehensive loss and cash flows for the years then ended and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Oceanus Resources Corporation** and its subsidiaries, as at March 31, 2015 and March 31, 2014, and the results of their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 of the consolidated financial statements which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about **Oceanus Resources Corporation's** ability to continue as a going concern.

(signed) "PricewaterhouseCoopers LLP"

Chartered Accountants

PricewaterhouseCoopers LLP
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T: +1 902 491 7400, F: +1 902 422 1166

Consolidated Statements of Financial Position
As at March 31, 2015 and March 31, 2014

	2015	2014
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	228,837	1,178,522
Sales tax recoverable	500,915	243,691
Prepaid expenses	14,659	3,684
	<u>744,411</u>	<u>1,425,897</u>
Resource properties (note 5)	<u>7,343,814</u>	<u>4,389,630</u>
	<u>8,088,225</u>	<u>5,815,527</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	<u>402,877</u>	<u>176,260</u>
Equity (note 10)	<u>7,685,348</u>	<u>5,639,267</u>
	<u>8,088,225</u>	<u>5,815,527</u>

Nature of operations and going concern (note 1)

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

Approved on behalf of the Board of Directors

(signed) "Richard B. Gordon", Director

(signed) "Glenn A. Holmes", Director

Consolidated Statements of Changes in Equity
For the years ended March 31, 2015 and March 31, 2014

	Share capital \$	Contributed surplus and other \$	Warrants \$	Deficit \$	Total \$
Balance – March 31, 2013	6,747,293	160,577	26,000	(1,355,070)	5,578,800
Net loss and comprehensive loss for the year	–	–	–	(1,910,207)	(1,910,207)
Shares issued for cash, net of issue costs	1,314,036	–	–	–	1,314,036
Share issued for cash, exercise of agent's options	245,638	–	–	–	245,638
Expiration of warrants, net of tax	–	26,000	(26,000)	–	–
Warrants issued as finders' fees	(4,000)	–	4,000	–	–
Stock based compensation	–	411,000	–	–	411,000
Balance – March 31, 2014	8,302,967	597,577	4,000	(3,265,277)	5,639,267
Net loss and comprehensive loss for the year	–	–	–	(1,372,574)	(1,372,574)
Shares issued for cash, net of issue costs	2,634,455	–	–	–	2,634,455
Share issued in connection with settlement of debt obligations	238,300	–	–	–	238,300
Shares issued for cash, exercise of options	28,600	(13,600)	–	–	15,000
Shares issued for cash, exercise of warrants	1,260	–	(360)	–	900
Expiration of warrants, net of tax	–	3,640	(3,640)	–	–
Warrants issued as finders' fees	(10,000)	–	10,000	–	–
Stock based compensation	–	530,000	–	–	530,000
Balance – March 31, 2015	11,195,582	1,117,617	10,000	(4,637,851)	7,685,348

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

Consolidated Statements of Loss and Comprehensive Loss
For the years ended March 31, 2015 and March 31, 2014

	2015	2014
	\$	\$
Operating expenses		
Professional fees	296,095	244,752
Consulting fees	300,400	–
Dues and fees	30,686	34,714
Foreign exchange (gain) loss	(55,039)	16,504
Insurance	46,705	43,100
Office	35,258	27,956
Shareholder communication	38,729	57,477
Travel	55,866	40,466
Stock-based compensation	413,000	306,000
Wages and benefits	219,362	228,957
Write-down of resource properties	–	918,016
	<u>(1,381,062)</u>	<u>(1,917,942)</u>
Other income		
Interest income	<u>8,488</u>	<u>7,735</u>
Net loss and comprehensive loss for the year	<u>(1,372,574)</u>	<u>(1,910,207)</u>
Loss per share – basic and diluted	(0.03)	(0.05)
Weighted average outstanding common shares – basic and diluted	49,235,429	36,260,226

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

Consolidated Statements of Cash Flows
For the years ended March 31, 2015 and March 31, 2014

