NORTH ARROW MINERALS INC.

CONSOLIDATED FINANCIAL STATEMENTS

APRIL 30, 2015

(Expressed in Canadian Dollars)

DAVIDSON & COMPANY LLP Chartered Professional Accountants

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
North Arrow Minerals Inc.

We have audited the accompanying consolidated financial statements of North Arrow Minerals Inc., which comprise the consolidated statements of financial position as at April 30, 2015 and 2014 and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of North Arrow Minerals Inc. as at April 30, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

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Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about North Arrow Minerals Inc.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

August 4, 2015

NORTH ARROW MINERALS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at April 30, 2015
(Expressed in Canadian Dollars)

		2015		2014
ASSETS				
Current				
Cash	$	2,102,920	$	9,396,969
Receivables (Note 5)		99,933		52,472
Marketable securities (Note 6)		600		1,275
Prepaid expenses		64,706		16,936
		2,268,159		9,467,652
Equipment (Note 7)		93,384		94,697
Exploration and evaluation assets (Note 8)		10,636,032		4,350,909
	$	12,997,575	$	13,913,258
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 9)	$	274,098	$	360,890
Due to related parties (Note 11)		4,351		20,622
		278,449		381,512
SHAREHOLDERS EQUITY				
Capital stock (Note 10)		25,066,354		24,918,104
Share-based payment reserve (Note 10)		2,985,473		2,334,073
Investment revaluation reserve		(14,888)		(14,213)
Deficit		(15,317,813)		(13,706,218)
		12,719,126		13,531,746
	$	12,997,575	$	13,913,258

Nature and continuance of operations (Note 1)

Approved and authorized on behalf of the Board on August 4, 2015:

"D. Grenville Thomas" Director *"Blair Murdoch"* Director

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

NORTH ARROW MINERALS INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the Year Ended April 30, 2015
(Expressed in Canadian Dollars)

	2015	2014
EXPENSES		
Advertising, promotion and travel	$ 188,511	$ 89,356
Consulting	64,154	90,420
Depreciation	11,018	856
Office, miscellaneous and rent	149,013	115,327
Professional fees	55,508	68,948
Property investigation costs	37,883	29,712
Regulatory and filing fees	17,798	28,884
Salaries and benefits	430,099	247,983
Share-based compensation (Note 10)	720,050	831,809
	(1,674,034)	(1,503,295)
Interest and other income	62,439	57,893
Write-off of exploration and evaluation assets (Note 8)	-	(128,301)
	62,439	(70,408)
Net loss for the year	(1,611,595)	(1,573,703)
Unrealized loss on available-for-sale financial assets (Note 6)	(675)	225
Comprehensive loss for the year	$ (1,612,270)	$ (1,573,478)
Basic and diluted loss per share	$ (0.03)	$ (0.04)
Weighted average number of common shares	49,784,590	36,602,631

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

NORTH ARROW MINERALS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Year Ended April 30, 2015
(Expressed in Canadian Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (1,611,595)	$ (1,573,703)
Items not involving cash:		
Depreciation	11,018	856
Share-based compensation	720,050	831,809
Write-off of exploration and evaluation assets	-	128,301
Changes in non-cash working capital items:		
Increase in receivables	(47,461)	(27,536)
Increase in prepaid expenses	(47,770)	(16,936)
Increase in accounts payable and accrued liabilities	11,408	(15,884)
Decrease in due to related parties	(16,271)	(95,640)
	(980,621)	(768,733)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets, net	(6,383,323)	(2,684,967)
Purchase of equipment	(9,705)	(94,861)
	(6,393,028)	(2,779,828)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	79,600	10,459,050
Share issuance costs	-	(407,275)
	79,600	10,051,775
Change in cash during the year	(7,294,049)	6,503,214
Cash, beginning of year	9,396,969	2,893,755
Cash, end of year	$ 2,102,920	$ 9,396,969
Cash paid during the year for interest	$ -	$ -
Cash paid during the year for income taxes	$ -	$ -

Supplemental disclosure with respect to cash flows (Note 14)

