Select Sands Corp.
(formerly La Ronge Gold Corp.)

Annual Financial Report

Years Ended July 31, 2015 and 2014
(Expressed in Canadian Dollars)

MORGAN & COMPANY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Select Sands Corp. (formerly La Ronge Gold Corp.)

Report on the financial statements

We have audited the accompanying financial statements of Select Sands Corp. (formerly La Ronge Gold Corp.), which comprise the statements of financial position as at July 31, 2015 and 2014 and the statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Select Sands Corp. (formerly La Ronge Gold Corp.) as at July 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Vancouver, Canada

November 30, 2015

"Morgan & Company LLP"

Chartered Professional Accountants

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Select Sands Corp. (formerly La Ronge Gold Corp.)
Statements of Financial Position
(Expressed in Canadian Dollars)

		July 31 2015		July 31 2014
ASSETS				
Current				
Cash and cash equivalents	**$**	**1,222,040**	$	324,069
Sales tax recoverable		**9,615**		10,925
Prepaid expenses		**12,302**		16,878
Total Current Assets		**1,243,957**		351,872
Investment Deposit (Note 5)		**-**		1,000,000
Exploration and Evaluation Assets (Note 6)		**5,007,389**		4,242,815
Total Assets	**$**	**6,251,346**	$	5,594,687
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 7)	**$**	**164,310**	$	166,456
Flow-through premium liability		**-**		63,575
Total Current Liabilities		**164,310**		230,031
EQUITY				
Share Capital (Note 8)		**17,895,459**		17,505,281
Share Subscriptions Received (Note 8)		**965,000**		(50,000)
Commitment To Issue Shares (Note 8)		**241,553**		-
Share-based Payment Reserve		**2,231,409**		2,051,394
Accumulated Other Comprehensive Loss		**(5,625)**		(5,625)
Deficit		**(15,240,760)**		(14,136,394)
Total Equity		**6,087,036**		5,364,656
Total Liabilities And Equity	**$**	**6,251,346**	$	5,594,687

These financial statements were authorized for issue by the Board of Directors on November 30, 2015. They are signed on the Company's behalf by:

"Rasool Mohammad"
Director

"Arnold Tenney"
Director

-- The accompanying notes are an integral part of these financial statements --

Select Sands Corp. (formerly La Ronge Gold Corp.)
Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	For the years ended July 31	
	2015	2014
General and Administrative Expenses		
Administrative services and rent (Note 7)	**$ 35,044**	$ 56,047
Advertising and promotion	**180,163**	146,313
Bad debt provision	**-**	304,841
Compensation and consulting (Note 7)	**145,450**	486,453
Office and miscellaneous	**45,247**	41,007
Part XII.6 tax	**2,925**	-
Professional fees	**116,866**	322,277
Property investigation	**-**	112,618
Regulatory and stock transfer fees	**22,438**	28,255
Share-based compensation (Notes 7 and 8)	**167,874**	-
Loss Before Other Items	**(716,007)**	(1,497,811)
Other Items		
Deferred income taxes recovered	**63,575**	75,175
Loss on disposal of investment (Note 5)	**(347,920)**	-
Foreign exchange loss	**(1,709)**	-
Interest income	**5,209**	13,361
Write off property costs	**(107,514)**	-
Total Other Items	**(388,359)**	88,536
Net Loss For The Year	**(1,104,366)**	(1,409,275)
Other Comprehensive Loss		
Unrealized loss on available-for-sale investments	**-**	(1,125)
Other Comprehensive Loss	**-**	(1,125)
Comprehensive Loss For The Year	**$ (1,104,366)**	$ (1,410,400)
Basic and Diluted Loss Per Common Share (Note 12)	**$ (0.03)**	$ (0.04)

-- The accompanying notes are an integral part of these financial statements --

Select Sands Corp. (formerly La Ronge Gold Corp.)
Statements of Changes in Equity
(Expressed in Canadian Dollars)

