

*Interim Consolidated Financial Statements of*

**NORTHERN VERTEX MINING CORP.**

**For the three and nine months ended March 31, 2015 and 2014**

# **Notice of No Auditor Review of Interim Financial Statements**

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

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

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

# NORTHERN VERTEX MINING CORP.

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# NORTHERN VERTEX MINING CORP.

## INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited - Expressed in Canadian Dollars  
(Exhibit 1)

	March 31, 2015	June 30, 2014
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 3,180,212	\$ 4,052,812
Trade and other receivables (Note 5)	38,040	136,180
Prepaid expenses and deposits	78,429	72,026
<b>Total current assets</b>	<b>3,296,681</b>	4,261,018
<b>Non-current assets</b>		
Reclamation deposits (Note 6)	13,945	776,240
Property, plant and equipment (Note 7)	1,159,403	1,232,351
Exploration and evaluation assets (Note 9)	21,809,074	16,655,641
Intangible assets (Note 10)	72,208	111,472
<b>Total assets</b>	<b>\$ 26,351,311</b>	\$ 23,036,722
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables (Note 11)	\$ 462,267	\$ 1,163,497
	462,267	1,163,497
<b>Non-current liabilities</b>		
Provision for reclamation and remediation (Note 12)	968,685	782,761
<b>Total liabilities</b>	<b>\$ 1,430,952</b>	\$ 1,946,258
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Exhibit 4 and Note 13)	21,484,748	19,354,771
Subscriptions received in advance (Exhibit 4 and Note 13a)	-	2,355,000
Contributed surplus (Exhibit 4 and Note 13)	16,029,624	14,487,236
Accumulated other comprehensive loss (Exhibit 4)	(2,630,546)	(154,115)
Deficit	(9,963,467)	(14,952,428)
<b>Total shareholders' equity</b>	<b>24,920,359</b>	21,090,464
<b>Total liabilities and shareholders' equity</b>	<b>\$ 26,351,311</b>	\$ 23,036,722

Nature of operations and going concern (Note 1)  
Commitments (Note 18)

Approved and authorized on behalf of the Board:

"Kenneth Berry"  
Director

"David Farrell"  
Director

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

# NORTHERN VERTEX MINING CORP.

## INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND LOSS

Unaudited - Expressed in Canadian Dollars  
(Exhibit 2)

	Three months ended March 31,		Nine months ended March 31,	
	2015	2014	2015	2014
<b>Administrative expenses</b>				
Depreciation	\$ 14,617	\$ 15,616	\$ 43,796	\$ 39,444
Management fees	30,000	35,990	30,000	108,011
Marketing and community relations	10,140	14,757	38,854	277,639
Office and miscellaneous	55,904	78,937	160,256	222,493
Professional fees	47,908	57,305	99,918	465,519
Property fees	-	19,919	20,664	285,418
Rent	10,827	13,728	32,073	58,368
Salaries, wages, benefits and subcontractor expenses	181,929	308,142	459,244	1,058,778
Share-based payments (Note 13c)	49,799	304,497	156,287	1,249,845
Transfer agent and filing fees	17,672	(13,319)	34,279	64,866
Tax on net proceeds from gold and silver sales	-	27,617	-	27,617
Travel, meetings and conferences	16,656	39,637	51,781	245,965
<b>Loss before other expenses</b>	<b>\$ 435,452</b>	<b>\$ 902,826</b>	<b>\$ 1,127,152</b>	<b>\$ 4,103,963</b>
<b>Other expenses (income)</b>				
Foreign exchange (gain) (Note 14)	(3,273,509)	(1,027,648)	(6,081,085)	(1,371,519)
Tax recovery on proceeds from gold and silver sales	-	-	(33,592)	-
Interest and other expense (income)	(8,067)	(6,727)	9,682	(46,928)
Deferred cash payment received (Note 8)	(795)	-	(11,118)	(7,578)
Loss on sale of fixed assets	-	12,030	-	12,030
	<b>\$ (3,282,371)</b>	<b>\$ (1,022,345)</b>	<b>\$ (6,116,113)</b>	<b>\$ (1,413,995)</b>
<b>Net (income) loss for the period</b>	<b>(2,846,919)</b>	<b>(119,519)</b>	<b>(4,988,961)</b>	<b>2,689,968</b>
<b>Deficit, beginning of the period</b>	<b>12,810,386</b>	<b>13,595,277</b>	<b>14,952,428</b>	<b>10,785,790</b>
<b>Deficit, end of the period</b>	<b>\$ 9,963,467</b>	<b>\$ 13,475,758</b>	<b>\$ 9,963,467</b>	<b>\$ 13,475,758</b>
<b>Basic and diluted (income) loss per share</b>	<b>\$ (0.039)</b>	<b>\$ (0.002)</b>	<b>\$ (0.069)</b>	<b>\$ 0.049</b>
<b>Weighted average number of shares outstanding</b>	<b>72,941,446</b>	<b>57,799,348</b>	<b>72,659,963</b>	<b>55,323,631</b>

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

# NORTHERN VERTEX MINING CORP.

## INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Unaudited - Expressed in Canadian Dollars  
(Exhibit 3)

	Three months ended March 31,		Nine months ended March 31,	
	2015	2014	2015	2014
<b>Net (income) loss for the period</b>	<b>\$ (2,846,919)</b>	<b>\$ (119,519)</b>	<b>\$ (4,988,961)</b>	<b>\$ 2,689,968</b>
<b>Item which may be reclassified subsequently to (profit) or loss</b>				
Unrealized foreign currency translation differences of foreign operations	<b>1,373,890</b>	243,828	<b>2,476,431</b>	465,879
<b>Comprehensive (income) loss for the period</b>	<b>\$ (1,473,029)</b>	<b>\$ 124,309</b>	<b>\$ (2,512,530)</b>	<b>\$ 3,155,847</b>

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

# NORTHERN VERTEX MINING CORP.

## INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Unaudited - Expressed in Canadian Dollars  
(Exhibit 4)

	Number of Shares	Share Capital	Subscriptions Received in Advance	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Equity
<b>Balance, June 30, 2013</b>	<b>52,563,348</b>	<b>\$ 17,767,414</b>	<b>\$ -</b>	<b>\$ 11,489,992</b>	<b>\$ (26,700)</b>	<b>\$ (10,785,790)</b>	<b>\$ 18,444,916</b>
Shares issued for cash, net of issuance costs	5,236,000	2,493,339	-	675,662	-	-	3,169,001
Warrant expiration date amendment	-	(930,320)	-	930,320	-	-	-
Share-based payments	-	-	-	1,249,845	-	-	1,249,845
Foreign currency translation differences of foreign operations	-	-	-	-	(465,879)	-	(465,879)
Net (loss) for the nine months	-	-	-	-	-	(2,689,968)	(2,689,968)
<b>Balance, March 31, 2014</b>	<b>57,799,348</b>	<b>\$ 19,330,433</b>	<b>-</b>	<b>\$ 14,345,819</b>	<b>\$ (492,579)</b>	<b>\$ (13,475,758)</b>	<b>\$ 19,707,915</b>
<b>Balance, June 30, 2014</b>	<b>57,899,348</b>	<b>\$ 19,354,771</b>	<b>\$ 2,355,000</b>	<b>\$ 14,487,236</b>	<b>\$ (154,115)</b>	<b>\$ (14,952,428)</b>	<b>\$ 21,090,464</b>
Shares issued for cash, net of issuance costs	15,042,098	(142,127)	-	1,303,205	-	-	1,161,078
Subscriptions receipt in advance (Note 13a)	-	2,355,000	(2,355,000)	-	-	-	-
Warrant expiration date amendment	-	(82,896)	-	82,896	-	-	-
Share-based payments	-	-	-	156,287	-	-	156,287
Foreign currency translation differences of foreign operations	-	-	-	-	(2,476,431)	-	(2,476,431)
Net income for the nine months	-	-	-	-	-	4,988,961	4,988,961
<b>Balance, March 31, 2015</b>	<b>72,941,446</b>	<b>\$ 21,484,748</b>	<b>\$ -</b>	<b>\$ 16,029,624</b>	<b>\$ (2,630,546)</b>	<b>\$ (9,963,467)</b>	<b>\$ 24,920,359</b>