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

NORTH ARROW MINERALS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Number of Shares	Capital Stock	Share-based payment reserve	Investment revaluation reserve	Deficit	Total
Balance, April 30, 2013	28,439,741	$ 14,863,029	$ 938,235	$ (14,438)	$ (12,132,515)	$ 3,654,311
Share-based compensation	-	-	831,809	-	-	831,809
Warrants issued for exploration and evaluation assets	-	-	567,329	-	-	567,329
Private placements- net	21,325,000	10,047,725	-	-	-	10,047,725
Shares on exercise of options	15,000	4,050	-	-	-	4,050
Fair value of options exercised	-	3,300	(3,300)	-		-
Net loss	-	-	-	-	(1,573,703)	(1,573,703)
Investment gain	-	-	-	225	-	225
Balance, April 30, 2014	**49,779,741**	**24,918,104**	**2,334,073**	**(14,213)**	**(13,706,218)**	**13,531,746**
Share-based compensation	-	-	**720,050**	**-**	**-**	**720,050**
Net loss	-	-	**-**	**-**	**(1,611,595)**	**(1,611,595)**
Investment gain	-	-	**-**	**(675)**	**-**	**(675)**
Shares on exercise of options	**165,000**	**79,600**	**-**	**-**	**-**	**79,600**
Fair value of options exercised	**-**	**68,650**	**(68,650)**	-	**-**	**-**
Balance, April 30, 2015	**49,944,741**	**$ 25,066,354**	**$ 2,985,473**	**$ (14,888)**	**$ (15,317,813)**	**$ 12,719,126**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

North Arrow Minerals Inc. (the "Company") is incorporated federally under the laws of the Canada Business Corporations Act ("CBCA").

The consolidated financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.The Company trades on the TSX Venture Exchange (TSXV – NAR) and its registered office address is Ste. #960-789 West Pender Street, Vancouver, BC, Canada V6C 1H2.

The Company's principal business activity is the acquisition and exploration of exploration and evaluation assets. To date, the Company has not generated significant revenues from operations and is considered to be in the exploration stage.

The Company is in the process of acquiring and exploring its exploration and evaluation assets and has not yet determined whether these properties contain reserves that are economically recoverable. These financial statements have been prepared on the assumption that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. At April 30, 2015, the Company has a deficit of $15,317,813, no current source of revenue and may require additional funding to meet its planned activities beyond the upcoming fiscal year. The Company's continuation as a going concern is dependent on the successful results from its mineral property exploration activities and its ability to raise equity capital or borrowings sufficient to meet current and future obligations. There can be no assurances that management's plans for the Company will be successful. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of assets and liabilities that might be necessary, should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements are presented in Canadian dollars unless otherwise noted.

b) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned inactive subsidiary Compania Minera North Arrow Chile Limitada ("Minera"). All inter-company transactions and balances have been eliminated upon consolidation. Effective September 22, 2014, the Company completed the wind-up of Minera, the Company's only subsidiary.

c) Historical cost

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value.

d) Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during this period.

2. BASIS OF PRESENTATION - continued

d) Significant accounting judgments, estimates and assumptions - continued

Although management uses historical experiences and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of exploration and evaluation assets, valuation of share-based payments, and valuation of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

(i) Economic recoverability and probability of future benefits of exploration and evaluation costs.

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

(ii) Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rates and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and Company's earnings and equity reserves.

(iii) Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Foreign currencies

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of both the Company and its former subsidiary is the Canadian Dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates ("IAS 21").

Any transactions in currencies other than the functional currency have been translated to the Canadian dollar in accordance with IAS 21. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and

3. SIGNIFICANT ACCOUNTING POLICIES – continued

a) Foreign currencies - continued

liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in the statements of comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Company's presentation currency is the Canadian dollar ("$").

b) Loss per share

Basic earnings (loss) per share is computed by dividing earnings (loss) available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted earnings (loss) per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the earnings (loss) per share. The calculation proved to be anti-dilutive for fiscal 2015 and 2014.

c) Share-based compensation

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of options granted to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period during which the share purchase options vest. The fair value of the share purchase options granted is measured taking into account the terms and conditions upon which the share purchase options were granted. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instrument issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest.

d) Equipment

Equipment is stated at cost less accumulated depreciation and any impairment in value.

The initial cost of an asset is comprised of its purchase price and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have improved the condition of the asset beyond the originally assessed standard of performance, the expenditures are capitalized as an additional cost of equipment.

Assets are depreciated at the following rates:

Computer equipment	30% declining balance
Field equipment	20% declining balance

3. SIGNIFICANT ACCOUNTING POLICIES - continued

d) Equipment - continued

The remaining useful lives, residual values and depreciation method are reviewed and adjusted, if appropriate, at financial year-end to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of equipment.

The carrying values of equipment are reviewed for impairment at the end of each reporting period or when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of equipment is derecognized when either it has been disposed or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gains or losses arising on the retirement and disposal of an item of equipment are included in the statement of loss and comprehensive loss in the period of retirement or disposal.

e) Exploration and evaluation assets

Costs directly related to the acquisition, exploration and evaluation of mineral properties are capitalized once the legal rights to explore the properties have been obtained. When it is determined that such costs will be recouped through successful development and exploitation, expenditures are transferred to tangible assets and depreciated over the expected productive life of the asset. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore reserves, while costs for the prospects abandoned are written off.