	SHARE CAPITAL		SHARE	COMMITMENT TO ISSUE	SHARE-BASED PAYMENT	ACCUMULATED OTHER COMPREHENSIVE		
	NUMBER	AMOUNT	SUBSCRIPTIONS	SHARES	RESERVE	INCOME (LOSS)	DEFICIT	TOTAL
Balance, July 31, 2013	37,415,088	$ 16,542,634	$ -	$ -	$ 2,036,335	$ (4,500)	$ (12,727,119)	$ 5,847,350
Issued shares for cash private placement	4,000,000	1,000,000	(50,000)	-	-	-	-	950,000
Share issuance costs								
Cash	-	(73,625)	-	-	-	-	-	(73,625)
Non-cash for warrants		(39,500)	-	-	39,500	-	-	-
Warrants exercised	196,320	71,567	-	-	(22,486)	-	-	49,081
Options Exercised	15,000	4,205	-	-	(1,955)	-	-	2,250
Other comprehensive income	-	-	-	-	-	(1,125)	-	(1,125)
Net loss for the year	-	-	-	-	-	-	(1,409,275)	(1,409,275)
Balance July 31, 2014	41,626,408	17,505,281	(50,000)	-	2,051,394	(5,625)	(14,136,394)	5,364,656
Share register correction	50,000	-	-	-	-	-	-	-
Share subscriptions received	-	-	1,015,000	-	-	-	-	1,015,000
Issuance of convertible debentures	-	-	-	595,000	-	-	-	595,000
Debenture conversions	2,513,333	377,000	-	(377,000)	-	-	-	-
Warrants exercised	695,813	104,372	-	-	-	-	-	104,372
Options Exercised	10,000	2,359	-	-	(859)	-	-	1,500
Share issuance costs								
Cash	-	(57,000)	-	-	-	-	-	(57,000)
Warrants	-	(13,000)	-	-	13,000	-	-	-
Debenture interest	-	(23,553)	-	23,553	-	-	-	-
Share based compensation	-	-	-	-	167,874	-	-	167,874
Net loss for the year	-	-	-	-	-	-	(1,104,366)	(1,104,366)
Balance, July 31, 2015	**44,895,554**	**$ 17,895,459**	**$ 965,000**	**$ 241,553**	**$ 2,231,409**	**$ (5,625)**	**$ (15,240,760)**	**$ 6,087,036**

-- The accompanying notes are an integral part of these financial statements --

Select Sands Corp. (formerly La Ronge Gold Corp.)
Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the years ended July 31	
	2015	2014
Operating Activities		
Net loss for the year	**$ (1,104,366)**	$ (1,409,275)
Adjustments for non-cash items:		
Deferred income tax recovered	**(63,575)**	(75,175)
Loss on disposal of investments	**347,920**	-
Share based compensation	**167,874**	-
Write off property costs	**107,514**	-
Changes in non-cash operating assets and liabilities:		
Accounts payable and accrued liabilities	**(50,101)**	63,621
Due from related parties	**-**	309,841
Prepaid expenses	**4,576**	11,230
Sales tax recoverable	**1,310**	(3,305)
Total Cash Used In Operating Activities	**(588,848)**	(1,103,063)
Investing Activities		
Exploration and evaluation assets	**(824,133)**	(252,494)
Investment deposit	**652,080**	(1,000,000)
Total Cash Used In Investing Activities	**(172,053)**	(1,252,494)
Financing Activities		
Issue of common shares for cash, net of share issue costs	**-**	927,706
Share subscriptions received	**1,015,000**	-
Proceeds from issuance of convertible debentures	**595,000**	-
Share issue costs	**(57,000)**	-
Warrants exercised	**104,372**	-
Options exercised	**1,500**	-
Total Cash Provided By Financing Activities	**1,658,872**	927,706
Increase (Decrease) In Cash and Cash Equivalents	**897,971**	(1,427,851)
Cash and Cash Equivalents, Beginning Of Year	**324,069**	1,751,920
Cash and Cash Equivalents, End Of Year	**$ 1,222,040**	$ 324,069

Supplementary Cash Flow Information and Non-cash Investing and Financing Transactions:

Cash received for interest	**$ -**	$ **-**
Cash paid for interest	**$ -**	$ **-**
Cash paid for taxes	**$ -**	$ **-**
Issuance of shares for convertible debenture	**$ 377,000**	$ **-**
Debenture interest accrued	**$ 23,553**	$ **-**
Issue of warrants for finders fees	**$ 13,000**	$ 39,500

-- The accompanying notes are an integral part of these financial statements –

1. NATURE OF OPERATIONS

Select Sands Corp. (the "Company") was incorporated in Canada on July 31, 2006 pursuant to the Business Corporations Act (British Columbia) (the "Act"). On June 18, 2015, the Company elected to change it year-end to December 31, 2015 to align its reporting periods with the industry standard calendar year-end. On October 31, 2014, the Company changed its name from La Ronge Gold Corp. to Select Sands Corp. to reflect the implementation of exploration activities in frac sand properties for the oil and gas industry. The Company is a public company listed on the TSX Venture Exchange (the "TSX.V"), trading under the "SNS" symbol (formerly the "LAR" symbol). The address of the Company's corporate office and principal place of business is Suite 310, 850 West Hastings Street, Vancouver, British Columbia, Canada V6C 1E1.

The Company is in the process of acquiring, exploring and developing its exploration and evaluation assets and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves, or upon future cash flows from production or sale of the properties.