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

# NORTHERN VERTEX MINING CORP.

## INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited - Expressed in Canadian Dollars  
(Exhibit 5)

	Three months ended March 31,		Nine months ended March 31,	
	2015	2014	2015	2014
<b>Cash flows from operating activities</b>				
Net income (loss) for the period	\$ 2,846,919	\$ 119,519	\$ 4,988,961	\$ (2,689,968)
Items not affecting cash:				
Share-based payments (Note 13c)	49,799	304,497	156,287	1,249,845
Loss on disposal of fixed assets	-	12,030	-	11,599
Depreciation and amortization	14,617	15,616	43,796	39,444
Unrealized foreign exchange (gain)	(3,267,805)	(1,031,083)	(5,959,513)	(1,378,890)
Changes in non-cash working capital balances:				
Trade and other receivables	(14,077)	630	105,232	17,872
Prepaid expenses and deposits	7,703	45,362	(119)	137,242
Trade and other payables	(24,802)	169,609	(817,484)	198,413
<b>Cash used in operating activities</b>	\$ (387,646)	\$ (363,820)	\$ (1,482,840)	\$ (2,414,443)
<b>Cash flows from financing activities</b>				
Proceeds from issuance of share capital, net of issuance costs	\$ (487)	\$ -	\$ 3,508,416	\$ 3,169,001
Subscriptions received in advance (Note 13a)	-	-	(2,355,000)	-
<b>Cash provided by (used in) financing activities</b>	\$ (487)	\$ -	\$ 1,153,416	\$ 3,169,001
<b>Cash flows from investing activities</b>				
Exploration and evaluation expenditures	\$ (572,370)	\$ (3,561,436)	\$ (2,425,109)	\$ (8,364,468)
Redemption of reclamation deposits, before interest	-	-	827,815	-
Exploration and evaluation proceeds	55,780	2,302,089	851,800	4,451,732
Proceeds from sale of property, plant and equipment	-	53,785	-	51,855
Purchase of property, plant and equipment	-	(31,340)	-	(2,110,566)
Purchase of intangible assets	-	-	(2,425)	(33,903)
Proceeds from deferred cash payments (Note 8)	795	-	65,800	-
<b>Cash used in investing activities</b>	\$ (515,795)	\$ (1,236,902)	\$ (682,119)	\$ (6,005,350)
<b>Effect of foreign exchange rate changes on cash and cash equivalents</b>	106,274	101,401	138,943	159,050
<b>Increase (decrease) in cash and cash equivalents during the period</b>	(797,654)	(1,499,321)	(872,600)	(5,091,742)
<b>Cash and cash equivalents, beginning of the period</b>	3,977,866	4,180,191	4,052,812	7,772,612
<b>Cash and cash equivalents, end of the period</b>	\$ 3,180,212	\$ 2,680,870	\$ 3,180,212	\$ 2,680,870
<b>Cash and cash equivalents consists of:</b>				
Cash on deposit	3,180,212	2,680,870	3,180,212	2,680,870
	\$ 3,180,212	\$ 2,680,870	\$ 3,180,212	\$ 2,680,870

Supplemental disclosure of non-cash activities (Note 16)

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



**NORTHERN VERTEX MINING CORP.**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Three and Nine Months Ended March 31, 2015 and 2014**  
(Unaudited - All dollar amounts expressed in Canadian dollars unless otherwise noted)

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**1 Nature of operations and going concern**

*Nature of operations*

Northern Vertex Mining Corp. (the "Company") is a resident Canadian mineral exploration and development company incorporated under the Business Corporations Act (British Columbia). The address of the Company's registered office is 1820 – 1055 West Hastings St. Vancouver, British Columbia, Canada.

The Company's principal business is to acquire, explore and develop mineral properties principally located in the United States and Canada with the mandate of identifying mineralized deposits that demonstrate near-term production potential and long-term sustainable growth.

The Company's primary project is the Moss gold-silver deposit (the "Moss Mine") located in Mohave County, Arizona. The Company is focused on advancing the Moss Mine, primarily the completion of the feasibility study necessary to earn the Company's interest in the project (Note 9).

*Going concern*

These interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. There are conditions and events, which constitute material uncertainties that may cast significant doubt on the validity of this assumption.

The Company has experienced operating losses and negative operating cash flows since inception and has no assurances that sufficient financing will be available to continue in operation for the foreseeable future. Ongoing operations are dependent on the Company's ability to: obtain public equity financing by the issuance of share capital, generate profitable operations in the future, or secure debt financing.

During the nine months ended March 31, 2015, Phase I - Pilot Plant Operations at the Moss Mine concluded and the heap leach pad operation began its transition into shutdown mode, as planned. As of March 31, 2015, the Company had recorded sales from the pilot plant of US\$5.5 million (before royalties and selling costs) from 4,065 ounces of gold and 19,421 ounces of silver with an average selling price for gold and silver of US\$1,259.31 and US\$19.68, respectively. Working capital, as at March 31, 2015, was \$2.8 million.

During the nine months ended March 31, 2015 and the year ended June 30, 2014, the Company was able to raise net proceeds in excess of \$3.5 million and \$3.2 million, respectively, from private placements. To continue development at the Moss Mine, the Company will require additional financing. While the Company has been successful at raising funds in the past, there can be no assurance that it will be able to do so in the future.

These interim consolidated financial statements do not reflect any adjustments, which could be material, to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

**NORTHERN VERTEX MINING CORP.**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Three and Nine Months Ended March 31, 2015 and 2014**  
(Unaudited - All dollar amounts expressed in Canadian dollars unless otherwise noted)

**1 Nature of operations and going concern** (continued)

As of March 31, 2015 and June 30, 2014 the Company had the following working capital and deficit balances:

	<b>March 31, 2015</b>	June 30, 2014
Working capital	\$ <b>2,834,414</b>	\$ 3,097,521
Deficit	<b>(9,963,467)</b>	(14,952,428)

**2 Basis of preparation**

The interim consolidated financial statements of the Company for the three and nine months ended March 31, 2015 and 2014 have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively, "IFRS") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB").

These interim consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on May 29, 2015.

**3 Significant accounting policies**

The principal accounting policies applied in the preparation of these interim consolidated financial statements are consistent with the accounting policies disclosed in Notes 2 and 3 of the audited consolidated financial statements for the year ended June 30, 2014. These interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended June 30, 2014.

**Foreign currency translation**

*Functional and presentation currency*

Transactions included in the accounts of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the parent company and the Company's presentation currency.

*Transactions and balances*

Transactions denominated in foreign currencies are translated into the relevant functional currency using the exchange rates prevailing at the dates of the transactions. The functional currency of the Company's subsidiaries is the US dollar. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of operations and loss.

