



## **Castle Mountain Mining Company Limited**

Interim Unaudited Consolidated Financial Statements  
For the three months ended March 31, 2015, and 2014

The accompanying interim unaudited condensed consolidated financial statements of Castle Mountain Mining Company Limited for the three months ended March 31, 2015 and 2014, have been prepared by management and approved by the Board of Directors. These statements have not been reviewed by the Company's external auditors.

## MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

All of the information in the accompanying unaudited interim consolidated financial statements of Castle Mountain Mining Company Limited is the responsibility of management. The unaudited interim consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards. Where necessary, management has made judgments and estimates in preparing the consolidated financial statements, and such statements have been prepared within acceptable limits of materiality.

Management maintains appropriate systems of internal control given its size to give reasonable assurance that its assets are safeguarded, and the financial records are properly maintained.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility principally through the Audit Committee. The Audit Committee meets with management to review the consolidated financial statements to satisfy itself that management is properly discharging its responsibilities to the Directors, who approve the unaudited interim consolidated financial statements.

(signed) *"David Adamson"*  
David Adamson  
Chief Executive Officer

(signed) *"Brian Morales"*  
Brian Morales  
Chief Financial Officer

Toronto, Canada  
May 29, 2015

**CASTLE MOUNTAIN MINING COMPANY LIMITED**  
**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)

		March 31	December 31,
	Note	2015	2014
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	\$ 1,318,417	\$ 4,821,255
Short-term investments	6	525,084	521,367
Amounts receivable		102,436	89,093
<b>Total current assets</b>		1,945,937	5,431,715
<b>Reclamation bond</b>	6	167,553	153,259
<b>Equipment, net</b>	3	51,998	56,214
<b>Mineral interests</b>	4	7,782,437	7,782,437
		<u>\$ 9,947,925</u>	<u>\$ 13,423,625</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Accounts and other payables	6	\$ 968,196	\$ 2,047,979
Acquisition liability	5	2,724,763	2,577,915
<b>Total current liabilities</b>		3,692,959	4,625,894
<b>Long-term acquisition liability</b>	5	2,330,899	2,210,007
<b>Total liabilities</b>		6,023,858	6,835,901
<b>Shareholders' equity</b>			
Share capital	7	\$ 27,289,260	\$ 27,289,260
Stock option reserve	8	2,584,636	2,505,244
Warrant reserve	7	1,602,924	1,602,924
Accumulated deficit		(27,552,753)	(24,809,704)
		3,924,067	6,587,724
		<u>\$ 9,947,925</u>	<u>\$ 13,423,625</u>

Commitments and contingent liabilities

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*See accompanying notes to the unaudited consolidated financial statements*

Signed on behalf of the Board of Directors:

Fraser Buchan (signed), Director

Colin Sutherland (signed), Director

**CASTLE MOUNTAIN MINING COMPANY LIMITED**  
**UNAUDITED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars, except share amounts)

		Three months ended March 31,	
	Note	2015	2014
<b>Costs and expenses</b>			
Exploration and evaluation	4	\$ (1,758,683)	\$ (342,459)
Share-based payment		(79,392)	(190,896)
Salaries	9	(522,058)	(183,917)
Depreciation		(4,216)	(3,210)
Professional and consulting fees		(42,163)	(38,748)
Filing fees and regulatory costs		(10,948)	(9,451)
Travel		(22,537)	(3,112)
Technology and telecommunications		(9,733)	(13,208)
Office and sundry and other		(36,763)	(18,548)
		<u>(2,486,493)</u>	<u>(803,549)</u>
<b>Other income (expense)</b>			
Financial income		3,717	2,128
Finance expense - accretion	5	(272,240)	(218,028)
Bank fees, commissions and financial fees		(2,742)	(1,021)
Foreign exchange (loss) gain		14,709	(1,275)
		<u>(256,556)</u>	<u>(218,196)</u>
<b>Loss before income taxes</b>		<u>(2,743,049)</u>	<u>(1,021,745)</u>
<b>Net loss and comprehensive loss</b>		<u>\$ (2,743,049)</u>	<u>\$ (1,021,745)</u>
<b>Net loss per share - basic and diluted</b>	10	\$ (0.04)	\$ (0.02)
Weighted average number of common shares outstanding - and diluted	10	71,891,418	62,766,001