2. BASIS OF PRESENTATION

a) Statement of Compliance

The financial statements of the Company for the years ended July 31, 2015 and 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

b) Basis of Measurement and Presentation

These financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information. In the opinion of management, all adjustments (including normal recurring accruals), considered necessary for a fair presentation have been included. The accounting policies set out in Note 3 have been applied consistently to all years presented in these financial statements.

c) Foreign Currencies

The financial statements are presented in Canadian dollars, which is also the Company's functional currency. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

d) Significant Accounting Judgments and Estimates

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

2. BASIS OF PRESENTATION (Continued)

d) Significant Accounting Judgments and Estimates (continued)

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the assessment of indications of impairment of the Company's exploration and evaluation assets and related determination of recoverable values and write-down of those assets where applicable;
- the determination of cash generating units when performing impairment assessments of corporate assets;
- the fair value estimation of share-based payments included in the statements of operations and comprehensive loss;
- the accounting and recognition of income taxes which is included in the statement of operations and comprehensive loss;
- the classification of issued convertible debentures requires management to evaluate contractual terms with *IAS 32 financial instruments: presentation* requirements in order to bifurcate debt and equity components; and
- the determination of the going concern assumption requires management to make judgments regarding the viability of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been adopted for the year-ending July 31, 2015 and have been applied consistently to all periods presented in these financial statements.

a) Financial Instruments and Risk Management

Financial assets

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

Fair value through profit or loss ("FVTPL") - This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statements of operations and comprehensive loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Financial Instruments and Risk Management (Continued)

Financial assets (Continued)

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

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statements of operations and accumulated other comprehensive income (loss).

Transaction costs associated with fair value through profit or loss financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

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

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations and comprehensive loss.

Other financial liabilities - This category includes amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified cash and cash equivalents as fair value through profit or loss financial assets. Accounts payable and accrued liabilities are classified as other financial liabilities. Management did not identify any material embedded derivatives, which require separate recognition and measurement.

Disclosures about the inputs to financial instrument fair value measurements are made within a hierarchy that prioritizes the inputs to fair value measurement.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Financial Instruments and Risk Management (Continued)

Financial liabilities (Continued)

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

Financial instruments are exposed to credit, liquidity and market risks. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Liquidity risks is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Market risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of price risk: currency risk, interest rate risk and other price risk.

Liquidity risk is significant to the Company's statement of financial position. The Company manages these risks by actively pursuing additional share capital issuances to settle its obligations in the normal course of its operating, investing and financing activities. The Company's ability to raise share capital is indirectly related to changing metal and mineral prices and the price of gold, silver, zinc and lead in particular. To mitigate this market risk, management of the Company actively pursues a diversification strategy with property holdings focusing on base minerals as well as precious metals.

Impairment of Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

b) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

c) Exploration and Evaluation Assets

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activities, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss. Ancillary income received while the properties are in the exploration stage is credited to the carrying value of the mineral properties. Cost recoveries are credited against specific property costs, as received.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Exploration and Evaluation Assets (Continued)

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

Facts and circumstances as defined in *IFRS 6 exploration and evaluation assets* are as follows:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, which management has determined to be indicated by a feasibility study, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets.

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

It is management's judgment that none of the Company's exploration and evaluation assets have reached the development stage and as a result are all considered to be exploration and evaluation assets.

Although the Company has taken steps to verify title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

d) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the assets is written down accordingly.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Impairment of Non-financial Assets (Continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. Each of the Company's exploration and evaluation properties is considered to be a cash-generating unit for which impairment testing is performed.

An impairment loss is recognized in the statement of operations, except to the extent they reverse gains previously recognized.

e) Share Capital

i) Non-monetary consideration

Agent's warrants issued as purchase consideration in non-monetary transactions are recorded at fair value determined by management using the Black-Scholes option pricing model. The fair value of the shares issued as consideration for exploration and evaluation assets is based on the trading price of those shares on the TSX.V on the date of the agreement to issue shares as determined by the Board of Directors. Proceeds from unit placements are allocated between shares and warrants issued using the residual method.

ii) Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) 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, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability on a pro rata basis and the premium is recognized as a deferred income tax recovery.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds, renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

iii) Share-based payments

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Share Capital (Continued)

iii) Share-based payments (Continued)

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

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of operations and comprehensive loss over the remaining vesting period.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured indirectly at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

iv) Share issuance costs

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as non-current deferred assets. Share issuance costs related to uncompleted share subscriptions are charged to operations.

f) Income Taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. Deferred income tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Loss Per Share

Basic loss per share is computed by dividing the Company's loss applicable to common shares by the weighted average number of shares outstanding for the relevant period.

Diluted loss per share is computed by dividing the Company's loss applicable to common shares, by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted at the beginning of the period unless the result is anti-dilutive.

4. RECENTLY ADOPTED AND FUTURE ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

IAS 32: Offsetting Financial Assets and Financial Liabilities (Amended) clarifies the offsetting criteria in IAS 32 by explaining when an entity currently has a legally enforceable right to set-off and when gross settlement is equivalent to net settlement. The amendments are effective for annual periods beginning on or after January 1, 2014.

In May 2013, the IASB IFRS Interpretations Committee ("IFRIC") issued IFRIC 21 – Levies ("IFRIC 21"), an interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014.

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9 Financial Instruments was issued in November 2009 and covers the classification and measurement of financial assets as part of its project to replace IAS 39 Financial Instruments: Recognition and Measurement. In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entitles would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is applicable for periods beginning on or after January 1, 2018. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

5. INVESTMENT DEPOSIT

On April 29, 2014, the Company entered into an asset purchase agreement with Canfrac Sands Ltd. ("Canfrac"). Under the terms of the agreement, the Company would acquire Canfrac, including all assets and business operations for cash consideration of $4,500,000.

