AURACLE RESOURCES LTD.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

JANUARY 31, 2015

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Auracle Resources Ltd.

We have audited the accompanying consolidated financial statements of Auracle Resources Ltd., which comprise the consolidated statements of financial position as at January 31, 2015 and 2014, and the consolidated statements of comprehensive loss, cash flows and changes in deficit for the years then ended, and 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 that 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 Auracle Resources Ltd. as at January 31, 2015 and 2014, and its financial performance and its 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 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada
May 29, 2015

AURACLE RESOURCES LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT
(Expressed in Canadian Dollars)

	Notes	January 31, 2015	January 31, 2014
ASSETS			
Current			
Cash		$ 4,712	$ 19,762
GST receivable		3,465	3,465
		$ 8,177	$ 23,227
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current			
Trade and other payables	6, 8	$ 629,877	$ 523,746
Related party loan payable	8	21,400	-
		651,277	523,746
Shareholders' deficiency			
Share capital	7	4,886,825	4,886,825
Subscriptions receivable	7	-	(5,500)
Reserves	7	2,507,400	2,507,400
Deficit		(8,037,325)	(7,889,244)
		(643,100)	(500,519)
		$ 8,177	$ 23,227

Nature of operations and going concern (Note 1)

Approved and authorized by the Board on May 29, 2015:

"Jason Leikam" Director *"Robin Forshaw"* Director

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

AURACLE RESOURCES LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
YEAR ENDED
(Expressed in Canadian Dollars)

	Notes	January 31, 2015	January 31, 2014
Expenses			
Administrative, office and miscellaneous		$ 6,301	$ 17,599
Exploration and evaluation	4	16,632	-
Interest	8	1,400	-
Management fees	8	72,000	72,000
Professional fees	8	39,880	66,266
Shareholder communications		-	2,358
Transfer agent and filing fees		11,868	18,973
Travel and related costs		-	1,027
Write-off of exploration and evaluation asset	4	-	2,884,756
		(148,081)	(3,062,979)
Other item			
Write-off of GST receivable	5	-	(81,647)
Net and comprehensive loss for the year		$ (148,081)	$ (3,144,626)
Loss per common share – basic and diluted		$ (0.01)	$ (0.08)
Weighted average number of common shares outstanding – basic and diluted		39,958,006	39,958,006

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

AURACLE RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED
(Expressed in Canadian Dollars)

	January 31, 2015	January 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (148,081)	$ (3,114,626)
Items not involving cash:		
Write-off of exploration and evaluation asset	-	2,884,756
Write-off of GST receivable	-	81,647
Accrued interest expense	1,400	-
Changes in non-cash working capital items:		
Decrease in receivables	-	61,019
Decrease in prepaids	-	4,612
Increase in trade and other payables	106,131	219,874
Net cash provided by (used in) operating activities	(40,550)	107,282
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of reclamation bond	-	40,958
Exploration and evaluation assets	-	(130,991)
Net cash used in investing activities	-	(90,033)
CASH FLOWS FROM FINANCING ACTIVITIES		
Related parties loan payable – proceeds	20,000	18,024
Related parties loan payable – repayments	-	(21,024)
Subscriptions receivable	5,500	-
Net cash provided by (used in) financing activities	25,500	(3,000)
Change in cash during the year	(15,050)	14,249
Cash, beginning of year	19,762	5,513
Cash, end of year	$ 4,712	$ 19,762

Supplemental disclosure with respect to cash flows (Note 9)

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

AURACLE RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIT
(Expressed in Canadian Dollars)

	Share Capital					
	Number	Amount	Subscriptions receivable	Reserves	Deficit	Total
Balance at January 31, 2013	39,958,006	$ 4,886,825	$ (5,500)	$ 2,507,400	$ (4,744,618)	$ 2,644,107
Net and comprehensive loss for the year	-	-	-	-	(3,144,626)	(3,144,626)
Balance at January 31, 2014	39,958,006	4,886,825	(5,500)	2,507,400	(7,889,244)	(500,519)
Subscriptions receivable	-	-	5,500	-	-	5,500
Net and comprehensive loss for the year	-	-	-	-	(148,081)	(148,081)
Balance at January 31, 2015	39,958,006	$ 4,886,825	$ -	$ 2,507,400	$ (8,037,325)	$ (643,100)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Auracle Resources Ltd. (the "Company") is incorporated under the Business Corporations Act of British Columbia and is in the exploration stage with respect to its mineral property. The Company is listed on the TSX Venture Exchange ("TSX-V").