*See accompanying notes to the unaudited consolidated financial statements*

**CASTLE MOUNTAIN MINING COMPANY LIMITED**  
**UNAUDITED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(Expressed in Canadian Dollars)

<b>Common shares</b>						
	<b>Number of</b>		<b>Share-based</b>	<b>Warrant</b>		
Note	<b>Shares</b>	<b>Dollars</b>	<b>payments</b>	<b>reserve</b>	<b>Deficit</b>	<b>Total</b>
			<b>reserve</b>			
January 1, 2014	62,705,168	\$ 22,650,010	\$ 1,917,973	\$ 846,407	\$ (16,697,180)	\$ 8,717,210
Exercise of options	125,000	83,073	(58,073)	-	-	25,000
Share-based compensation expense	-	-	190,896	-	-	190,896
Net loss	-	-	-	-	(1,021,745)	(1,021,745)
March 31, 2014	62,830,168	22,733,083	2,050,796	846,407	(17,718,925)	7,911,361
Units issued	8,855,000	5,755,750	-	-	-	5,755,750
Cost of issuance	-	(1,334,081)	-	756,517	-	(577,564)
Share-based compensation expense	-	-	539,268	-	-	539,268
Exercise of options	206,250	134,508	(84,820)	-	-	49,688
Net loss	-	-	-	-	(7,090,779)	(7,090,779)
December 31, 2014	71,891,418	\$ 27,289,260	\$ 2,505,244	\$ 1,602,924	\$ (24,809,704)	\$ 6,587,724
Share-based compensation expense	-	-	79,392	-	-	79,392
Net loss	-	-	-	-	(2,743,049)	(2,743,049)
March 31, 2015	71,891,418	\$ 27,289,260	\$ 2,584,636	\$ 1,602,924	\$ (27,552,753)	\$ 3,924,067

*See accompanying notes to the unaudited consolidated financial statements*

**CASTLE MOUNTAIN MINING COMPANY LIMITED**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)

	Note	Three months ended March 31,	
		2015	2014
Cash flow from operating activities			
Net loss		\$ (2,743,049)	\$ (1,021,745)
Non-cash items:			
Share-based payment expense	8	79,392	190,896
Depreciation		4,216	3,210
Foreign exchange loss (gain)		(14,709)	1,275
Finance expense - accretion	5	272,240	218,028
Adjustments to reconcile net income (loss) to net cash used in operating activities			
Changes in non-cash operating assets and liabilities			
Amounts receivable		(13,343)	9,792
Prepaid expenses and other current assets		-	4,967
Accounts and other payables		(1,102,294)	(525,798)
Net cash used in operating activities		(3,517,547)	(1,119,375)
Cash flow from investing activities			
Purchases of equipment	3	-	(45,470)
Increase in mineral interests	4	-	(55,065)
Net cash used in investing activities		-	(100,535)
Cash flow from financing activities			
Exercise of options		-	25,000
Net cash provided by financing activities		-	25,000
Effect of exchange rate changes on cash not held in Canadian dollars		14,709	(1,275)
Decrease in Cash and Cash Equivalents		(3,502,838)	(1,196,185)
Cash and Cash Equivalents, beginning of period		4,821,255	4,760,690
Cash and Cash Equivalents, end of period		\$ 1,318,417	\$ 3,564,505

*See accompanying notes to the unaudited consolidated financial statements*

**CASTLE MOUNTAIN MINING COMPANY LIMITED**  
**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars, except per share amounts)

**NOTE 1 — NATURE OF OPERATIONS**

Castle Mountain Mining Company Limited ("Castle Mountain" or the "Company") was incorporated under the Business Corporations Act (Ontario) on December 16, 2009 and commenced activities as a capital pool company on January 29, 2010 under the name of Foxpoint Capital Corp. On April 25, 2013, the Company completed its Qualifying Transaction (the "Transaction") by way of amalgamation, with a subsidiary of the Company and Telegraph Gold Inc. ("Telegraph"). At the time of the Transaction the Company changed its name from Foxpoint Capital Corp. The Company's registered head office is 40 King Street West, 44th Floor, Toronto, Ontario, Canada Toronto.