The Company was required to deposit in escrow $1,000,000 (paid) for the purposes of the asset acquisition including a capital expenditure program to improve the purchased assets. In the event the asset purchase agreement was terminated, the escrow amount would be released to the vendor, and the Company would receive 22% of the Canfrac's issued and outstanding voting share capital.

5. INVESTMENT DEPOSIT (Continued)

On September 2, 2014, the Company terminated the asset purchase agreement, released the remaining escrow to the vendor and received 22% of Canfrac's issued and outstanding voting shares.

In December 2014, Canfrac closed the sale of its frac sands business, including substantially all of its assets, for an aggregate sale price of $3,500,000. On January 21, 2015, the Company received cash proceeds of $410,018 and on June 29, 2015, the Company received a final cash payment of $245,309. The Company recorded a loss on disposal of the Canfrac shares of $347,920 as result of the sale.

6. EXPLORATION AND EVALUATION ASSETS

For the year ended July 31, 2015:

	Sandtown Arkansas USA	La Ronge Gold Belt Saskatchewan, Canada	Other Properties Saskatchewan, Canada	Other Properties Ontario, Canada	Total
	Note (a)	Note (b)	Note (c)	Note (d, e)	
Acquisition Costs					
Opening balance	$ -	264,356	$ 18,624	$ 1	$ 282,981
Acquisition	239,975	-	-	-	239,975
Reclamation bond	97,531	-	-	-	97,531
Write-off	-	-	-	(1)	
Ending balance	337,506	264,356	18,624	-	620,486
Exploration Costs					
Opening balance	-	3,886,944	72,889	1	3,959,834
Accommodation	-	-	-	1,501	1,501
Air travel	-	-	-	1,322	1,322
Assays, samples	39,916	107,174	-	283	146,373
Drilling	28,415	-	-	-	28,415
Engineering & consulting	135,474	59,130	-	11,400	206,004
Field & camp	5,753	-	-	-	5,753
Geology & mapping	3,159	66,420	-	-	69,579
Geophysics / Survey	-	62,653	-	-	62,653
Supply & Equipment	523	-	-	110	633
Transportation	-	-	-	1,385	1,385
Site administration	10,964	-	-	-	10,964
Ending balance	223,204	4,182,321	72,889	16,002	4,494,416
Balance, Beginning Of Year	-	4,151,300	91,513	2	4,242,815
Total Costs Incurred During The Year	560,710	295,377	-	16,001	872,088
Write-off	-	-	(91,512)	(16,002)	(107,514)
Balance, End Of Year	**$ 560,710**	**4,446,677**	**$ 1**	**$ 1**	**$ 5,007,389**
Cost Summary					601,863
Acquisition Costs	$ 337,506	264,356	$ 1	$ -	$
Exploration Costs	223,204	4,182,321	-	1	4,405,526
Total	**$ 560,710**	**4,446,677**	**$ 1**	**$ 1**	**$ 5,007,389**

6. EXPLORATION AND EVALUATION ASSETS (Continued)

For the year ended July 31, 2014:

	La Ronge Gold Belt Saskatchewan Canada	Other Properties Saskatchewan, Canada	Other Ontario, Canada	Total
	Note (b)	Note (c)	Note (d, e)	
Acquisition costs				
Opening balance	$ 264,356	$ -	$ 1	$ 264,357
Acquisition	-	18,624	-	18,624
Ending balance	264,356	18,624	1	282,981
Exploration costs				
Opening balance	3,709,246	-	1	3,709,247
Accommodation	-	3,943	-	3,943
Air travel	-	2,819	-	2,819
Assays, samples	3,117	-	-	3,117
Drilling	-	50	-	50
Engineering & consulting	112,512	44,064	-	156,576
Expediting service	15	-	-	15
Field & camp	1,650	-	-	1,650
Geology & mapping	5,000			5,000
Geophysics / Survey	-	19,626	-	19,626
Metallurgy	48,189	397	-	48,586
Supply & Equipment	-	644	-	644
Transportation	1,900	1,346	-	3,246
Site administration	1,715	-	-	1,715
Wages and benefits	3,600	-	-	3,600
Ending balance	3,886,944	72,889	1	3,959,834
Balance, beginning of year	3,973,602	-	2	3,973,604
Total costs incurred during the year	177,698	91,513		269,211
Balance, end of year	$ 4,151,300	$ 91,513	$ 2	$ 4,242,815
Cost summary				
Acquisition costs	$ 264,356	$ 18,624	$ 1	$ 282,981
Exploration costs	3,886,944	72,889	1	3,959,834
Total	$ 4,151,300	$ 91,513	$ 2	$ 4,242,815

a) Arkansas, USA

On October 9, 2014 the Company entered into a binding letter of agreement for an option to acquire a 100% undivided right, title and interest in an approximately 520-acre prospective frac sand property located in northeast Arkansas, USA (“Sandtown”). The Property is a greenfield frac sand exploration prospect underlain by the Ordovician St. Peter sandstone formation.