The Company's head office and principal address is suite 408 – 837 West Hastings Street, Vancouver, BC, V6C 3N6 and its registered and records office is suite 2900 – 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1J5.

These consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not generated any revenue and has incurred ongoing losses to date. These uncertainties may cast significant doubt about the Company's ability to continue as a going concern. A number of alternatives are being evaluated with the objective of funding ongoing activities and obtaining additional working capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Statement of compliance with International Financial Reporting Standards ("IFRS")

These consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of preparation

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. These consolidated financial statements are presented in Canadian dollars unless otherwise noted.

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Mexican Hat Holdings Ltd., a company incorporated in British Columbia. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intercompany transactions and balances have been eliminated upon consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, the recoverability and measurement of deferred tax assets and provisions for restoration and environmental obligations.

Significant judgments

The preparation of financial statements in accordance with IFRS requires management to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the determination of the functional currency of the parent company and its subsidiaries; and
- the classification and allocation of expenditures as exploration and evaluation expenditures or operating expenses.

Foreign currency translation

The functional currency of each of the Company's entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency. The functional currency of the Company's subsidiary is the Canadian dollar.

<u>Transactions and balances:</u>

Foreign currency transactions are translated into their functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive loss in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Exploration and evaluation expenditures

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and rights, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

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.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

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.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined at the grant date using the Black–Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. The Company determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Impairment of assets

The carrying amount of the Company's exploration and evaluation assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the statements of comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of assets *(cont'd)*

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

Deferred tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred income tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

Adoption of new accounting standards

The following new standards, amendments and interpretations were adopted by the Company as of February 1, 2014:

a) IFRIC 21 Levies (new; interpretations of IAS 37); and
b) IAS 32 Financial Instruments (amended).

The adoption of the above mentioned standards did not have any impact on these financial statements.

Accounting standards issued but not yet effective

The Company has not early adopted this standard, which is effective for annual periods beginning on or after February 1, 2015, and is assessing the impact that this standard will have on its financial statements:

a) IFRS 9 Financial Instruments (new; to replace IAS 39 and IFRIC 9);

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's consolidated financial statements.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSET

	Balance January 31, 2013	Additions	Write-off	Balance January 31, 2014 and 2015
Acquisition costs:	$ 409,180	$ 76,361	$ (485,541)	$ -
Exploration costs:				
Administrative (Note 8)	360,017	24,000	(384,017)	-
Assaying	97,515	-	(97,515)	-
Drilling	826,757	-	(826,757)	-
Equipment rental	27,563	-	(27,563)	-
Field supplies	50,997	20,214	(71,211)	-
Geological consulting	922,047	23,095	(945,142)	-
Professional fees	12,000	-	(12,000)	-
Property maintenance	35,010	-	(35,010)	-
	2,331,906	67,309	(2,399,215)	-
	$ 2,741,086	$ 143,670	$ (2,884,756)	$ -

Mexican Hat Property

On May 15, 2009, the Company had entered into an option agreement to acquire a 100% interest in certain claims comprising the Mexican Hat Gold Property (the "Property"), located in Arizona, USA.

Management terminated the option agreement and, as a result, wrote-off all associated costs of the Property, totaling $2,884,756, to the statement of comprehensive loss at January 31, 2014. During the year ended January 31, 2015, the Company incurred $16,632 relating to expenditures on the Property, which were expensed to the statement of comprehensive loss.