Subject to certain obligations, the Company has 100% of the right, title and beneficial interest in and to the Castle Mountain Venture, a California general partnership, which owns the Castle Mountain property in San Bernardino County, California. The Castle Mountain heap leach gold mine produced over one million ounces of gold from 1992 to 2001, when mining was suspended due to low gold prices.

The Castle Mountain Venture land holdings (7,458 acres total) include patented claims (1,298 acres), and unpatented claims (6,160 acres).

Castle Mountain Mining Company Limited, through its wholly owned subsidiaries including Castle Mountain Venture, is focused on the exploration and, if warranted, development of deposits in San Bernardino County, California. The principal gold mineralization identified to date within the Project are below and surrounding the historically mined pits on the property including the Oro Belle-Hart Tunnel, Jumbo, and Lesley Anne-Jumbo South Pits, as well as in the South Domes area.

These unaudited interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which presumes that it will be able to realize its assets and discharge its liabilities in the normal course of business as they come due. These unaudited consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

**Statement of Compliance**

These unaudited interim condensed consolidated financial statements are unaudited and have been prepared in accordance with IAS 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2014 and 2013.

The accounting policies applied in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended December 31, 2014 and 2013.

The preparation of the unaudited interim condensed consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions about uncertain future events that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

The Company's interim results are not necessarily indicative of results for a full year.

The unaudited interim condensed consolidated financial statements of the Company for the three months ended March 31, 2015 and 2014, have been prepared by management and approved and authorized for issue by the Board of Directors on May 29, 2015.

## NOTE 2 – RECENT ACCOUNTING PRONOUNCEMENTS

### Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 “Financial Instruments”. This standard is effective for annual periods beginning on or after January 1, 2018, and permits early adoption. IFRS 9 provides a revised model for recognition, measurement and impairment of financial instruments.

The Company has not yet determined the impact of IFRS 9 on its consolidated financial statements.

## NOTE 3 - EQUIPMENT, NET

	Computer and communication equipment	Vehicle	Total
<b>Cost</b>			
Balance at January 1, 2014	\$ 5,262	\$ 39,207	\$ 44,469
Additions	-	45,472	45,472
Balance at December 31, 2014	\$ 5,262	\$ 84,679	\$ 89,941
Additions	-	-	-
Balance at March 31, 2015	\$ 5,262	\$ 84,679	\$ 89,941
<b>Accumulated depreciation</b>			
Balance at January 1, 2014	\$ (1,718)	\$ (12,790)	\$ (14,508)
Amortization	(1,063)	(18,156)	(19,219)
Balance at December 31, 2015	\$ (2,781)	\$ (30,946)	\$ (33,727)
Amortization	(186)	(4,030)	(4,216)
Balance at March 31, 2015	\$ (2,967)	\$ (34,976)	\$ (37,943)
Balance at December 31, 2014	\$ 2,481	\$ 53,733	\$ 56,214
Balance at March 31, 2015	\$ 2,295	\$ 49,703	\$ 51,998

## NOTE 4 – MINERAL INTERESTS

<b>Acquisition costs</b>	<b>Castle Mountain</b>
Balance at January 1, 2014	\$ 7,727,372
Acquisitions	55,065
Balance at December 31, 2014	\$ 7,782,437
Acquisitions	-
Balance at March 31, 2015	\$ 7,782,437

<b>Exploration and evaluation costs</b>	<b>Castle Mountain</b>
Three months ended March 31, 2015	\$ 1,758,683
Three months ended March 31, 2014	\$ 342,459



During the three months ended March 31, 2014, the Company acquired 19 unpatented mining claims encompassing 2951 acres, in San Bernardino County California (the "claims"), for US\$50,000. The claims are located directly north-east to the Company's existing land holdings, and were previously leased by the Company.