The acquisition was at arm's length and an initial payment was made of US$25,000 (CA$28,610), further payments of (i) US$100,000 (C$117,015) was made on December 22, 2014; and (ii) US$75,000 (C$97,342) was made on February 23, 2015; and (iii) a final payment of $US1,800 (C$2,336) per acre less prior payments made (or approximately US$736,000; C$955,254) is due to the vendor on or before April 25, 2016. The final payment can be delayed till April 25, 2018 if the company decides to pay $4,000 (C$5,192) per month to the vendors (half of the $4,000 will go to the principal payment).

6. EXPLORATION AND EVALUATION ASSETS (Continued)

b) La Ronge Gold Belt

Pursuant to an Option Agreement dated September 22, 2011 (as amended May 31, 2013) the Company has the option to acquire up to a 100% interest in three mineral claims known as the Pap-Preview Property in consideration for the following and the completion of a Preliminary Feasibility Study:

Date	Payments		Share issuances		Exploration expenditures
Date of signing.	$ 5,000	(paid)	150,000	(issued)	$ -
Within 10 business days of Exchange approval	10,000	(paid)	-		-
On or before September 22, 2012	20,000	(paid)	150,000	(issued)	200,000 (incurred)
On or before May 31, 2013	40,000	(paid)	-		-
Within 10 business days of Exchange acceptance	-		800,000	(issued)	-
On or before September 22, 2013					300,000 (incurred)
On or before September 22, 2014	-		-		300,000 (incurred)
On or before September 22, 2015	-		-		350,000 (incurred)
On or before September 22, 2016	-		-		350,000 (incurred)
	$ 75,000		1,100,000		$ 1,500,000

Under the amended agreement, the Company earned a 100% interest in the property upon completing the above payments, share issuances and work expenditures. An additional 625,000 common shares are issuable to the optionor in the event that a production decision is made. The Company has also granted the optionor a 2.5% NSR royalty on the property, of which 1.0% NSR can be repurchased for $1,000,000 at any time prior to a production decision and the remaining 1.5% NSR can be repurchased for $2,000,000.

c) Other Saskatchewan Properties

By staking, the Company acquired a 100% interest in a land package in Saskatchewan consisting of six mining claims. During the year ended July 31, 2015, as a result of management's focus on the La Ronge and Arkansas properties, other properties were written down by $91,512 to a value of $1.

d) Jacobson, Old Cabin

The Company entered into various agreements that granted the Company a 100% interest in a land package in Jacobson Townships, Ontario. The terms of the various agreements include:

i) **Jacobson** - By an option agreement dated March 7, 2005, the Company acquired a 100% interest in a land package in Jacobson Township. A 2% Net Smelter Returns ("NSR") is payable on the property half of which can be purchased for $750,000.

ii) **Old Cabin** - By an option agreement dated July 13, 2004 and amended February 14, 2005, the Company acquired a 100% interest in a land package in Jacobson Township. A 2% NSR is payable on the property one-quarter of which can be purchased for $500,000.

During the year ended July 31, 2012, as a result of management's focus on the La Ronge property, the Jacobson Old Cabin property was written down by $146,241 to a value of $1. During the year ended July 31, 2015, $16,001 in incurred expenditures were written off.

6. EXPLORATION AND EVALUATION ASSETS (Continued)

e) Elephant Head

By staking, the Company acquired a 100% interest in a land package in Connaught township of Ontario. Effective May 20, 2011, the Company staked 8 claims in the property.

During the year ended July 31, 2013, as a result of management's focus on the Pap-Preview property, the Company wrote this property down to $1.

7. DUE TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS

The Company incurred the following related party transactions during the years ended July 31, 2015 and 2014 and had the following balances with related parties outstanding as at July 31, 2015 and 2014:

a) Remuneration of key management and directors personnel were as follows:

	Years ended July 31	
	2015	2014
Short-term compensation and consulting *	**$150,191**	$357,000
Share-based compensation	**164,125**	-
Total compensation of key management and directors	**$314,316**	$357,000

***** Includes geological consulting fees of $20,716 (2014 - $Nil) capitalized as exploration and evaluation assets.

b) The Company incurred rent to a private company controlled by two common directors in the total amount of $22,600 during the year ended July 31, 2015 (2014 - $51,500). The rental agreement was terminated during the year ended July 31, 2015 and as of July 31, 2015, the Company had a balance of prepaid rent with the private company in the amount of $Nil (2014 - $4,400) and an occupancy deposit in the amount of $Nil (2014 - $5,000).

c) As at July 31, 2015 the Company had accounts payable to directors and officers in the amount of $24,550 (2014 - $1,761).

The above transactions were in the normal course of operations and have been recorded at amounts agreed to by the related parties. All amounts either due from or due to related parties are non-interest bearing, unsecured and have no fixed terms of repayment.

d) In May 2014, the President and CEO of the Company purchased 450,000 common shares of the Company at $0.25 per share for total proceeds of $112,500.