	2015	2014
	\$	\$
Cash provided by (used in)		
Operating activities		
Net loss for the years	(1,372,574)	(1,910,207)
Charges to income not affecting cash		
Stock-based compensation	413,000	306,000
Write-down of resource properties	–	918,016
	<u>(959,574)</u>	<u>(686,191)</u>
Net changes in non-cash working capital balances related to operations		
Decrease (increase) in sales tax recoverable	(257,224)	(215,459)
Decrease (increase) in prepaid expenses	(10,975)	253
Increase in accounts payable and accrued liabilities	270,873	164,434
	<u>(956,900)</u>	<u>(736,963)</u>
Investing activities		
Purchase of and expenditures on resource properties	<u>(2,641,440)</u>	<u>(1,353,758)</u>
Financing activities		
Proceeds from issuance of common shares	2,800,000	1,417,833
Share issue costs paid	(167,245)	(103,797)
Proceeds from exercise of options and warrants	15,900	–
	<u>2,648,655</u>	<u>1,314,036</u>
Net change in cash and cash equivalents for the years	<u>(949,685)</u>	<u>(776,685)</u>
Cash and cash equivalents – Beginning of years	<u>1,178,522</u>	<u>1,955,207</u>
Cash and cash equivalents – End of years	<u>228,837</u>	<u>1,178,522</u>
Cash and cash equivalents is comprised of:		
Cash	77,637	278,522
Short-term investments	151,200	900,000
	<u>228,837</u>	<u>1,178,522</u>

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

Notes to the Consolidated Financial Statements

For the years ended March 31, 2015 and March 31, 2014

1 Nature of operations and going concern

Nature of operations

Oceanus Resources Corporation (the "Company") was incorporated under the Canada Business Corporations Act on June 14, 2010 and its common shares are listed on the TSX Venture Exchange (the "Exchange") under the trading symbol OCN. The Company's registered office is located at Suite 2108, 1969 Upper Water Street, Halifax, Nova Scotia. The Company has one reportable and one geographic segment, is a mineral exploration company engaged in locating and acquiring high quality projects and exploring for gold and base metals and has not yet determined whether its exploration property interests contain mineral reserves that are economically recoverable.

Going concern

These consolidated financial statements have been prepared using generally accepted accounting principles applicable to a going concern, which assumes the realization of assets and settlement of liabilities in the normal course of business as they come due. For the year ended March 31, 2015, the Company incurred a loss of \$1,372,574 (2014 - \$1,910,207). The Company has no income or cash flow from operations. In addition to its working capital requirements, the Company must secure sufficient funding to maintain legal title to its resource properties, to fund its exploration and development activities and to fund its general and administrative costs. Such circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern (see note 12). Nevertheless, there is no assurance that these initiatives will be successful or sufficient.

The Company's ability to continue as a going concern is dependent upon its ability to fund its working capital and exploration requirements and eventually to generate positive cash flows, either from operations or sale of properties. These consolidated financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate and these adjustments could be material.

2 Basis of presentation

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of financial statements as set out in the Chartered Professional Accountants of Canada Handbook – Accounting – Part 1 ("CPA Canada Handbook").

The Board of Directors approved the consolidated financial statements for issue on July 28, 2015.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2015 and March 31, 2014

2 Basis of presentation (continued)

b) Basis of measurement

These consolidated financial statements have been prepared under a historical cost basis.

c) Use of estimates and judgments

The preparation of the consolidated financial statements requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the reporting period. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results may differ from these estimates. The more significant areas requiring the use of management estimates and assumptions are discussed below.

Recoverability of resource properties

At the end of each reporting period, the Company assesses each of its mineral resource properties to determine whether any indication of impairment exists. Judgment is required in determining whether indicators of impairment exist, including factors such as the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of resource properties are budgeted and results of exploration and evaluation activities on the exploration and evaluation assets.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. The impairment analysis requires the use of estimates and assumptions, such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value of mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account.

Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. If the Company does not have sufficient information about a particular mineral resource property to meaningfully estimate future cash flows, the fair value is estimated by management through the use of, where available, comparison to similar market assets and, where available, industry benchmarks. Actual results may differ materially from these estimates.

Recoverability of sales tax recoverable

Management's assumptions regarding the recoverability of Value Added Tax ("VAT") receivable in Mexico, at the end of each reporting period, is made using all relevant facts available, including past collectability, the development of VAT policies and the general economic environment of the country to determine if a write-down of the VAT is required. As the amount receivable depends on performance by the government in Mexico, the timing and amount of the VAT ultimately collectible could be materially different from the amount recorded in the consolidated financial statements.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2015 and March 31, 2014

2 Basis of presentation (continued)

c) Use of estimates and judgments (continued)

Share-based payments

The Company issued equity-settled share-based payments to certain employees and third parties outside the Company. Equity-settled share-based payments are measured at fair value, excluding the effect of non-market based vesting conditions, at the date of grant. Fair value is measured using the Black-Scholes pricing model and requires the exercise of judgment in relation to variables such as expected volatilities and dividend yields which are based on information available at the time the fair value is measured.