5. RECEIVABLES

The Company's receivables are comprised of GST receivable from the Government of Canada. During the year ended January 31, 2014, the Company received a notice of assessment from the Canada Revenue Agency ("CRA") disallowing certain goods and services tax refunds claimed. The Company filed a notice of objection during the year ended January 31, 2014, which was approved by the CRA. However, as at January 31, 2015, the CRA had yet to reach a decision on the notice of objection. As a result, during fiscal 2014, the Company wrote-off GST receivable of $81,647.

6. TRADE AND OTHER PAYABLES

Trade and other payables are as follows:

	January 31, 2015	January 31, 2014
Trade payables (Note 8)	$ 619,877	$ 427,056
Accrued liabilities	10,000	96,690
Total	$ 629,877	$ 523,746

(Expressed in Canadian Dollars)

7. SHARE CAPITAL AND RESERVES

a) Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. All issued shares, consisting only of common shares, are fully paid.

b) Issued share capital

There were no share capital transactions during the years ended January 31, 2015 and 2014.

c) Escrow shares

As at January 31, 2015, there are Nil (2014 – 2,139,601) common shares subject to escrow restrictions. The escrow shares were being released as to 10% on the date of listing and 15% every six months thereafter.

d) Stock options

The Company has an incentive stock options plan in place under which it is authorized to grant options to directors and employees to acquire up to 10% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 5 years and vesting periods are determined by the Board of Directors.

There were no stock options granted during the years ended January 31, 2015 and 2014.

As at January 31, 2015, the Company had outstanding stock options enabling the holders to acquire common shares as follows:

Number of Options	Exercise Price	Expiry Date
1,550,000	$ 0.35	August 30, 2016

Stock option transactions are summarized as follows:

	Number of Options		Exercise Price
Balance, January 31, 2013, and 2014	3,175,000	$	0.35
Cancelled	(1,625,000)		0.35
Balance, January 31, 2015	1,550,000	$	0.35
Number of options currently outstanding and exercisable	1,550,000	$	0.35

As at January 31, 2015, the remaining life of the options outstanding was 1.58 years (2014 – 2.58 years).

(Expressed in Canadian Dollars)

7. SHARE CAPITAL AND RESERVES (cont'd)

d) Warrants

There were no warrant transactions during the years ended January 31, 2015 and 2014.

At January 31, 2015, the Company has outstanding warrants entitling the holders to acquire additional common shares as follows:

Number of Shares	Exercise Price	Expiry Date
7,182,800	$0.20	September 4, 2017

As at January 31, 2015, the remaining life of the warrants outstanding was 2.59 years (2014 – 3.59 years).

e) Reserves

The reserves account consists of share-based payment reserve which records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

8. RELATED PARTY TRANSACTIONS

During the year ended January 31, 2015, the Company entered into the following transactions with related parties:

a) Incurred $72,000 (2014 - $72,000) for management fees to a company controlled by a director of the Company;
b) Incurred $nil (2014 - $9,000) for consulting fees to an officer of the Company;
c) Incurred $nil (2014 – $6,354) for geological consulting fees, recorded in write-off of exploration and evaluation asset, to a company controlled by a former director of the Company; and
d) Incurred $28,500 (2014 - $41,431) for professional fees of which $28,500 ($32,250) was paid or accrued to a company associated with the Chief Financial Officer of the Company and $nil ($9,181) was paid or accrued to a law firm of which a director of the Company is a partner; and
e) Incurred $nil (2014 - $24,000) for administrative fees, recorded in write-off of exploration and evaluation asset, to a company controlled by a former director of the Company.

At January 31, 2015, recorded in trade and other payables is $355,813 (2014 – $281,045) due to directors and officers and former directors of the Company. These amounts owing are non-interest bearing, unsecured and do not have a fixed term of repayment.

During the year ended January 31, 2015, the Company received $20,000 pursuant to a related party loan agreement. The loan bears interest at 12% per annum and is to be repaid within five days from the completion of the Company's next private placement. As at January 31, 2015, the Company accrued interest expense of $1,400.