*Translation of subsidiary results into the presentation currency*

The operating results and statements of financial position of each of the Company's subsidiaries with functional currencies different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities presented are translated at the period-end closing rate as at the date of the statements of financial position;
- Income and expenses for the statements of operations and loss are translated at average exchange rates, unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the rate on the dates of the transactions; and
- All resulting exchange differences are recognized in a separate component of shareholders' equity as other comprehensive income (loss).

**NORTHERN VERTEX MINING CORP.**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Three and Nine Months Ended March 31, 2015 and 2014**  
(Unaudited - All dollar amounts expressed in Canadian dollars unless otherwise noted)

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**3 Significant accounting policies (continued)**

**Basis of consolidation**

*Subsidiaries*

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Company, until the date on which control ceases. These interim consolidated financial statements include the accounts of two wholly-owned subsidiaries, Golden Vertex Corp. and Golden Vertex (Idaho) Corp., both incorporated in the United States. All inter-company transactions have been eliminated for consolidation purposes.

**Exploration and evaluation assets**

Exploration and evaluation assets represent properties on which the Company is conducting exploration to determine whether significant mineralization exists or for which the Company has identified a mineral resource of such quantity and grade or quality that it has reasonable prospects for economic extraction. All costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on an area of interest are expensed as incurred. Once the legal right to explore has been obtained, exploration expenditures are capitalized in respect of each identifiable area of interest until a technical feasibility study has been completed and the commercial viability of extracting a mineral resource is demonstrable. Proceeds from gold and silver sales, net of royalties, during the exploration and evaluation phase are offset against costs capitalized while production is directly attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management. Evaluation expenditures include the costs of drilling, sampling and other costs related to defining and delineating the mineral deposit. Exploration and evaluation assets are carried at historical cost, less any impairment, if applicable.

When commercial viability of extracting a mineral resource is demonstrable for an area of interest, the Company stops capitalizing exploration and evaluation costs for that area, tests for impairment and reclassifies any unimpaired exploration and evaluation assets to property, plant and equipment. Demonstration of commercial viability generally is considered to have occurred with estimated positive future cash flows based on proven and probable reserves, the securing of all necessary legal, governmental, environmental and operational permits and agreements, and the approval by the Board of Directors to proceed with development of a project.

**Adoption of new accounting standards**

The following new IFRS pronouncement was applied effective July 1, 2014:

- i) IFRIC 21, *Levies*, establishes that the obligating event that gives rise to a liability to pay a levy imposed by a government, is the activity described in the relevant legislation that triggers the payment of the levy. This IFRIC interpretation had no impact on the Company's interim consolidated financial statements.

**Future accounting policy changes issued but not yet in effect**

Pronouncements that are not applicable or that do not have a significant impact to the Company have not been included in these interim consolidated financial statements.

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments* ("IFRS 9") that replaces IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety and reduce the complexity in the classification and measurement of financial instruments. The completed version of IFRS 9 includes classification and measurement, impairment and hedge accounting requirements and is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company is currently evaluating the impact of the standard on its interim consolidated financial statements.

**NORTHERN VERTEX MINING CORP.**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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(Unaudited - All dollar amounts expressed in Canadian dollars unless otherwise noted)

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**3 Significant accounting policies (continued)**

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts and Customers* ("IFRS 15") that will replace IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and related interpretations. IFRS 15 establishes a single five-step model to be applied for all contracts with customers. The standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company is currently reviewing the standard to determine the expected impact on its interim consolidated financial statements.

**4 Significant accounting estimates and judgments**

The preparation of the interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying note disclosures. Judgments, estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. By their nature, these judgments, estimates and assumptions are subject to uncertainty and the effect on the consolidated financial statements of future periods for changes in such factors could be significant. Actual results may differ from these judgments, estimates and assumptions.

Significant estimates used in the preparation of the interim consolidated financial statements include, but are not limited to:

- asset carrying values and impairment charges;
- the economic recoverability of exploration expenditures incurred and the probability of future economic benefits from the expenditures;
- the expected costs of reclamation and remediation;
- the calculation of share-based compensation, which includes the assumptions used in the Black-Scholes option pricing model such as volatility, estimated forfeiture rates and expected time until exercise;
- useful life of property, plant and equipment; and
- deferred cash payments.

The key sources of estimation uncertainty that have a significant risk of causing material adjustments to the amounts recognized in the interim consolidated financial statements are as follows:

i) Exploration and evaluation assets

The Company makes certain estimates and assumptions regarding the recoverability of the carrying values of exploration and evaluation assets. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. The recoverability of the assets' carrying values is dependent upon the determination of economically recoverable reserves, the ability of the Company to obtain the necessary financing and permits to complete development and future profitable production or proceeds from the disposition thereof.

The Company has taken steps to verify title to exploration and evaluation assets in which it has or is in the process of earning an interest, including review of condition of title reports, vesting deeds, mining claim location notices and filings, and property tax and other public records and is not presently aware of any title defects. The procedures the Company has undertaken and may undertake in the future to verify title provide no assurance that the underlying properties are not subject to prior agreements or transfers of which the Company is unaware.

**NORTHERN VERTEX MINING CORP.**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Three and Nine Months Ended March 31, 2015 and 2014**  
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**4 Significant accounting estimates and judgments (continued)**

ii) Share-based payments

The Company has an incentive stock option plan for directors, officers, employees and consultants. Services received and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non-market vesting conditions. The Company also issues share purchase warrants in connection with certain equity financings. The fair value of share options and share purchase warrants is estimated by using the Black-Scholes valuation model on the date of stock option grant or date of warrant issuance based on certain assumptions. Those assumptions are described in Notes 13(c) and 13(d) and include, among others, expected volatility, expected life and number expected to vest.

iii) Provision for reclamation and remediation

The amounts recorded for reclamation and remediation provisions are based on a number of factors, including technical reports prepared by third-party specialists for anticipated remediation activities and costs, the expected timing of cash flows, anticipated inflation rates and the pre-tax risk-free interest rate on which the estimated cash flows have been discounted. Actual results could differ from these estimates. The estimates require considerable judgment about the nature, cost and timing of the work to be completed and may change with future changes to costs, environmental laws and regulations and remediation practices.

iv) Useful life of property, plant and equipment

The useful life of property, plant and equipment and intangible assets is based on management estimates at the time of acquisition with information obtained from vendors and engineer guidance, where required. Management estimates may change due to technological developments, market conditions, expectation for replacement of assets and other factors. The Company depreciates assets on a straight-line basis, over the useful life of the asset to the extent that the useful life does not exceed the estimated life of the mine. Estimates of residual values, useful lives and depreciation methods are reviewed periodically by management. Any changes that arise from periodic reviews are accounted for and adjusted prospectively.

v) Receipt of deferred cash payments

The potential proceeds to be received based on exploration expenditures incurred at the Lemhi Gold Property, which are indeterminable.

Significant judgments used in the preparation of these interim financial statements include, but are not limited to:

- those relating to the assessment of the Company's ability to continue as a going concern;
- the determination of functional currency, as the Canadian dollar for the parent company and the US dollar for the wholly owned subsidiaries; and
- the determination that the test-mining, heap leach processing, and gold and silver recovery methods employed during Phase I – Pilot Plant Operations represents a continuation of the Company's ongoing property evaluation activities.