Impairment reviews for deferred exploration and evaluation costs are carried out on a project by project basis, with each project representing a single cash generating unit. An impairment review is undertaken at the end of each reporting period or when indicators of impairment arise but typically when one or more of the following circumstances apply:

- Unexpected geological occurrences that render the resource uneconomic;
- Title to the asset is compromised;
- Fluctuations in metal prices that render the project uneconomic;
- Variation in the currency of operations; and
- Threat to political stability in the country of operation.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation assets or recoveries when the payments are made or received.

The recoverability of the amounts capitalized for the undeveloped resource properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to farm out its resource properties, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof.

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many resource properties. The Company has investigated title to all of its resource properties and, to the best of its knowledge, title to all of its properties are in good standing.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

f) Impairment

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the statement of loss for the period. For an asset that does not generate independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

g) Marketable securities

Marketable securities are measured at fair value and consist of shares listed on the TSX Venture Exchange.

h) Financial instruments

Financial assets

Financial assets are classified into one of the following categories:

- fair value through profit or loss ("FVTPL");
- available for sale ("AFS");
- held-to-maturity ("HTM"); and,
- loans and receivables.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

(i) FVTPL financial assets

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of an identified portfolio of financial asset that the Company manages and has an actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

h) Financial instruments - continued

Financial assets- continued

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset.

The Company has classified cash as FVTPL.

(ii) AFS financial assets

Investments held by the Company that are classified as AFS are stated at fair value. Gains and losses arising from changes in fair value are recognized directly in accumulated other comprehensive income. Interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, are recognized directly in profit or loss rather than equity. When an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in accumulated other comprehensive income is included in the statement of loss for the period.

The fair value of AFS monetary assets denominated in a foreign currency is translated at the spot rate at the statement of financial position date. The change in fair value attributable to translation differences due to a change in amortized cost of the asset is recognized in profit or loss, while all other changes are recognized in equity.

The Company has classified marketable securities as AFS financial assets.

(iii) HTM investments

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs.

(iv) Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Company has classified receivables as loans and receivables.

(v) Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial instrument, or, where appropriate, a shorter period.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

h) Financial instruments - continued

Financial assets - continued

(vi) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial instruments are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial instrument, the estimated future cash flows of the investment have been impacted. Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial instruments carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial instrument's original effective interest rate.

The carrying amount of all financial instruments, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial instrument cannot exceed its amortized cost had impairment not been recognized.

(vii) Derecognition of financial assets

A financial instrument is derecognized when:

- the contractual right to the asset's cash flows expire; or
- if the Company transfers the financial instrument and all risks and rewards of ownership to another entity.

Financial liabilities

Financial liabilities are classified into one of the following categories:

- fair value through profit or loss ("FVTPL"); or
- other financial liabilities.

The classification is determined at initial recognition and depends on the nature and purpose of the financial liability.

(i) FVTPL financial liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

h) Financial instruments - continued

Financial liabilities - continued

(ii) Other financial liabilities

This category includes amounts due to related parties and accounts payable and accrued liabilities. These are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The Company has classified accounts payable and accrued liabilities and due to related parties as other financial liabilities.

(iii) Effective interest method

The effective interest method calculates the amortized cost of a financial liability and allocates interest expense over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial liability, or, where appropriate, a shorter period.

Income is recognized on an effective interest basis for debt instruments other than those financial instruments classified as FVTPL.

(iv) Derecognition of financial liabilities

Financial liabilities are derecognized when the Company's obligations are discharged, cancelled or they expire.

i) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statements of loss and comprehensive loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it will not be recognized.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities that do not affect accounting or taxable profit
- goodwill
- differences relating to investment in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

i) Income taxes - continued

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

j) Environmental rehabilitation

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets. The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is limited.

k) Flow-through shares

The Company can issue flow-through shares to finance exploration programs undertaken in Canada. Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying mineral expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium liability, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and ii) share capital. Upon qualifying expenses being incurred, the Company derecognizes the liability and the premium is recognized as other income.

l) New Accounting pronouncements

The IASB has issued several new standards which have not yet been adopted by the Company. Each of the new standards is effective for annual periods beginning on or after January 1, 2015 with early adoption permitted, except for IFRS 9 which has a tentative effective date of January 1, 2018 and is summarized below.