Key management personnel compensation (including senior officers and directors of the Company):

	January 31, 2015	January 31, 2014
Short-term benefits	$ 100,500	$ 152,785

(Expressed in Canadian Dollars)

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash investing and financing transaction during the year ended January 31, 2014 included reallocating $12,679 from reclamation bond to exploration and evaluation assets, and subsequently written-off.

10. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company uses the following hierarchy for determining and disclosing fair value of financial instruments:

Level 1 — quoted prices in active markets for identical assets and liabilities.

Level 2 — observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3 — unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash and trade payables approximate their fair value because of the short-term nature of these instruments.

The following is an analysis of the Company's financial instruments measured at fair value:

	As at January 31, 2015		
	Level 1	Level 2	Level 3
Cash	$ 4,712	$ -	$ -

	As at January 31, 2014		
	Level 1	Level 2	Level 3
Cash	$ 19,762	$ -	$ -

Financial risk factors

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and GST receivable. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with one major bank in Canada. There is a concentration of credit risk, which is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. Management believes that the credit risk concentration with respect to financial instruments included in receivables is low because instruments are due from a government agency and cash is held with a reputable Canadian financial institution.

10. FINANCIAL RISK AND CAPITAL MANAGEMENT (cont'd)

Financial risk factors (cont'd)

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at January 31, 2015, the Company had a cash balance of $4,712 (2014 - $19,762) to settle current liabilities of $651,277 (2014 - $523,746). To maintain liquidity, the Company is continually investigating financing opportunities. There can be no assurance these efforts will be successful in the future. All of the Company's financial liabilities are subject to normal trade terms. Liquidity risk is assessed as high.

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. These fluctuations may be significant.

a) Interest rate risk

   Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk on its cash balances as these instruments roll over daily.

b) Foreign currency risk

   Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not currently exposed to significant foreign currency risk. The fluctuations in foreign exchange gains or losses are nominal.

c) Price risk

   The Company is exposed to price risk with respect to commodity prices. Changes in commodity prices will impact the economics of development of the Company's exploration and evaluation asset. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its exploration and evaluation assets, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

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.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

(Expressed in Canadian Dollars)

10. FINANCIAL RISK AND CAPITAL MANAGEMENT (cont'd)

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

11. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

		January 31, 2015		January 31, 2014
Loss for the year	$	(148,081)	$	(3,144,625)
Statutory tax rate		26.00%		25.83%
Expected income tax recovery		(38,501)		(812,257)
Permanent differences		(21,332)		12,813
Impact of tax rate change		-		(56,754)
Change in valuation allowance		59,883		856,198
Deferred income tax recovery	$	-	$	-

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

		January 31, 2015		January 31, 2014
Exploration and evaluation assets	$	5,645,654	$	5,629,022
Loss carry-forwards		2,623,979		2,423,501
Share issuance costs		39,720		110,071
Other		81,647		81,647
	$	8,391,000	$	8,224,241

(Expressed in Canadian Dollars)

11. INCOME TAXES (cont'd)

The tax pools relating to these deductible temporary differences expire as follows:

	Canadian exploration and evaluation assets	Foreign exploration and evaluation assets	Canadian loss carry-forwards	Share issuance costs
2016	$ -	$ -	$ -	$ 27,964
2017	-	-	-	11,756
2027	-	-	19,367	-
2028	-	-	60,208	-
2029	-	-	322,255	-
2030	-	-	243,819	-
2031	-	-	421,468	-
2032	-	-	566,139	-
2033	-	-	541,672	-
2034	-	-	230,620	-
2035	-	-	218,431	-
No expiry	978,490	4,667,164	-	-
	$ 978,490	$ 4,667,164	$ 2,623,979	$ 39,720

As at January 31, 2015, the Company has approximately $2,624,000 in non-capital losses that can be offset against taxable income in future years which begin expiring at various dates commencing in 2027. The potential future tax benefit of these losses has not been recorded as a full-future tax asset valuation allowance has been provided due to the uncertainty regarding the realization of these losses.