## **NOTE 5 – ACQUISITION LIABILITY**

The Company has a liability, related to certain payments owed to Sprott Resource Lending Corp. ("Sprott") as a result of the acquisition of the Castle Mountain property on September 6, 2012

The details of the payments are as follows:

- i. On the business day that is the earlier of three years from the date of closing (September 6, 2012) and the completion of a feasibility study at the sole discretion of the Company:
  - (a) \$3,000,000 or
  - (b) the number of common shares of the Company that is equal to \$3,000,000 divided by the market price of the shares, provided the Company is listed on a recognized stock exchange.
- ii. On the business day that is the earlier of six years from the date of closing and the commencement date of commercial production at the mine at the sole discretion of the Company
  - (a) \$5,000,000 or
  - (b) the number of common shares of the Company that is equal to \$5,000,000 divided by the market price of the shares, provided the Company is listed on a recognized stock exchange.

The discounted long-term liability was estimated to be \$5,055,662 as at December 31, 2014 (December 31, 2014 - \$4,787,922) assuming payments will be made in 2015 and 2018.

Accretion costs are expensed in the statement of loss and comprehensive loss.

The total undiscounted amount of cash flows required to settle the long-term liability is \$8,000,000 as at March 31, 2015, (December 31, 2014 – \$8,000,000). A discount rate of 25% was used to calculate the fair value of the long-term liability. Determination of the undiscounted liability and the timing of these obligations were based on internal estimates using the information currently available.

The Company does have at its option, the ability to settle the liability in the form of shares. The maximum number of shares that can be granted in connection with the payments noted above is 16,115,601.

## **NOTE 6 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS**

The Company has exposure to liquidity risk and foreign currency risk. The Company's risk management objective is to preserve and redeploy the existing treasury as appropriate, ultimately to protect shareholder value. Risk management strategies, as discussed below, are designed and implemented to ensure the Company's risks and the related exposure are consistent with the business objectives and risk tolerance.

**Liquidity Risk:** 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 by ensuring that there is sufficient capital to meet short and long-term business requirements, after taking into account cash requirements from operations and the Company's holdings of cash, cash equivalents, and short-term investments. The Company also strives to maintain sufficient financial liquidity at all times in order to participate in investment opportunities as they arise, as well as to withstand sudden adverse changes in economic circumstances.

The Company's primary source of additional liquidity is through financing transactions. The Company's primary use of cash to March 31, 2015 was exploration and evaluation expenses as well as general and administrative expenses.

Management forecasts cash flows for its current and subsequent fiscal years to predict future financing requirements. Future requirements may be met through a combination of credit and access to capital markets. The Company's cash requirements are dependent on the level of operating activity, a large portion of which is discretionary. Should management decide to increase its operating activity, more funds than what is currently in place would be required. It is not possible to predict whether financing efforts will be successful or sufficient in the future. At March 31, 2015 the Company had \$1,843,501, (December 31, 2014 - \$5,342,622) in cash and cash equivalents and short-term investments.

In addition, the Company has a payment owing to Sprott, as described in note 5, which is due in 2015. The Company has the option to settle the amount in cash or shares.

**Currency risk:** The Company's expenditures are incurred in Canadian and US dollars. The results of the Company's operations are subject to currency transaction risk. The Company mitigates foreign exchange risk through forecasting its foreign currency denominated expenditures and maintaining an appropriate balance of cash in each currency to meet the expenditures. As the Company's reporting currency is the Canadian dollar, fluctuations in US dollar will affect the results of the Company.

**Credit risk:** Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. As at March 31, 2015, the Company's credit risk is primarily attributable to cash and short-term investments. At March 31, 2015, the Company's cash was held with reputable Canadian chartered banks.

**Interest rate risk:** Interest rate risk is the risk borne by an interest-bearing asset or liability as a result of fluctuations in interest rates. Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company's most significant interest rate risk arises from its investments in short-term investments. As at March 31, 2015, the Company had \$525,084 (December 31, 2014 - \$521,367) in a guaranteed investment certificate.

**Fair Values:** The Company's cash and cash equivalents, short-term investments, amounts receivable and accounts and other payables all had fair values which approximate their carrying values, are expected to be realized within the next financial year and are considered Level 1 in the fair value hierarchy.

The following financial instruments which are re-measured to fair value at March 31, 2015, are determined based on the observable market prices for foreign exchange rates and interest rates.