3 Significant accounting policies

The consolidated financial statements have been prepared in accordance with IFRS. The consolidated financial statements have been prepared within the framework of the accounting policies summarized below:

a) Consolidation

The financial statements of the Company consolidate the accounts of the Company and the following subsidiaries:

Company	Activity	Country of incorporation
Lunar Gold	Holding company	Canada
LGHI Holdings Incorporated	Holding company	Canada
Minera Pueblo de Oro, S.A. de C.V.	Mineral exploration company	Mexico

All subsidiaries are 100% owned.

All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. There are no non-controlling interests, therefore, all loss and comprehensive loss is attributable to the shareholders of the Company.

b) Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term investments readily convertible into known amounts of cash and can be redeemed at any time without penalties.

c) Financial instruments

Financial instruments are classified as follows:

Cash and cash equivalents is classified as "Loans and Receivables". After its initial fair value measurement, it is measured at amortized cost using the effective interest method, less a provision for impairment.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2015 and March 31, 2014

3 Significant accounting policies (continued)

c) Financial instruments (continued)

Accounts payable and accrued liabilities are classified as “Other Financial Liabilities”. Other Financial Liabilities are initially recognized at fair value less transaction costs. Subsequent to initial recognition, Other Financial Liabilities are measured at amortized cost using the effective interest method.

d) Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss.

Financial assets carried at amortized cost: the loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument’s original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

e) Resource properties

Once the Company has obtained the legal right to explore, initial acquisition costs and exploration costs related to resource properties are deferred until such time as the properties are put into commercial production, sold or abandoned or management determines that the resource properties are not economically viable, at which time the resource properties are written down to their recoverable amount. Under this method, all amounts shown as resource properties represent costs incurred to date, less amounts amortized, received from exploration partners and/or written down, and do not necessarily represent present or future values.

If any properties are put into commercial production, the carrying values of the properties will be depleted following the unit of production method. If any properties are sold or abandoned, or considered to be impaired in value, the carrying value of the properties will be charged to operations.

The carrying values of resource properties, on a property-by-property basis, will be reviewed by management at least annually to determine if they have become impaired. If impairment is deemed to exist, the resource properties will be written down to their recoverable amount. The ultimate recoverability of the amounts capitalized for the resource properties is dependent upon obtaining the necessary financing to complete their development and realize profitable production or proceeds from the disposition thereof.

Management’s estimate of recoverability of the Company’s resource property has been based on current conditions. However, it is reasonably possible that changes could occur in the near term which could adversely affect management’s estimates and may result in future write-downs of the resource property.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2015 and March 31, 2014

3 Significant accounting policies (continued)

f) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, the assets recoverable amount is estimated.

g) Income taxes

The Company uses the liability method for accounting for income taxes.

Current tax assets and liabilities for the current and prior periods are measured at the amounts expected to be paid or recovered, using tax rates and laws that have been enacted or substantively enacted by the end of the year.

Deferred tax assets and liabilities are recognized for all future tax consequences attributable to the differences between the consolidated financial statement carrying amounts of assets and liabilities and their respective tax bases, except for the initial recognition of goodwill and the initial recognition of an asset or liability, which at the time of the transaction, affects neither accounting profit nor taxable profit or loss. Deferred tax assets are also recognized for unused tax losses and unused tax credits. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against the deductible temporary differences, unused tax losses and unused tax credits can be utilized. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates and tax laws expected to apply when the carrying amount of the assets or liabilities are recovered or settled or the unused losses are expected to be utilized.

Current and deferred income tax expense is recognized in the statements of loss for the period, except to the extent that the income taxes related to a transaction or event which is recognized, in the same or different period, either in other comprehensive loss or directly in equity.

h) Stock-based compensation

The Company accounts for stock options using the fair value method. The estimated fair value of all stock options granted is recorded in the statements of loss over their vesting periods.