8. SHARE CAPITAL AND RESERVES

a) Authorized

Unlimited number of common shares without par value

b) Issued

Year ended July 31, 2015:

On July 14, 2015, the Company announced a non-brokered private placement of up to 12,500,000 units (“Units”) at a price of $0.40 per Unit for aggregate gross proceeds of up to $5,000,000. Each Unit is comprised of one common share of the Company and one-half of a share purchase warrant, with each whole warrant entitling the holder to purchase a further common share of the Company at a price of $0.60 for a period of 3 years after closing. Management and Directors of the Company (“Insiders”) participated in the private placement. As of July 31, 2015, the Company had received $965,000 in subscriptions towards the private placement.

The Company paid finder’s fees in connection with the private placement. All securities issued under the private placement have a four-month statutory hold period from the date of issue. See Note 14 Subsequent events.

In November, 2014, the Company completed a non-brokered private placement of convertible debentures in the principal amount of $595,000 (the “Debentures”). The principal amount of the Debentures will bear interest at 15% per annum, compounded quarterly not in advance with the principal amount of the Debentures payable on May 19, 2016 (the "Maturity Date").

Subject to an early conversion (the "Early Conversion") of the principal amount of the Debentures, on the Maturity Date, the principal amount of the Debentures will be automatically converted into units (the "Principal Units") of the Company at a conversion price of $0.15 per Principal Unit; and, provided that the Early Conversion has not occurred, all accrued interest on the Debentures will be automatically converted into common shares (the "Interest Shares") of the Company at a conversion price equal to the applicable market price (as determined pursuant to the policies of the TSX Venture Exchange) of the common shares on the Maturity Date. In the case of Early Conversion, interest will not be paid.

Upon conversion, each Principal Unit will be comprised of a common share of the Company and a full warrant exercisable into a common share at an exercise price of $0.15 per share from issuance.

In connection with the private placement, the company paid an aggregate of $37,000 in finder's fees and issued an aggregate of 246,346 broker warrants to arm's length third-party finders. Each broker warrant is exercisable to acquire one common share of the Company at $0.15 until May 19, 2016. The broker warrants were given a value of $13,000 using the Black-Scholes pricing model and the following assumptions:

Expected life: 1.5 years
Risk free rate: 0.98%
Expected volatility: 85%
Expected dividend rate: 0%
Expected forfeiture rate: 0%

8. SHARE CAPITAL AND RESERVES (Continued)

b) Issued (Continued)

For the year ended July 31, 2015, the Company issued 2,513,333 shares and warrants from the Early Conversion of $377,000 in Debentures. The Company records the remaining balance owing as a commitment to issue shares in the equity section of the statements of financial position. The Company has recorded $23,553 in interest shares expense that is included in Commitment to issue shares for the year ended July 31, 2015.

Year ended July 31, 2014:

In May 2014, the Company completed a private placement and issued 4,000,000 non-flow-through common shares at a price of $0.25 per common share for total proceeds of $1,000,000. Share issuance costs of $73,625 were paid in respect of the financing. An officer of the Company participated in this private placement by purchasing a total of 450,000 shares. Subsequent to the year end, the Company received $50,000 related to subscriptions receivable.

The Company also issued 234,500 broker warrants entitling the holder to purchase one common share at $0.25 per share for a period of 24 months. A total of $39,500 was recognized as share issue non-cash costs for the broker warrants.

c) Warrants

A summary of the changes in warrants follows:

	NUMBER OF WARRANTS	EXERCISE PRICES $
Balance, July 31, 2013	13,159,965	
Granted	234,500	0.25
Expired/Cancelled	(11,594,795)	0.24/0.25/0.30/0.40/0.70
Exercised	(196,320)	0.25
Balance, July 31, 2014	1,603,350	
Issued	2,759,679	0.15
Expired/Cancelled	(1,368,850)	0.30/0.40/1.50/2.00
Exercised	(695,813)	0.15
Balance, July 31, 2015	2,298,366	0.15/0.25

During the year ended July 31, 2015, 695,813 warrants at an exercise price of $0.15 were exercised for proceeds of $104,372 (2014 – 196,320 warrants were exercised for proceeds of $49,081).

As at July 31, 2015 the following share purchase warrants were outstanding:

EXPIRY DATE	EXERCISE PRICE $	NUMBER OF WARRANTS
May 19, 2016	0.15	233,533 *
May 29, 2016	0.25	234,500 *
October 9, 2016	0.15	1,680,000
November 29, 2016	0.15	150,333
		2,298,366

*Broker and finder's warrants exercisable for units.

As at July 31, 2015, the weighted average remaining contractual life of the share purchase warrants is 1.13 years and the weighted average exercise price is $0.16 (2014 – 0.75 years and $1.04).

8. SHARE CAPITAL AND RESERVES (Continued)

d) Stock Options

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company exercisable pursuant to options granted under the Plan may not exceed ten percent of the issued and outstanding shares of the Company at the grant date. Options granted under the Plan may have a maximum term of ten years. The exercise price of options granted under the Plan will not be less than the discounted market price of the shares (defined as the last closing market price of the Company's shares immediately preceding the grant date, less the maximum discount permitted by TSX.V policy), or such other price as may be agreed to by the Company and accepted by the TSX.V. Stock options granted to consultants providing investor relations activities under the Plan are subject to minimum vesting restrictions such that one-quarter of the option shall vest on each of the date grant and three, six and twelve months after the date of grant.