- Cash and cash equivalents; and
- Short-term investments

Additionally, the Company has determined that there has been no change to the discount rate for its long-term liability. As a result, the carrying amount is equal to its fair value.

**Reclamation bond:** The Company has posted a reclamation bond in the amount of \$167,553 with the County of San Bernardino, to cover any potential future reclamation.

## **NOTE 7– SHARE CAPITAL, CAPITAL MANAGEMENT AND WARRANTS**

At March 31, 2015, the Company's share capital consists of an unlimited number of common shares, which do not have a par value.

During the three months ended March 31, 2015 and 2014, the Company issued nil and 125,000 shares, respectively, as a result of the exercise of options.

Subsequent to March 31, 2015, on April 17, 2015, the Company completed a non-brokered offering of 5,714,402 units ("Units") at \$0.35 per Unit for aggregate gross proceeds of \$2,000,040.70 ("Offering"). Each Unit consists of one common share of Castle Mountain ("Common Share") and one half of one Common Share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to acquire one additional Common Share of Castle Mountain at an exercise price of \$0.60 per Common Share until April 17, 2017.

The proceeds from the Offering will be used to fund ongoing activities and for working capital purposes.

### Capital management

The Company includes equity, comprised of issued common shares, options and warrants and deficit, in the definition of capital. The Company's primary objectives when managing capital are to safeguard the Company's ability to fund the exploration and development of its gold properties in the USA.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size and stage of the Company is reasonable. The Company is not subject to other externally imposed capital requirements. There has been no change in the capital management approach for the year ended March 31, 2015.

### Common share purchase warrants

During the three months ended March 31, 2015, 500,000 warrants expired.

	Warrants		
	Expiry	Warrants	Warrant reserve
At December 31, 2013	–	4,160,034	\$846,407
Warrants expired		(3,660,034)	-
Issued in respect of Offering	June 2016	4,427,500	756,517
At December 31, 2014		4,927,500	\$1,602,924
Warrants expired		(500,000)	-
March 31, 2015		4,427,500	\$1,602,924

Subsequent to March 31, 2015, the Company issued 2,857,201 warrants as part of its non-brokered offering.

### NOTE 8– SHARE-BASED PAYMENTS

Under the Company's stock option plan, the directors of the Company can grant options to acquire common shares of the Company to directors, employees and others who provide ongoing services to the Company. The options are non-assignable and non-transferable and may be granted for a term not exceeding five years. Unless stipulated differently at the time of grant, the options vest when granted.

The following table reflects the continuity of stock options:

	Number of Stock Options	Weighted Average Exercise Price
Balance, December 31, 2013	5,145,000	\$ 0.50
Options granted	1,870,000	\$ 0.67
Options expired	(150,000)	\$ 0.25
Options exercised	(331,250)	\$ 0.23
Balance, December 31, 2014 and March 31, 2015	6,533,750	\$ 0.57

On January 17, 2014, the Company issued a total of 800,000 options to directors, an officer, and consultants at an exercise price of \$0.60 for a period of 5 years and vesting over a one year period. The grant date fair value of \$295,200 was assigned to the stock options as estimated using the Black-Scholes valuation model with the following assumptions, expected dividend yield of 0%, a volatility of 75%, based on comparable companies, a risk-free rate of return of 1.69% and an expected maturity of 5 years.

On February 24, 2014, the Company issued a total of 200,000 options to consultants at an exercise price of \$0.89 for a period of 5 years and vesting over a one year period. The grant date fair value of \$111,600 was assigned to the stock options as estimated using the Black-Scholes valuation model with the following assumptions, expected dividend yield of 0%, a volatility of 77%, based on comparable companies, a risk-free rate of return of 1.70% and an expected maturity of 5 years.

During the three months ended March 31, 2015 and 2014, the Company issued nil and 125,000 shares, respectively, as a result of the exercise of options.

The following table reflects the stock options outstanding at March 31, 2015.