The Company grants stock options to certain officers and directors. Stock options vest in accordance with the individual option granting contracts and expire after ten years or as determined by the Board when granted. Each tranche is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured at the date of grant using Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately. Consideration paid by the directors and officers upon exercise of the stock options and the amount previously recognized in contributed surplus are recorded as share capital.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2015 and March 31, 2014

3 Significant accounting policies (continued)

i) Share issuance costs

Costs directly attributable to the raising of capital are charged against the related share capital. Costs related to shares not yet issued are recorded as deferred share issuance costs. These costs are deferred until the issuance of the shares to which the costs relate, at which time the costs are charged against the related share capital or charged to operations if the shares are not issued.

j) Loss per share

Loss per share is calculated based on the weighted average number of shares outstanding during the year. Outstanding shares that are subject to cancellation under the escrow agreement are not treated as outstanding and are excluded from the calculation of loss per share until the date the shares are no longer subject to cancellation. The Company follows the treasury method of calculating diluted earnings per share. This method assumes that any proceeds from the exercise of stock options and other dilutive instruments would be used to purchase common shares at the average market price during the year. Diluted loss per share for the periods presented is the same as basic loss per share, as the Company has incurred losses and the exercise of options and warrants would be anti-dilutive.

k) Functional and presentation currency and foreign currency translation

Items included in the consolidated financial statements are measured using the currency of the primary economic environment, in which the entity operates and the consolidated financial statements are presented in Canadian dollars.

The functional currency of all subsidiaries and the parent company is Canadian dollars. Foreign currency transactions are recorded at the foreign exchange rate in effect on the date of the transaction and gains and losses resulting from the settlement of such transactions are recorded in the statements of loss and comprehensive loss.

l) New and amended standards adopted by the Company

The following standard has been adopted by the Company for the financial year which began on April 1, 2014:

i) IFRIC 21, Levies

IFRIC 21 “Levies” (“IFRIC 21”) has been amended to require entities to recognize a liability when payment is triggered under the terms of the relevant legislation. The Company adopted IFRIC 21 on January 1, 2014 on a retrospective basis. The adoption of IFRIC 21 had no impact on these consolidated financial statements.

m) Accounting Standards issued but not yet applied

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2015, and have not been applied in preparing these consolidated financial statements. Accordingly, the Company expects to adopt these standards as set forth below.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2015 and March 31, 2014

3 Significant accounting policies (continued)

m) Accounting Standards issued but not yet applied (continued)

i) IFRS 9, *Financial Instruments*

IFRS 9, “Financial instruments” (“IFRS 9”) introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement, to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods.

Requirements for classification and measurement of financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 was amended in November 2013 to: (i) include guidance on hedge accounting; (ii) allow entities to early adopt the requirement to recognize changes in fair value attributable to changes in an entity’s own credit risk, from financial liabilities designated under the fair value option, in other comprehensive loss, without having to adopt the remainder of IFRS 9; and (iii) remove the previous mandatory effective date for adoption of January 1, 2015, although the standard is available for early adoption.

The final version of IFRS 9 was issued in July 2014 and includes: (i) a third measurement category for financial assets – fair value through other comprehensive income; (ii) a single, forward-looking expected loss impairment model; and (iii) a mandatory effective date for IFRS 9 of annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact of the new standard on its consolidated financial statements.

4 Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Company considers capital to be total equity, which at March 31, 2015 totaled \$7,685,348 (2014 - \$5,639,237). The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company’s management to sustain future development of the business. The Company is not subject to externally imposed capital requirements.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2015 and March 31, 2014

5 Resource properties

	Lac Mégantic	La Lajita	Total
	\$	\$	\$
Balance at March 31, 2013	916,201	2,923,815	3,840,016
Exploration costs incurred	1,815	1,137,475	1,139,290
Acquisition costs incurred	—	328,340	328,340
Write-downs	(918,016)	—	(918,016)
Balance at March 31, 2014	—	4,389,630	4,389,630
Exploration costs incurred	—	2,655,402	2,655,402
Acquisition costs incurred	—	298,782	298,782
Year ended March 31, 2015	—	7,343,814	7,343,814

On March 13, 2013, the Company completed the acquisition of all of the issued and outstanding securities of Lunar Gold Holdings Incorporated (“LGH”), a Canadian company, by way of security exchange. LGH and LGH’s wholly owned Canadian subsidiary, LGHI Holdings Incorporated (“LGHI”), together own 100% of Minera Pueblo de Oro S.A. de C.V., a Mexican company, (“MPO”). MPO is a party to three option agreements under which it can earn a 100% interest in a total of 12 mining concession titles, collectively known as the La Lajita Property covering approximately 3,200 hectares in Durango State, Mexico.