A summary of the changes in stock options follows:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE $
Balance, July 31, 2013	2,333,500	0.47
Expired/Cancelled	(163,000)	1.00
Exercised	(15,000)	0.15
Balance, July 31, 2014	2,155,500	0.42
Granted	1,750,000	0.18
Expired/Cancelled	(1,212,667)	0.48
Exercised	(10,000)	0.15
Balance, July 31, 2015	**2,682,833**	**0.24**

The following summarizes the stock options outstanding and exercisable as at July 31, 2015:

EXPIRY DATE	EXERCISE PRICE $	OPTIONS OUTSTANDING	OPTIONS EXERCISABLE
May 3, 2018	0.15	466,000	466,000
February 23, 2019	0.56	476,833	476,833
December 4, 2019	0.15	740,000	140,000
March 23, 2020	0.15	700,000	140,000
April 27, 2020	0.30	300,000	75,000
		2,682,833	**1,297,833**

Share-based compensation recognized during the year ended July 31, 2015 was $167,874 (2014 - $Nil). The Company's valuation of share purchase options was estimated using the Black-Scholes option pricing model with the following assumptions:

	2015	2014
Risk-free interest rate	0.88 – 1.44%	1.03%
Expected dividend yield and forfeiture	0%	0%
Expected stock price volatility	159 – 165%	82%
Expected option life in years	5	2

As at July 31, 2015, the weighted average remaining contractual life of the share purchase options is 4.06 years and the weighted average exercise price is $0.24 (2014 – 4.23 years and $0.42).

8. SHARE CAPITAL AND RESERVES (Continued)

e) Escrow

As of July 31, 2015, 625 common shares (2014 - 625) were held in escrow.

f) Nature and Purpose of Reserve

The reserve recorded in equity on the Company's Statements of Financial Position includes Share-based Payment Reserve which is used to recognize the fair value of stock option grants prior to exercise, expiry or cancellation and the fair value of other share-based consideration paid at the date of payment.

9. MANAGEMENT OF CAPITAL

The Company manages its cash, common shares, stock options and warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. There were no changes in the Company's approach to capital management during the year ended July 31, 2015. The Company is not subject to externally imposed capital requirements.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The disclosures in the notes to these financial statements describe how the categories of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognized.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

As at July 31, 2015, the classification of the financial instruments, as well as their carrying values and fair values, are shown in the table below:

	LEVEL	FVTPL	LOANS AND RECEIVABLES/ OTHER FINANCIAL LIABILITIES	AVAILABLE FOR SALE	TOTAL FAIR VALUE
Financial assets					
Cash and cash equivalents (a)	1	$ 1,222,040	$ -	$ -	$ 1,222,040
Reclamation bond	1	$ 97,531	$ -	$ -	$ 97,531
Financial liabilities					
Accounts payable and accrued liabilities (a)	2	$ -	$ 164,310	$ -	$ 164,310

As at July 31, 2014, the classification of the financial instruments, as well as their carrying values and fair values, are shown in the table below:

	LEVEL	FVTPL	LOANS AND RECEIVABLES/ OTHER FINANCIAL LIABILITIES	AVAILABLE FOR SALE	TOTAL FAIR VALUE
Financial assets					
Cash and cash equivalents (a)	1	$ 324,069	$ -	$ -	$ 324,069
Financial liabilities					
Accounts payable and accrued liabilities (a)	2	$ -	$ 230,031	$ -	$ 230,031

At July 31, 2015 and July 31, 2014, the Company's financial instruments which are measured at fair value on a recurring basis are cash and cash equivalents and available for sale investments. The available-for-sale investments are based on quoted prices. The carrying values of the Company's loans and receivables and financial liabilities were a reasonable approximation of fair value due to the short term nature of their maturities.

The Company is exposed to potential loss from various risks including commodity price risk, interest rate risk, currency risk, credit risk and liquidity risk. Based on the Company's operations the liquidity risk and commodity price risk are considered the most significant. There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

There have been no transfers between levels 1 and 2, or transfers in or out of level 3 for the years ended July 31, 2015 and 2014.

a) Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risk associated with fluctuations in the market prices of base and precious metals including gold, silver, zinc and lead, and the outlook for these metals. The Company does not have any hedging or other derivative contracts respecting its operations.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

a) Commodity Price Risk (Continued)

Market prices for metals historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators. The Company has elected not to actively manage its commodity price risk, as the nature of Company's business is in exploration.

b) Liquidity Risk

The liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk through careful management of its financial obligations in relation to its cash position. Using budgeting processes, the Company manages its liquidity requirements based on expected cash flow to ensure there are adequate funds to meet the short term obligations during the year.

During the past year the Company has been able to maintain its liquidity position through private placements. However, the variable market conditions make it uncertain whether the Company can continue to raise adequate funds to meet its financial obligations.

c) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist of cash and cash equivalents. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed on demand.