	Fair Value	Contractual Life (years)	Exercisable Options	Number of Options	Weighted Average Exercise Price (\$)	Remaining Expiry Date
\$	632,910	1.51	1,700,000	1,700,000	0.50	October 1, 2016
	93,225	1.92	250,000	250,000	0.50	February 27, 2017
	372,253	2.56	750,000	750,000	0.50	October 19, 2017
	254,738	2.59	550,000	550,000	0.75	October 31, 2017
	231,515	2.67	500,000	500,000	0.75	November 28, 2017
	245,820	3.38	913,750	913,750	0.35	August 15, 2018
	295,200	3.81	800,000	800,000	0.60	January 20, 2019
	111,600	3.91	200,000	200,000	0.89	February 24, 2019
	361,589	4.35	435,000	870,000	0.68	August 6, 2019
\$	2,598,850	2.82	6,098,750	6,533,750	0.57	

Subsequent to March 31, 2015, the Company granted an aggregate of 2,500,000 stock options, with 1,200,000 options granted at a price of \$0.40 per option, 500,000 granted at a price of \$0.50 per option, 500,000 at a price of \$0.60 per option and 300,000 options granted at a price of \$0.43 per option. Additionally, as the number of Common Shares reserved for issuance under the options is in excess of the number available under the Company's current rolling stock option plan, the Company has adopted a new fixed stock option plan to provide for the grant of the additional options. 650,000 options were granted under the Company's current rolling stock option plan and in accordance with the policies of the TSX Venture Exchange. The remaining 1,850,000 options were granted under the new fixed option plan that has been approved by the board of directors of the Company but remains subject to TSX Venture Exchange and shareholder approval. The grant of options under the new stock option plan contain provisions prohibiting their exercise until such time as the requisite shareholder and TSX Venture Exchange approval is obtained for the new stock option plan and the grant of option thereunder.

## NOTE 9– RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

For the three months ended March 31, 2015 and 2014, the Company recorded \$551,771 and \$175,010, respectively, in salaries and consulting costs to Officers of the Company. During the three months ended March 31, 2015, the Company paid \$352,917 in severance to a former officer of the Company. Subsequent to March 31, 2015, as a result of the departure of an officer, the Company paid severance of \$175,000.

A total of \$30,857 and \$153,258 in share-based payment expense was recognized in respect of options granted to Officers and Directors of the Company for the three months ended March 31, 2015 and 2014.

## NOTE 10 – LOSS PER SHARE

The following table details the weighted average number of outstanding common shares for the purposes of computing basic and diluted loss per common share for the three months ended March 31, 2015 and 2014.

	For the three months ended March 31,	
	2015	2014
Weighted average shares outstanding - basic	71,891,418	62,766,001
Dilutive effect of share options and warrants	-	-
Weighted average shares outstanding - diluted	71,891,418	62,766,001
Net loss	\$ (2,743,049)	\$ (1,021,745)
Net loss per share - basic	\$ (0.04)	\$ (0.02)
Net loss per share - diluted	\$ (0.04)	\$ (0.02)

As a result of the losses incurred, there is no dilutive effect of options and warrants.

## NOTE 11 – SEGMENTED INFORMATION

The Company operates in a single reportable operating segment, the acquisition, exploration for precious and base metals and other minerals. All of the Company's fixed assets and interest in exploration properties and exploration and evaluation expenditures are located in the USA.

	As at March 31, 2015	As at December 31, 2014
Total assets		
USA	\$ 8,813,733	\$ 8,703,488
Corporate	1,134,192	4,720,137
Total	\$ 9,947,925	\$ 13,423,625

	Three months ended March 31, 2015	2014
Net loss		
USA	\$ (2,035,139)	\$ (342,459)
Corporate	(707,910)	(679,286)
Total	\$ (2,743,049)	\$ (1,021,745)

## NOTE 12 – COMMITMENTS AND CONTINGENCIES

### *Compliance with laws and regulations*

The Company's exploration and evaluation activities are subject to various US and Canadian federal, provincial and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

### *Management Contracts*

As at March 31, 2015, the Company has entered into contracts with certain officers whereby upon the occurrence of a change of a control and a triggering event the Company is required to pay up to a maximum of 18 months' salary and a bonus equal to the bonus paid in the prior year. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements. The total that would have been owed to these officers in the event of a change of control and triggering event would be approximately \$0.5 million at March 31, 2015.

The Company has currently entered into management contracts whereby the Company is committed to pay a maximum of \$1.0 million in salaries or fees over a twelve month period.