**NORTHERN VERTEX MINING CORP.**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Three and Nine Months Ended March 31, 2015 and 2014**  
(Unaudited - All dollar amounts expressed in Canadian dollars unless otherwise noted)

**5 Trade and other receivables**

	<b>March 31, 2015</b>	June 30, 2014
Trade accounts receivable	\$ -	\$ 77,803
Value-added taxes receivable	<b>9,379</b>	8,406
Other	<b>28,661</b>	49,971
<b>Total trade and other receivables</b>	<b>\$ 38,040</b>	\$ 136,180

The Company expects full recovery of trade accounts receivable, accrued receivables and value-added taxes receivable and consequently has not recorded any allowance against these receivables. At March 31, 2015, there were no receivables past due, all amounts included in other receivables were due to timing discrepancies and expected to be collected within one year. The Company did not hold any collateral for amounts due. Credit risk is further discussed in Note 19(a).

While the Company is in the exploration and evaluation phase, proceeds, net of royalties, are being recorded as recoveries against the associated exploration and evaluation assets (Note 9).

**6 Reclamation deposits**

	<b>March 31, 2015</b>	June 30, 2014
Refundable reclamation deposits	\$ <b>13,945</b>	\$ 11,747
Reclamation deposits <sup>1</sup>	-	764,493
<b>Total reclamation deposits</b>	<b>\$ 13,945</b>	\$ 776,240

Reclamation deposits consist of cash deposited with the United States Department of the Interior, Bureau of Land Management and certain financial institutions as required by the Arizona Department of Environmental Quality ("ADEQ") and the Arizona State Mine Inspector's office ("ASMI") for estimated reclamation and post-closure costs relating to the Company's Moss Mine.

<sup>1</sup> With the consent of the ADEQ and the ASMI, the Company redeemed its reclamation deposits (US\$716,500) held by a US-chartered commercial bank during the nine months ended March 31, 2015. The Company subsequently purchased two surety bonds with Lexon Insurance Company to assure the reclamation obligation with both the ADEQ and the ASMI.

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**7 Property, plant and equipment**

Property, plant and equipment changes for the nine months ended March 31, 2015 and the year ended June 30, 2014 were as follows:

	Buildings	Vehicles	Machinery and plant equipment	Computer equipment	Furniture and fixtures	Leasehold improvements	Total
<b>Net book value at June 30, 2014</b>	<b>\$ 66,910</b>	<b>\$ 109,128</b>	<b>\$ 958,544</b>	<b>\$ 11,093</b>	<b>\$ 28,961</b>	<b>\$ 57,715</b>	<b>\$ 1,232,351</b>
Additions	-	-	-	-	-	-	-
Depreciation	(14,371)	(25,881)	(228,356)	(5,727)	(6,707)	(11,299)	(292,341)
Impact of foreign exchange	12,517	20,414	179,311	1,369	4,239	1,543	219,393
<b>Net book value at March 31, 2015</b>	<b>\$ 65,056</b>	<b>\$ 103,661</b>	<b>\$ 909,499</b>	<b>\$ 6,735</b>	<b>\$ 26,493</b>	<b>\$ 47,959</b>	<b>\$ 1,159,403</b>
<b>Consisting of:</b>							
Cost	95,536	172,415	1,442,382	23,499	41,915	72,561	1,848,308
Accumulated depreciation	(30,480)	(68,754)	(532,883)	(16,764)	(15,422)	(24,602)	(688,905)
	<b>\$ 65,056</b>	<b>\$ 103,661</b>	<b>\$ 909,499</b>	<b>\$ 6,735</b>	<b>\$ 26,493</b>	<b>\$ 47,959</b>	<b>\$ 1,159,403</b>

  

<b>Net book value at June 30, 2013</b>	<b>\$ 19,806</b>	<b>\$ 188,603</b>	<b>\$ 94,443</b>	<b>\$ 16,502</b>	<b>\$ 18,693</b>	<b>\$ 2,121</b>	<b>\$ 340,168</b>
Additions	60,220	18,458	1,118,780	1,465	17,440	67,804	1,284,167
Disposal & write-down	-	(73,090)	(1,640)	-	-	-	(74,730)
Depreciation	(13,401)	(27,569)	(254,403)	(7,032)	(7,402)	(12,210)	(322,017)
Impact of foreign exchange	285	2,726	1,364	158	230	-	4,763
<b>Net book value at June 30, 2014</b>	<b>\$ 66,910</b>	<b>\$ 109,128</b>	<b>\$ 958,544</b>	<b>\$ 11,093</b>	<b>\$ 28,961</b>	<b>\$ 57,715</b>	<b>\$ 1,232,351</b>
<b>Consisting of:</b>							
Cost	80,480	145,245	1,215,081	21,104	36,524	70,632	1,569,066
Accumulated depreciation	(13,570)	(36,117)	(256,537)	(10,011)	(7,563)	(12,917)	(336,715)
	<b>\$ 66,910</b>	<b>\$ 109,128</b>	<b>\$ 958,544</b>	<b>\$ 11,093</b>	<b>\$ 28,961</b>	<b>\$ 57,715</b>	<b>\$ 1,232,351</b>

**8 Investment in joint venture**

On February 12, 2013, the Company completed the sale of its 51% interest in the Lemhi Gold Trust, LLC ("Lemhi JV LLC") to Idaho State Gold Company, LLC ("ISGC," a private Idaho investment company). Pursuant to the sale, deferred cash payments, equal to 3% of all future expenditures at the Lemhi Gold Property by the purchaser, are payable to the Company in quarterly installments and capped at US\$2.90 million.

During the nine months ended March 31, 2015, the Company recorded \$11,118 as part of the deferred cash payments from ISGC. During the year ended, June 30, 2014, the Company recorded \$58,650 from ISGC as part of the deferred cash payments and total payments received to date was \$69,768. Because of the uncertainty regarding the collectability of the deferred cash payments, payments will be recorded as income when received.

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**9 Exploration and evaluation assets**

Changes in exploration and evaluation assets for the nine months ended March 31, 2015 and the year ended June 30, 2014 were as follows:

	<b>Moss Mine</b>		<b>Silver Creek Property</b>	<b>Total</b>
<b>Net book value at June 30, 2014</b>	<b>\$</b>	<b>16,618,124</b>	<b>\$ 37,517</b>	<b>\$ 16,655,641</b>
Additions (net of recoveries)		1,878,207	65,006	<b>1,943,213</b>
Impact of foreign exchange		3,203,933	6,287	<b>3,210,220</b>
<b>Net book value at March 31, 2015</b>	<b>\$</b>	<b>21,700,264</b>	<b>\$ 108,810</b>	<b>\$ 21,809,074</b>
<b>Net book value at June 30, 2013</b>				
	<b>\$</b>	<b>11,915,070</b>	<b>\$ -</b>	<b>\$ 11,915,070</b>
Additions (net of recoveries)		4,195,343	37,517	<b>4,232,860</b>
Recognition of remaining reclamation provision		348,118	-	<b>348,118</b>
Impact of foreign exchange		159,593	-	<b>159,593</b>
<b>Net book value at June 30, 2014</b>	<b>\$</b>	<b>16,618,124</b>	<b>\$ 37,517</b>	<b>\$ 16,655,641</b>

**Moss Mine** – Mohave County, Arizona

The Company entered into an Exploration and Option to Enter Joint Venture Agreement Moss Mine Project ("2011 Agreement") with Patriot Gold Corp. ("Patriot Gold") effective March 7, 2011, whereby the Company was granted the right to earn a 70% interest in the Moss Gold-Silver Project (the "Moss Mine") located in Mohave County, Arizona. To fulfill the terms of the 2011 Agreement and thereby earn its interest, the Company, who paid Patriot Gold US\$500,000 upon execution of the agreement, must spend an aggregate total of US\$8 million over five years as well as complete a bankable feasibility study ("BFS"). As of June 30, 2014, the Company had spent in excess of US\$8 million, thereby satisfying the "earn-in" obligation excluding the BFS. The Company expects to deliver the BFS towards the end of the second quarter of the 2015 calendar year. Subsequent to the Company's "earn-in", financing of further work on the property will be on a proportional basis under the direction of a management committee with voting rights proportional to ownership percentage and decisions based on a majority vote. If either party does not contribute their proportional share on future work programs, their interest will be diluted according to an agreed formula, and if either party's interest is diluted to less than 10%, that interest will be converted to a 3% net smelter returns ("NSR") royalty.