11. INCOME TAXES

a) Provision for Income Taxes

The Company's provision for income taxes for the years ended July 31, 2014 and 2013 differs from the amounts computed by applying the statutory income tax rates to the loss before income taxes as a result of the following:

	2015	2014
Statutory combined federal and provincial rate	**26%**	26%
Computed recovery of income taxes at statutory rates	**$ (310,000)**	$ (366,000)
Non-deductible permanent differences and other	**(40,000)**	4,000
Share issuance costs	**(18,000)**	(19,000)
Flow-through expenses renounced	**66,000**	75,000
Unrecognized deferred tax assets and other	**238,425**	230,825
Deferred income tax recovery	**$ (63,575)**	$ (75,175)

11. INCOME TAXES (Continued)

b) Deferred Income Tax Assets

The estimated tax effect of the significant components within the Company's deferred tax assets were as follows:

	2015	2014
Exploration resource deductions net of renounced amounts	**$ 101,000**	$ 167,000
Non-capital losses carried forward	**1,815,000**	1,489,000
Equipment	**2,000**	2,000
Share issue costs	**56,000**	79,000
Marketable securities	**1,000**	1,000
Capital losses carried forward	**6,000**	6,000
Unrecognized deferred tax assets	**(1,981,000)**	(1,744,000)
Net deferred income tax liabilities	**$ -**	$ -

The Company's non-capital losses in the approximate amount of $6,983,000 begin to expire in 2027.

c) Flow-through Resource Expenditures

The Company is permitted, under Canadian income tax legislation, to renounce flow-through related resource expenditures to investors in advance of the Company incurring the expenditure. In accordance with this legislation, the Company has twelve months following the effective date of renunciation to incur the expenditures. The Company begins incurring interest charges for unspent funds after one month and fees for unspent funds at the end of the calendar year following the effective date of renunciation, and until such time as funds are fully expended.

During the year ended July 31, 2015, the Company met expenditure obligations of $254,300 which were due December 31, 2014.

12. LOSS PER SHARE

The Company calculates the basic and diluted loss per common share using the weighted average number of common shares outstanding during each period and the diluted loss per share assumes that the outstanding vested stock options and share purchase warrants had been exercised at the beginning of the year.

To compute diluted earnings per share, the average number of shares outstanding is adjusted for the number of all potentially dilutive shares. There were 2,682,833 stock options and 2,298,366 warrants as of the reporting date (2014 – 2,155,500 and 1,603,350 respectively). As of July 31, 2015 and 2014, there were no potentially dilutive options not included in the Company's loss per common share calculation.

	Years ended July 31	
	2015	2014
Issued common shares at August 1,	**41,676,408**	37,415,088
Weighted average issuances	**820,148**	836,536
Basic weighted average common shares	**42,496,556**	38,251,624

13. SEGMENTED DISCLOSURE

The Company has one operating segment, mineral exploration and development. All of the Company's assets are located in Canada and the USA. See also Note 6.

14. SUBSEQUENT EVENTS

Subsequent to the year ended July 31, 2015:

a) On August 13, 2015, The Company closed the private placement it announced on July 14, 2015 raising gross proceeds of $2,690,000. The private placement consisted of 6,725,000 Units at a price of $0.40 per Unit. Each Unit was comprised of one common share of the Company and one-half of a share purchase warrant, with a whole warrant exercisable to purchase a further common share of the Company at a price of $0.60 for a period of 3 years after closing.

Cash of $91,875 and 306,250 warrants were paid as finder fees in connection with the private placement. Each finder warrant is exercisable to purchase a common share of the Company at a price of $0.40 for a period of 3 years after closing. All securities issued in the first tranche will have a four-month statutory hold period, expiring on December 14, 2015.

b) The Company announced on October 20, 2015 that it will conduct a non-brokered private placement of up to 3,750,000 units ("Units") at a price of $0.40 per Unit for aggregate gross proceeds of up to $1,500,000. Each Unit will be comprised of one common share of the Company and one common share purchase warrant, with each whole warrant entitling the holder to purchase a further common share of the Company at a price of $0.60 for a period of three years after closing.

On November 12, 2015, the Company closed the first tranche through the issuance of 2,712,500 Units at $0.40 per Unit raising gross proceeds of $1,085,000. Each Unit is comprised of one common share of the Company and one common share purchase warrant, with each whole warrant entitling the holder to purchase a further common share of the Company at a price of $0.60 for a period of three years after closing.

The Company also announced that it increased the overall size of the offering from a total of up to 3,750,000 Units for aggregate gross proceeds of up to $1,500,000 to up to 3,962,500 Units for aggregate gross proceeds of up to $1,585,000.

In connection with the closing of the first tranche, the Company paid finders fees of $60,000 and issued 200,000 compensation warrants exercisable at a price of $0.40 for a period of three years after closing. All securities issued in connection with the financing are subject to a four month hold period expiring on March 12, 2016.

c) On November 3, 2015, The Company received proceeds of $11,550 from the exercise 46,200 warrants.