Ten of the mining concessions are subject to an option agreement dated October 4, 2012, as amended August 26, 2013, that provides for annual cash option payments aggregating US\$2,000,000. The remaining cash options payments are as follows:

On or before October 4, 2015 US\$300,000
On or before October 4, 2016 US\$300,000
On or before October 4, 2017 US\$500,000
On or before October 4, 2018 US\$500,000

The option agreement also provides for minimum optional exploration expenditures of US\$150,000 in each of the first four years of the agreement. To the extent that MPO incurs exploration expenditures greater than US\$150,000 in a given year, the excess amount may be carried forward and applied against the required expenditure amount of the following year.

One of the mining concessions is subject to an option agreement dated October 4, 2012, as amended May 9, 2013 and December 19, 2013, that provides in the event MPO establishes mineral production on this mining concession it is obligated to pay the Optionors a 2% net smelter return if gold is valued at or less than \$1,000 per ounce or a 2.5% net smelter return if gold is valued at greater than \$1,000 per ounce at the time of production. MPO has the option to purchase 50% of the net smelter return for a cash payment of US\$200,000.

One of the mining concessions is subject to an option agreement dated October 15, 2012, that is for a term of 10 years and provides for monthly cash option payments of Mexican Pesos 15,000. In the event MPO establishes mineral production on this mining concession, the monthly cash option payment increases to Mexican Pesos 20,000.

During the year ended March 31, 2014, the Company’s exploration focus shifted wholly to the La Lajita Property. Given the Company has no intentions of incurring further exploration expenditures on the Lac Mégantic Property, the carrying value of the property was written down to \$nil.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2015 and March 31, 2014

6 Accounts payable and accrued liabilities

	2015	2014
	\$	\$
Accounts payable	258,965	53,276
Accrued liabilities	143,912	122,984
	<u>402,877</u>	<u>176,260</u>

As at March 31, 2015, \$135,000 (2014 - \$107,177) of accounts payable and accrued liabilities is due to the Chief Executive Officer, Chief Financial Officer and other non-executive directors.

7 Related party transactions

All transactions with related parties are in the normal course of business.

Legal services were provided during the year by a firm of which an officer of the Company is the sole lawyer practitioner. The cost of these legal services during the year was \$390,505 (2014 - \$280,807). The Company recorded \$250,908 (2014 - \$201,814) to professional fees expense and \$139,598 (2014 - \$78,993) to share issue costs.

Geological and administrative consulting services were provided during the year by a corporation owned by a non-executive director of the Company. The cost of these consulting services during the year was \$123,700 (2014 - \$99,000). The Company recorded \$112,000 (2014 - \$99,000) to resource properties and \$11,700 (2014 - \$nil) to professional fees.

The Company incurred office rent expenses of \$1,500 during the year (2014 - \$3,600) relating to the rental of an office from a corporation owned by a non-executive director of the Company.

During the year, the Company settled \$140,000 (2014 - \$245,638) of accounts payable that were due to the officers and companies owned by non-executive directors through the issuance of share capital.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2015 and March 31, 2014

8 Income taxes

a) Losses

The Company has non-capital tax losses, which include certain deductions for share issue costs, of approximately \$3,538,000 available for carry-forward to reduce future years' taxable income. These non-capital tax losses expire as follows:

	\$
Year ending March 31, 2031	88,000
2032	648,000
2033	764,000
2034	879,000
2035	1,159,000

- b) At March 31, 2015, the Company's effective income tax rate differs from the amount that would be computed from applying the federal and provincial statutory rate of 31% (2014 – 31%) to the pre-tax net loss for the period. The reasons for the difference are as follows:

	2015 \$	2013 \$
Loss before income taxes	1,372,574	1,910,207
Income tax recovery based on statutory rates	425,000	592,000
Non-deductible stock option expense	(128,000)	(96,000)
Unutilized losses	(297,000)	(496,000)
Recovery of income taxes	—	—

- c) The following reflects deferred tax assets at March 31, 2015 and 2014:

	2015 \$	2014 \$
Deferred tax assets		
Non-capital losses	1,097,000	737,000
Deductible share issuance costs	129,000	87,000
Tax value in excess of accounting value of resource properties	47,000	67,000
	1,273,000	891,000
Portion of deferred tax assets unrecognized	(1,273,000)	(891,000)
	—	—

Notes to the Consolidated Financial Statements
For the years ended March 31, 2015 and March 31, 2014

9 Compensation of key management

Key management includes the Company's Directors, President and Chief Executive Officer and Chief Financial Officer. Compensation awarded to key management is summarized as follows:

	2015 \$	2014 \$
Cash and accrued compensation and other benefits	470,269	300,923
Stock-based compensation	420,000	283,000
	<u>890,269</u>	<u>583,923</u>

Cash compensation and other benefits are included in wages and benefits on the statement of loss.