The Company pays a 3% finder's fee on exploration expenditures, in quarterly installments, to a non-related party. On commercial production, a fee of up to US\$15 per troy ounce of gold produced and up to US\$0.35 per troy ounce of silver produced is payable to this non-related party. The fee can be purchased by the Company for US\$2.4 million. For the nine months ended March 31, 2015, the Company recorded \$20,664 (2014: \$285,418) in the interim consolidation statements of operations and loss for finder's fees.

The mineral property on which the Company's pilot plant activities are currently taking place is subject to a 1% NSR royalty arrangement. The royalty obligation is recognized when the Company receives payment on the sale of gold and silver produced from the Moss Mine.



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**9 Exploration and evaluation assets (continued)**

**Moss Mine – Mohave County, Arizona**

Exploration and evaluation costs at the Moss Mine totalled \$21,700,264 at March 31, 2015 (June 30, 2014: \$16,618,124) and consisted of the following:

	<b>March 31, 2015</b>	June 30, 2014
Assay, surveys and analysis	\$ 820,970	\$ 675,232
Depreciation and accretion	713,179	344,251
Drafting	50,816	42,808
Engineering and technical services	16,220,642	12,590,953
Exploration drilling, blasting and hauling	4,995,104	4,207,939
Feasibility studies	852,408	7,233
Field expenses	567,474	466,097
Geographic information services	331,918	243,143
Geotechnical	115,483	94,056
Maintenance	489,685	342,346
Office and administration costs	833,318	569,122
Process inventory	428,036	279,299
Property acquisition costs	633,300	486,450
Prospecting	35,705	17,956
Provision for reclamation and remediation	943,499	771,690
Scoping studies	223,293	188,105
Surveying	57,388	48,345
Technical reports	99,254	83,613
Total Moss Mine exploration and evaluation expenditures	28,411,472	21,458,638
Proceeds from gold and silver sales <sup>1</sup>	(6,711,208)	(4,840,514)
<b>Moss Mine exploration and evaluation expenditures</b>	<b>\$ 21,700,264</b>	<b>\$ 16,618,124</b>

<sup>1</sup> Net of royalties and selling costs

*Arbitration*

The Company announced on January 26, 2015, that it had received a notice of arbitration from Patriot Gold regarding two matters pertaining to the 2011 Agreement.

The first matter is a claim by Patriot Gold that some part of the gold and silver sales from the 2013 pilot plant recovery test program constitutes "net operating profit" and so accrues to Patriot Gold under the exploration and option agreement. The second matter is a dispute about the scope of the BFS as that (non-NI 43-101 compliant) term is specifically used in the exploration and option agreement. That agreement was assigned to the Company in 2011 by the US entity which previously held the "earn-in" rights. The Company is required to deliver the BFS by March 2016 in order to complete its "earn-in" requirements.

It is the Company's belief that the two matters are without merit and will be vigorously defended.

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**9 Exploration and evaluation assets (continued)**

**Silver Creek Property** – Mohave County, Arizona

On May 7, 2014 (the "Effective Date"), the Company secured a lease and option on the Silver Creek property, located adjacent to the Moss Mine with La Cuesta International, Inc. ("LCI"). To fulfill the terms of the 35 year mineral lease and option agreement, the Company, who paid LCI US\$5,000 and issued 100,000 common shares of the Company upon execution of the agreement, must also meet the following commitments:

- i. Pay LCI US\$10,000 cash and fund a minimum of US\$15,000 on work commitments by the first anniversary of the Effective Date;
- ii. Pay LCI US\$20,000 cash and fund a minimum of US\$20,000 on work commitments by the second anniversary of the Effective Date;
- iii. Pay LCI US\$30,000 cash and fund a minimum of US\$200,000 on work commitments by the third anniversary of the Effective Date;
- iv. Pay LCI US\$45,000 cash by the fourth anniversary of the Effective Date; and
- v. Pay LCI US\$25,000 cash every six months, thereafter.

The agreement provides for a production royalty of 1.5% NSR on claims owned 100% by LCI and 0.5% NSR on third party claims within the claim block. To acquire the claims, the Company is required to make payments to LCI totalling US\$4 million in any combination of aggregate royalty and lump-sum payments at its sole discretion. All payments other than the work commitments are credited against the royalty. Once US\$4 million has been paid, the NSR rates, on claims not otherwise acquired, reduce by 50%.

The Company has paid LCI US\$10,000 for the nine month ended March 31, 2015 in cash payments and has fulfilled its minimum work commitment for Year 1.

**Silver Creek Property** – Mohave County, Arizona

	<b>March 31, 2015</b>	June 30, 2014
Assay, surveys and analysis	\$ 8,504	\$ -
Field expenses	482	-
Geographic information services	4,855	-
Geological mapping and database consulting	1,833	-
Maintenance	37,371	-
Property acquisition costs	50,137	37,517
Prospecting	5,628	-
<b>Silver Creek Property exploration and evaluation expenditures</b>	<b>\$ 108,810</b>	<b>\$ 37,517</b>

**Summary of Total Exploration and Evaluation Assets**

	<b>March 31, 2015</b>	June 30, 2014
Total Moss Mine	\$ 21,700,264	\$ 16,618,124
Total Silver Creek Property	108,810	37,517
<b>Total exploration and evaluation assets</b>	<b>\$ 21,809,074</b>	<b>\$ 16,655,641</b>

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**10 Intangible assets**

Changes in intangible assets for the nine months ended March 31, 2015 and the year ended June 30, 2014 were as follows:

		<b>Computer Software</b>
<b>Net book value at June 30, 2014</b>	<b>\$</b>	<b>111,472</b>
Additions		2,425
Depreciation		(46,992)
Impact of foreign exchange		5,303
<b>Net book value at March 31, 2015</b>	<b>\$</b>	<b>72,208</b>
<b>Consisting of:</b>		
Cost		180,218
Accumulated depreciation		(108,010)
	<b>\$</b>	<b>72,208</b>
<b>Net book value at June 30, 2013</b>	<b>\$</b>	<b>122,000</b>
Additions		43,894
Depreciation		(55,028)
Impact of foreign exchange		606
<b>Net book value at June 30, 2014</b>	<b>\$</b>	<b>111,472</b>
<b>Consisting of:</b>		
Cost		169,811
Accumulated depreciation		(58,339)
	<b>\$</b>	<b>111,472</b>

**11 Trade and other payables**

	<b>March 31, 2015</b>	June 30, 2014
Trade accounts payable	<b>\$ 372,427</b>	\$ 420,673
Accrued liabilities	<b>89,840</b>	742,824
<b>Total trade and other payables</b>	<b>\$ 462,267</b>	\$ 1,163,497

**12 Provision for reclamation and remediation**

	<b>March 31, 2015</b>	June 30, 2014
Balance, beginning of year	<b>\$ 782,761</b>	\$ 417,537
Recognition of remaining provision	<b>27,452</b>	348,118
Accretion	<b>12,044</b>	11,072
Impact of foreign exchange	<b>146,428</b>	6,034
<b>Balance, end of period</b>	<b>\$ 968,685</b>	\$ 782,761

The Company's provision for reclamation and remediation relates to the environmental restoration and closure costs associated with the Moss Mine. The provision has been recorded at its net present value using a discount rate of 1.54% and a long-term inflation rate of 2%, with expenditures anticipated over a ten-year period beginning in 2020. The provision is re-measured at each reporting date, with accretion being charged to the associated exploration and evaluation asset. The total undiscounted amount of the Company's estimated obligation for its Phase I operation at the Moss Mine is US\$855,349, of which the Company estimated US\$460,565 had been incurred at June 30, 2013 and the remainder had been incurred in the three months ended September 30, 2013. All assumptions used in the calculation of the reclamation and remediation provision are subject to change.