10 Shareholders' equity

i) Capital stock

Authorized

Unlimited number of common shares, without nominal or par value

	Number of shares	Amount \$
Balance – March 31, 2013	35,397,927	6,747,293
Shares issued for cash, net of issue costs	6,376,836	1,314,036
Warrants issued as finders fees	–	(4,000)
Shares issued in settlement of liabilities, net of issue costs	1,371,599	245,638
Balance – March 31, 2014	43,146,362	8,302,967
Shares issued for cash, net of issue costs	8,000,000	2,634,455
Shares issued for cash, exercise of options	75,000	28,600
Shares issued for cash, exercise of warrants	3,000	1,260
Warrants issued as finders fees	-	(10,000)
Shares issued in settlement of liabilities, net of issue costs	727,271	238,300
Balance – March 31, 2015	<u>51,951,633</u>	<u>11,195,582</u>

As at March 31, 2015 there are nil (2014 – 2,100,000) shares subject to an escrow agreement.

a) Private placements

During the year ended March 31, 2014, the Company received subscription proceeds of \$97,036 and 373,214 common shares were released from trust.

During the year ended March 31, 2014, the Company issued 6,003,622 common shares at \$0.22 per share for gross proceeds of \$1,320,797. The capital stock value of the 6,003,622 shares issued is net of share issue costs of \$103,797.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2015 and March 31, 2014

10 Shareholders' equity (continued)

i) Capital stock (continued)

a) Private placements (continued)

During the year ended March 31, 2015, the Company issued 8,000,000 common shares at \$0.35 per for gross proceeds of \$2,800,000. The capital stock value of the 8,000,000 shares issued is net of share issue costs of \$174,157.

b) Shares for debt

During the year ended March 31, 2015, the Company issued 727,271 common shares to settle accounts payable aggregating \$240,000 and incurred issuance costs of \$1,700. This is a non-cash transaction and accordingly has been excluded from the statement of cash flows.

ii) Stock options and other

The Company has a common share purchase option plan (the "Plan") for directors, officers, employees and consultants. The total number of options issued and outstanding at any time cannot exceed 10% of the issued and outstanding common shares of the Company unless shareholder and regulatory approvals are obtained. Options granted under the Plan have a ten-year term. Options are granted at a price no lower than the market price of the common shares less any discounts allowed by the Exchange at the time of the grant. In determining the stock-based compensation expense, the fair value of options issued is estimated using the Black-Scholes option pricing model. Expected volatility is based on actual volatility of similar companies.

The following weighted average assumptions were used in the Black-Scholes option pricing model for the years ended March 31, 2015 and March 31, 2014:

	2015	2014
Risk-free interest rate	1.5%	1.5%
Expected volatility	150%	150%
Expected dividend yield	—	—
Expected life	5 years	5 years

Notes to the Consolidated Financial Statements
For the years ended March 31, 2015 and March 31, 2014

10 Shareholders' equity (continued)

ii) Stock options and other (continued)

The following table summarizes the changes in the Company's stock options and agent options during the years ended March 31, 2015 and 2014:

	Weighted average exercise price \$	Number of Options	Weighted average remaining life (years)	Expiry date
Balance – March 31, 2013	0.14	1,420,000	7.1	
Granted during the year	0.20	1,270,000	8.1	May 16, 2023
Granted during the year	0.25	<u>795,000</u>	8.5	October 7, 2023
Balance – March 31, 2014	0.18	3,485,000	8.4	
Granted during the year	0.43	700,000	9.2	May 30, 2024
Granted during the year	0.44	50,000	4.2	June 9, 2019
Granted during the year	0.40	650,000	9.6	November 3, 2024
Exercised during the year	0.20	<u>(75,000)</u>		
Balance – March 31, 2015	0.25	<u>4,810,000</u>	7.9	