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**13 Share capital and contributed surplus**

**a) Share Capital**

Authorized capital consists of an unlimited number of common shares without par value. At March 31, 2015, there were 72,941,446 (June 30, 2014: 57,899,348) common shares issued and fully paid, and no common shares held in escrow.

Private placements completed during the nine months ended March 31, 2015 and the year ended June 30, 2014 were as follows:

- During the nine months ended March 31, 2015, the Company completed a non-brokered private placement ("Private Placement") for total gross proceeds of \$3,760,525 by issuing an aggregate total of 15,042,098 units (each "Unit") at a purchase price of \$0.25 per Unit. Each Unit consists of one common share ("Common Share") of the Company and one-half transferable share purchase warrant ("Warrant"). Each whole Warrant will entitle the holder to acquire one Common Share at an exercise price of \$0.50 for a period of 24 months. The Private Placement was completed in two tranches with the first tranche of warrants expiring on July 3, 2016 and the second tranche expiring July 11, 2016. The Company paid total cash finders' fees of \$216,475 and share issuance costs of \$35,634. During the year ended June 30, 2014, the Company had received subscriptions in advance for proceeds of \$2,355,000 related to this private placement. On June 20, 2014, the Company issued 100,000 common shares in respect of the Silver Creek mineral lease and option agreement. The fair value of shares were measured at \$32,000.
- On September 25, 2013, the Company issued 5,236,000 units at \$0.65 per unit for total gross proceeds of \$3,403,400. Each unit consisted of one common share and one-half of a share purchase warrant. One whole warrant is exercisable into an additional common share for \$0.90 per share expiring March 25, 2015. The Company paid finders' fees of \$209,180 and share issuance costs of \$25,219 in connection with this financing.

**b) Stock Options**

The Company has adopted an incentive stock option plan under the rules of the TSX Venture Exchange ("TSXV") pursuant to which it is authorized to grant options to executive officers, directors, employees and consultants, enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option is equal to the market price of the Company's shares on the date of grant. The options can be granted for a maximum term of 10 years and generally vest 25% in specified increments. No individual may be granted options exceeding 5% of the Company's common shares outstanding in any 12-month period.

Continuity of the Company's stock options issued and outstanding for the nine months ended March 31, 2015 and the year ended June 30, 2014 was as follows:

	<b>March 31, 2015</b>		<b>June 30, 2014</b>	
	<b>Number of options</b>	<b>Weighted average exercise price</b>	<b>Number of options</b>	<b>Weighted average exercise price</b>
Outstanding, beginning of year	4,895,000	1.06	4,273,000	1.17
Granted	2,350,000	0.25	1,435,000	0.65
Forfeited /cancelled	(100,000)	0.65	(813,000)	0.91
<b>Outstanding, end of period</b>	<b>7,145,000</b>	<b>0.80</b>	<b>4,895,000</b>	<b>1.06</b>

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**13 Share capital and contributed surplus** (continued)

On February 24, 2015, the Company granted 2,250,000 stock options to 19 employees, consultants, directors and officers with an exercise price of \$0.25 and an expiry date of February 24, 2020.

On July 28, 2014, the Company granted 100,000 stock options to an officer, who is also a director of the Company, with an exercise price of \$0.30 and an expiry date of July 28, 2019.

As at March 31, 2015, the following stock options were outstanding and exercisable:

	<b>Exercise price</b>	<b>Number of options outstanding</b>	<b>Expiry date</b>	<b>Number of options exercisable</b>	<b>Remaining contractual life (years)</b>
\$	0.45	560,000	November 13, 2015	560,000	0.62
	1.00	200,000	May 17, 2016	200,000	1.13
	1.30	200,000	December 12, 2016	200,000	1.70
	1.40	2,200,000	November 11, 2017	2,200,000	2.62
	1.40	200,000	January 21, 2018	200,000	2.81
	1.40	100,000	February 1, 2018	100,000	2.84
	0.85	200,000	June 6, 2018	200,000	3.19
	0.65	1,135,000	September 25, 2018	1,135,000	3.49
	0.30	100,000	July 28, 2019	50,000	4.33
	0.25	2,250,000	February 24, 2020	-	4.91
		<b>7,145,000</b>		<b>4,845,000</b>	

The weighted-average remaining contractual life of options outstanding at March 31, 2015 was 3.30 years (June 30, 2014: 3.30 years).

**c) Share-based payment expense**

Share-based payment expense is measured at fair value and recognized over the vesting period from the date of grant. Share-based payment expense recognized in the interim consolidated statements of operations and loss for the nine months ended March 31, 2015 totalled \$156,287 (2014: \$1,249,845). The weighted-average grant-date fair value of stock options issued during the nine months ended March 31, 2015 was \$0.10 (June 30, 2014: \$0.51).

The fair value of stock options granted during the nine months ended March 31, 2015 and the year ended June 30, 2014 was estimated using the Black-Scholes option pricing model with the following weighted-average assumptions:

	<b>March 31, 2015</b>	June 30, 2014
Risk-free interest rate	<b>0.77%</b>	1.89%
Expected life of options	<b>5 years</b>	5 years
Dividend rate	<b>0.00%</b>	0.00%
Expected forfeiture rate	<b>0.00%</b>	0.00%
Expected volatility	<b>114.89%</b>	106.42%

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. The Company has used historical volatility in its share price to estimate expected volatility. Changes in the subjective input assumptions can materially affect the fair value estimated.

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**13 Share capital and contributed surplus (continued)**

**d) Warrants**

Share purchase warrants enable the holders to acquire common shares of the Company upon exercise. Continuity of warrants issued and outstanding for the nine months ended March 31, 2015 and the year ended June 30, 2014 were as follows:

	<b>March 31, 2015</b>		<b>June 30, 2014</b>	
	<b>Number of warrants</b>	<b>Weighted average exercise price</b>	<b>Number of warrants</b>	<b>Weighted average exercise price</b>
Outstanding, beginning of year	13,416,174	\$ 1.57	10,798,174	\$ 1.57
Issued	7,521,049	0.50	2,618,000	0.90
<b>Outstanding, end of period</b>	<b>20,937,223</b>	<b>\$ 1.19</b>	<b>13,416,174</b>	<b>\$ 1.44</b>

As at March 31, 2015, the Company had outstanding share purchase warrants as follows:

Number of warrants	Exercise price	Expiry date
1,321,500	\$ 1.15	October 4, 2015
5,817,174	1.55	November 23, 2015
3,659,500	1.75	November 26, 2015
2,618,000	0.90	March 25, 2016
5,521,049	0.50	July 3, 2016
2,000,000	0.50	July 11, 2016
<b>20,937,223</b>		

The fair value of warrants issued is estimated using the Black-Scholes option-pricing model and included in contributed surplus until exercised, at which time the fair value is reclassified to share capital.

The weighted average remaining life of the outstanding warrants as at March 31, 2015 is 0.91 years (June 30, 2014: 0.45 years).

On March 18, 2015, the Company amended the expiration date of 2,618,000 share purchase warrants exercisable at \$0.90 by twelve months from March 25, 2015 to March 25, 2016. In all respects, the terms of these warrants remain unchanged. As a result of this amendment, the Company reclassified \$15,937 of the fair value of outstanding warrants from share capital to contributed surplus.

On November 18, 2014, the Company amended the expiration of 5,817,174 share purchase warrants exercisable at \$1.55 from November 23, 2014 to November 23, 2015. Additionally, 3,659,500 share purchase warrants exercisable at \$1.75 and expiring November 26, 2014, were extended by an additional twelve months to November 26, 2015. In all other respects, the terms of these warrants remain unchanged. As a result of this amendment, the Company reclassified \$33,280 of the fair value of outstanding warrants from share capital to contributed surplus.

On September 25, 2014, the Company amended the expiration date of 1,321,500 warrants exercisable at \$1.15 from October 4, 2014 to October 4, 2015. In all other respects, the terms of these warrants remain unchanged. As a result of this amendment, the Company reclassified \$33,679 of the fair value of outstanding warrants from share capital to contributed surplus.

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**13 Share capital and contributed surplus** (continued)

On September 24, 2013, the Company amended the expiration date of 1,321,500 warrants exercisable at \$1.15 from October 4, 2013 to October 4, 2014 and 5,817,174 warrants exercisable at \$1.55 from November 23, 2013 to November 23, 2014. In all other respects, the terms of these warrants remain unchanged. As a result of this amendment, the Company reclassified \$930,320 of the fair value of outstanding warrants from share capital to contributed surplus.

The following weighted average assumptions were used for the Black-Scholes valuation of warrants issued and or amended during the nine months ended March 31, 2015 and the year ended June 30, 2014:

	<b>March 31, 2015</b>	June 30, 2014
Risk-free interest rate	<b>0.49%-1.13%</b>	1.21%
Expected life of warrants	<b>1.01-2 years</b>	1.5 years
Dividend rate	<b>0.00%</b>	0.00%
Expected volatility	<b>99.2%-134.5%</b>	104.33%
Fair value per warrant issued and/or amended	<b>\$0.003-\$0.268</b>	\$0.26

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. The Company has used historical volatility in its share price to estimate expected volatility. Changes in the subjective input assumptions can materially affect the fair value estimated.

**e) Earnings per Share**

The calculation of basic (income) loss per share for the three months March 31, 2015 was based on the income of (\$2,846,919) (2014: \$119,519) and the weighted average number of common shares outstanding of 72,941,446 (2014: 57,799,348) respectively. The Company does not have any instruments that would give rise to a dilution effect as of March 31, 2015. The Company has 4,845,000 exercisable options and 20,937,223 warrants that are anti-dilutive and not included in diluted loss per share as of March 31, 2015.

The calculation of basic (income) loss per share for the nine months March 31, 2015 was based on the income of (\$4,988,961) (2014: loss of \$2,689,968) and the weighted average number of common shares outstanding of 72,659,963 (2014: 55,323,631) respectively. The Company does not have any instruments that would give rise to a dilution effect as of March 31, 2015. The Company has 4,845,000 exercisable options and 20,937,223 warrants that are anti-dilutive and not included in diluted loss per share as of March 31, 2015.

**14 Foreign exchange gains and losses**

These interim consolidated financial statements are presented in Canadian dollars which is the Company's presentation and functional currency, while the functional currency of the Company's subsidiaries is the US dollar. Foreign exchange gains and losses therefore arise from the translation of US dollar-denominated transactions and balances relative to the Canadian dollar. The Company has accumulated significant loans receivable from its subsidiaries as it continues to fund exploration activities at the Moss Mine and fluctuations in the US dollar can lead to substantial unrealized foreign exchange gains and losses on the loans owing to the Canadian parent company.

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**14 Foreign exchange gains and losses** (continued)

The foreign exchange gain of \$6,081,085 recorded in the interim consolidated statements of operations and loss for the nine months ended March 31, 2015, reflected the strengthening of the US dollar compared to the Canadian dollar as well as increases in loans to the subsidiaries as exploration and development activities continued at the Moss Mine during the period. For the comparative nine-month period ended March 31, 2014, the Company recorded a foreign exchange gain of \$1,371,519, which reflected the comparatively minor impact of exchange rate differences and the substantially lower subsidiary loans receivable in the prior period.

**15 Income taxes**

As at June 30, 2014, the Company had non-capital loss carry-forwards of approximately \$264,023, which may be carried forward to apply against future years' income tax for Canadian tax purposes, subject to final determination by taxation authorities, expiring in the following years:

2032	264,023
Total	\$ 264,023

As at June 30, 2014, the Company had net operating loss carry-forwards of approximately \$6,390,678, which may be carried forward to apply against future years' income tax for US tax purposes, subject to final determination by taxation authorities, expiring in the following years:

2031	\$ 361,262
2032	1,258,616
2033	765,789
2034	4,005,011
Total	\$ 6,390,678

**16 Supplemental disclosure of non-cash activities**

During the nine months ended March 31, 2015 and 2014, the following non-cash investing and financing activities occurred:

	<b>March 31, 2015</b>	March 31, 2014
Recognition of provision for reclamation and remediation	\$ -	\$ 359,407
Changes in trade and other payables included in exploration and evaluation assets	<b>57,955</b>	(871,103)
Depreciation and accretion included in exploration and evaluation assets	<b>266,804</b>	268,051



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**17 Related party transactions**

The following related party transactions were incurred in the normal course of business and measured at their fair value as determined by management. Amounts due to or from related parties are non-interest bearing, unsecured and due on demand.

Pursuant to the cost reduction program initiated during the third quarter of fiscal 2014, the Company implemented further reductions to directors' consulting fee agreements, which included substantial write-offs of amounts previously recorded as amounts owing.

During the nine months ended March 31, 2015 and 2014, the Company entered into the following transactions with related parties:

- a) Consulting fees of \$134,667 (2014: \$262,667) included in professional fees, subcontractor expenses and deferred mineral property expenditures were charged by companies controlled by certain directors of the Company. Included in trade and other payables at March 31, 2015 was \$5,238 (2014: \$60,750) accrued for these services.
- b) Consulting fees and shared office expenses of \$25,723 (2014: \$94,295) included in marketing, rent, travel and office and miscellaneous expenses was charged by a company with directors in common. Included in trade and other payables at March 31, 2015 was \$16,247 (2014: \$94,295). Included in trade and other receivables at March 31, 2015 was \$26,464 (2014: \$29,447).
- c) The Company incurred \$ 18,533 (2014: \$159,970) for share based payments to related parties during the nine months ended March 31, 2015.

**Commitments with related parties**

The Company has entered into a corporate services agreement with Touchstone Capital Inc. ("Touchstone") for clerical, accounting, regulatory filing and geological services. The minimum monthly fee under the agreement is \$5,000 and renews annually on December 1 of each year. Touchstone is an organization in which two executives are directors of the Company.