As at March 31, 2015, 385,163 options remained available for future grants under the Plan. Options vested and exercisable at March 31, 2015 totaled 4,810,000 with an average exercise price of \$0.25 per share. The weighted average grant-date fair value per option was \$0.22 for the stock options. The Company capitalized \$117,000 (2014 - \$105,000) in non-cash share-based compensation expense to resource properties with the balance of \$413,000 (2014 - \$306,000) charged to operations.

iii) Contributed surplus and other

	\$
Balance – March 31, 2013	160,577
Expiration of warrants	26,000
Stock-based compensation	<u>411,000</u>
Balance – March 31, 2014	597,577
Expiration of warrants	3,640
Exercise of options	(13,600)
Stock-based compensation	<u>530,000</u>
Balance – March 31, 2015	<u>1,117,617</u>

Notes to the Consolidated Financial Statements
For the years ended March 31, 2015 and March 31, 2014

10 Shareholders' equity (continued)

iv) Warrants

The following table summarizes the changes in the Company's warrants for the years ended March 31, 2015 and 2014:

	Expiry date	Exercise price \$	Number	Ascribed value \$
Balance – March 31, 2013		0.30	176,245	26,000
Expired during the year		0.30	(176,245)	(26,000)
Warrants issued pursuant to March 2014 private placement financing	March 7, 2015	0.30	33,370	4,000
Balance – March 31, 2014		0.30	33,370	4,000
Exercised during the year		0.30	(3,000)	(360)
Expired during the year		0.30	(30,370)	(3,640)
Warrants issued pursuant to July 2014 private placement financing	July 25, 2015	0.40	42,861	10,000
Balance – March 31, 2015		0.40	42,861	10,000

The fair value of warrants recognized has been estimated at the grant date using the Black-Scholes option pricing model. The weighted average assumptions used in the pricing model for warrants issued are as follows:

	2015	2014
Risk-free interest rate	1.5%	1.5%
Expected volatility	150%	150%
Expected dividend yield	\$nil	\$nil
Expected life	1 year	1 year

11 Financial instruments and other

Credit risk

The Company manages credit risk by holding its cash with high quality financial institutions in Canada, where management believes the risk of loss to be low. The Company also has \$411,693 of Mexican VAT receivable at March 31, 2015. While collection has been delayed, management does not anticipate issues with collecting these amounts.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Company does not have sufficient working capital to carry out all budgeted programs in fiscal 2016 and must obtain financing during fiscal 2016 to avoid disruption in planned expenditures (see notes 1 and 12).

Notes to the Consolidated Financial Statements
For the years ended March 31, 2015 and March 31, 2014

11 Financial instruments and other (continued)

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 no interest-bearing debt and is not exposed to any significant interest rate risk.

b) Foreign currency risk

The Company operates in Mexico, giving rise to foreign currency risk. To limit the Company's exposure to this risk, cash is primarily held with high quality financial institutions in Canada. In the future, based on the timing of the Company's exploration programs, foreign currencies may be purchased in advance of expenditures to lock in exchange rates in line with the Company's budgets, otherwise the Company does not use any form of hedging against fluctuations in foreign exchange.

As at March 31, 2015, the Company held the following financial instruments and Mexican VAT recoverable in foreign currencies:

	US \$	Pesos
Cash	7,548	128,972
Accounts payable and accrued liabilities	120,239	265,127
Sales tax recoverable	—	4,948,823

c) Price risk

The Company is not exposed to any direct price risk other than that associated with commodities and how fluctuations impact companies in the mineral exploration and mining industries as the Company has no significant revenues.

12 Subsequent events

On June 2, 2015, the Company granted stock options to Officers, Directors and employees in respect of an aggregate of 385,000 common shares. The exercise price of the stock options is \$0.21 per share and they vest immediately. The stock options, which were granted under Oceanus' 2010 Stock Option Plan, expire ten years from the date of grant.

On June 19, 2015 the Company completed a non-brokered private placement and issued 6,250,000 units at a price of \$0.20 per unit, for aggregate gross proceeds of \$1,250,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one common share of the Company for \$0.30 for a period of 18 months from the closing date of the offering.

The Company paid cash finder's fees of \$6,000 and issued 30,000 finder's warrants to finders acting on behalf of the Company in connection with the private placement. Each finder's warrant is exercisable into one common share of the Company at \$0.30 per share for a period of 12 months from the closing date.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2015 and March 31, 2014

12 Subsequent events (continued)

All securities issued in connection with the private placement, including the finder's warrants, are subject to a four-month hold period that expires on October 20, 2015.