**Key management personnel compensation**

Key management personnel includes the Company's directors and key employees consisting of the Chairman of the Board, the President and Chief Executive Officer, the Chief Financial Officer and Corporate Secretary and the General Manager – Moss Project.

Pursuant to the cost reduction program initiated during the third quarter of fiscal 2014, the Company implemented further reductions to key management compensation, which included substantial write-offs of amounts previously recorded as amounts owing.

Compensation for the nine months ended March 31, 2015 and 2014 was as follows:

	<b>March 31, 2015</b>	March 31, 2014
Salaries and short-term employee benefits <sup>1</sup>	\$ <b>240,077</b>	\$ 564,892
Share-based payments	<b>71,480</b>	656,186
<b>Total</b>	<b>\$ 311,557</b>	\$ 1,221,078

<sup>1</sup> Salaries and short-term benefits are included in salaries, wages, benefits and subcontractor expenses, management fees and deferred mineral property expenditures.

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**18 Commitments**

**Lease commitments** - The Company has entered into contracts for leased premises which expire at various dates through to July 2018. Lease payments recognized as an expense during the nine months ended March 31, 2015 totalled \$32,073 (2014: \$58,368). Total future minimum lease payments (net of sub-lease arrangement) under these contracts are as follows:

Within 1 year	\$	13,227
Between 2 to 4 years, inclusive		83,910
After 4 years		40,155

**19 Financial instruments and financial risk management**

The carrying values of cash and cash equivalents, trade and other receivables, reclamation deposits, and trade and other payables approximate their fair values due to the short-term nature of these instruments.

In evaluating fair value information, considerable judgment is required to interpret the market data used to develop the estimates. The use of different market assumptions and different valuation techniques may have a material effect on the estimated fair value amounts. Accordingly, the estimates of fair value presented herein may not be indicative of the amounts that could be realized in a current market exchange.

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value in the fair value hierarchy.

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Cash and cash equivalents are valued using quoted market prices and have been included in Level 1 of the fair value hierarchy.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly. The Company has no financial instruments classified in Level 2.

Level 3 – Inputs that are not based on observable market data. The Company has no financial instruments classified in Level 3.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at March 31, 2015:

<b>Financial Assets</b>		<b>Level 1</b>		<b>Level 2</b>		<b>Level 3</b>		<b>Total</b>
Cash and cash equivalents	\$	3,180,212	\$	-	\$	-	\$	3,180,212

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout the consolidated financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies.

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**19 Financial instruments and financial risk management** (continued)

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations. The Company has credit risk in respect of its cash and cash equivalents, trade and other receivables, and reclamation deposits. The Company considers the risk of loss relating to cash and cash equivalents and reclamation deposits to be low because these instruments are held only with a Canadian Schedule I financial institution, a US-chartered commercial bank and a US government agency. Trade and other receivables at March 31, 2015 related primarily to amounts due from related parties and value-added taxes and are expected to be collectible in full due to the nature of the counterparties and a previous history of collectability.

(b) Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

The Company manages its liquidity risk through the preparation of annual expenditure budgets, which are regularly monitored and updated as management considers necessary, and through the Company's capital management activities.

As at March 31, 2015, the Company's financial liabilities were comprised of trade and other payables of \$462,267 (June 30, 2014: \$1,163,497), which have a maturity of less than one year.

(c) Market risk

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns.

(i) Currency risk

Foreign currency exchange rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate as a result of changes in foreign exchange rates. The Company is considered to be in the exploration and development stage and has not yet developed commercial mineral interests; the underlying market prices realized by the Company for mineral sales are impacted by changes in the exchange rate between the Canadian and the US dollar. The Company has not entered into any formal arrangements to hedge currency risk but does maintain cash balances within each currency. Canadian dollars are exchanged when needed to meet foreign denominated liabilities.

At March 31, 2015, \$979,065 of the Company's cash and cash equivalents were denominated in US dollars. A 10% variation in the US dollar exchange rate would result in an impact of approximately \$97,907 on annual net loss.

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**19 Financial instruments and financial risk management** (continued)

(ii) Commodity price risk

Commodity price risk is the risk that the current and future cash flows from the Company's financial instruments will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and US dollar, as outlined above. Management closely monitors trends in commodity prices of gold and other precious and base metals as part of its routine activities, as these trends could significantly impact future cash flows.

(iii) Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate as a result of changes in market interest rates. Interest rate risk arises from the interest rate impact on cash and cash equivalents which are held at variable market rates. The Company closely monitors its exposure to interest rate risk and has not entered into any derivative contracts to manage this risk. At March 31, 2015, the weighted-average interest rate on cash and cash equivalents was 0.81%. With other variables unchanged, a 1% increase in the annualized interest rate would reduce annual net loss by \$34,696.

**20 Capital management**

In assessing the capital structure of the Company, management includes in its assessment the components of shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company does not have any debt obligation other than unsecured trade accounts payable. The availability of capital is solely through the issuance of the Company's common shares. There are no assurances that funds will be made available to the Company when required. The Company makes every effort to safeguard its capital and minimize the dilution to its shareholders. The property, which the Company currently is in the process of earning an interest in, is in the exploration and development stage and the Company has recorded limited recoveries from gold and silver produced at the property-to-date. The Company's historical sources of capital have consisted of the sale of equity securities. In order for the Company to carry out planned exploration and development and pay for administrative costs, the Company will spend its working capital and expects to raise additional amounts externally, as needed.

The Company is not subject to any externally imposed capital requirements. Since there has been significant uncertainty in the capital markets along with depressed commodity prices, the Company continues to evaluate financing alternatives to advance the Moss Mine Project. The ability to raise additional funding for future activities may be impaired due to market or other risks, or such financing may not be available on favourable terms, due to conditions beyond the control of the Company.

The Company manages capital through its operating and financial budgeting and forecasting processes on a regular basis. The Company reviews its working capital and forecasts its future cash flows, based on actual and forecasted operating results and other investing and financing activities. This information along with possible alternatives are reviewed by management and the board of directors of the Company on a regular basis to ensure the best mix of capital resources meet the Company's needs. The Company makes strategic and financial adjustments according to market conditions in an effort to meet its objectives given the Company's operating and financial performance and the current outlook for the business and for the industry in general.

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**21 Segmented information**

The Company has one reportable operating segment, being the acquisition, exploration and future development of mineral properties. Non-current assets (other than financial instruments) by geographic location are as follows:

<b>March 31, 2015</b>			
	<b>Canada</b>	<b>USA</b>	<b>Total</b>
Property, plant and equipment	\$ 47,006	\$ 1,112,397	\$ 1,159,403
Reclamation deposits	-	13,945	13,945
Exploration and evaluation assets	-	21,809,074	21,809,074
Intangible assets	51,238	20,970	72,208
<b>Total</b>	<b>\$ 98,244</b>	<b>\$ 22,956,386</b>	<b>\$ 23,054,630</b>

<b>June 30, 2014</b>			
	<b>Canada</b>	<b>USA</b>	<b>Total</b>
Property, plant and equipment	\$ 59,544	\$ 1,172,807	\$ 1,232,351
Reclamation deposits	-	776,240	776,240
Exploration and evaluation assets	-	16,655,641	16,655,641
Intangible assets	83,123	28,349	111,472
<b>Total</b>	<b>\$ 142,667</b>	<b>\$ 18,633,037</b>	<b>\$ 18,775,704</b>