- IFRS 9 - Financial Instruments – classification and measurement
  This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is recorded at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is measured at fair value with changes in fair value through profit or loss. In addition, this new standard has been updated to include guidance on financial liabilities and derecognition of financial instruments. The extent of the impact of adoption of IFRS 9 has not yet been determined.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

The Company's financial instruments consist of cash, marketable securities, receivables, accounts payable and accrued liabilities and due to related parties. Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables, accounts payable and accrued liabilities and due to related parties approximate their fair values due to their immediate or short-term maturity. Marketable securities are recorded at fair value based on the quoted market prices in active markets at the balance sheet date, which is consistent with level 1 of the fair value hierarchy**.**

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk, liquidity risks, foreign currency risk, and equity market risk. The Company's objective with respect to risk management is to minimize potential adverse effects on the Company's financial performance. The Board of Directors provides direction and guidance to management with respect to risk management. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

Credit risk

Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company manages credit risk by investing its excess cash in short-term investments with investment grade ratings, issued by a Canadian chartered bank. The Company's receivables consist primarily of sales tax receivables due from the federal government and receivables from companies with which the Company has exploration agreements or options. The maximum exposure to credit risk at the reporting date is the carrying value of the Company's receivables and cash.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. It is management's opinion that the Company is not exposed to significant interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise the funds required through future equity financings, asset sales or exploration option agreements, or a combination thereof. The Company has no regular cash flow from its operating activities. The Company manages its liquidity risk by forecasting cash flow requirements for its planned exploration and corporate activities and anticipating investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of annual budgets and significant expenditures and commitments. Failure to realize additional funding could cast significant doubt on the Company's ability to continue as a going concern. As at April 30, 2015, the Company had cash of $2,102,920 (2014 - $9,396,969) available to settle current liabilities of $278,449 (2014 - $381,512).

Foreign currency risk

The Company's activities are within Canada and accordingly the Company is not subject to significant foreign currency risk.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

Equity market risk

The Company is exposed to equity price risk arising from its marketable securities, which are classified as available-for-sale. The Company plans to sell its marketable securities as market conditions permit, or as is required to finance the Company's operations from time-to-time.

5. RECEIVABLES

	April 30, 2015	April 30, 2014
HST/GST receivables	**$ 99,933**	$ 45,714
Trade and other receivables	**-**	6,758
	$ 99,933	$ 52,472

6. MARKETABLE SECURITIES

During the year ended April 30, 2012, the Company received 15,000 (75,000 pre-consolidation) common shares of Adamera Minerals Corp., a TSX-V listed company in exchange for certain exploration data.

	April 0, 2015			April 30, 2014		
	Cost	**Unrealized Loss**	**Fair Market Value**	Cost	Unrealized Loss	Fair Market Value
Common shares of Adamera Minerals Corp.	**$ 15,488**	**$(14,888)**	**$600**	$ 15,488	$(14,213)	$1,275

7. EQUIPMENT

	Office and computer equipment	Field equipment	Total
Cost			
Balance, April 30, 2013	$ 6,474	$ -	$ 6,474
Additions	1,086	93,775	94,861
Balance, April 30, 2014	**7,560**	**93,775**	**101,335**
Additions	**9,705**	**-**	**9,705**
Balance, April 30, 2015	**$ 17,265**	**$93,775**	**$ 111,040**
Accumulated Amortization			
Balance, April 30, 2013	$ 5,782	$ -	$ 5,782
Additions	856	-	856
Balance, April 30, 2014	**6,638**	**-**	**6,638**
Additions	**1,641**	**9,377**	**11,018**
Balance, April 30, 2015	**$ 8,279**	**$ 9,377**	**$ 17,656**
Carrying amounts			
April 30, 2014	**$ 922**	**$ 93,775**	**$ 94,697**
April 30, 2015	**$ 8,986**	**$ 84,398**	**$ 93,384**

8. EXPLORATION AND EVALUATION ASSETS

	April 30, 2014	Expended During the Year	Write-offs During the Year	April 30, 2015
Diamond Properties				
Lac de Gras, Canada				
Exploration costs	$ 235,404	**$ -**	**$ -**	**$ 235,404**
Acquisition and tenure costs	277,918	**-**	-	**277,918**
Geological, data collection and assays	153,559	**-**	-	**153,559**
Office and salaries	134,040	**-**	-	**134,040**
	800,921	**-**	-	**800,921**
Pikoo, Canada				
Exploration costs	302,574	**615,913**	-	**918,487**
Drilling	602,315	**774,271**	-	**1,376,586**
Acquisition and tenure costs	7,453	**6,051**	-	**13,504**
Geological, data collection and assays	72,852	**788,050**	-	**860,902**
Office and salaries	120,144	**263,185**	-	**383,329**
Contribution from joint-venture partner	-	**(457,764)**	-	**(457,764)**
	1,105,338	**1,989,706**	-	**3,095,044**
Timiskaming, Canada				
Exploration costs	4,638	**-**	-	**4,638**
Drilling	94,389	**-**	-	**94,389**
Acquisition and tenure costs	326,757	**-**	-	**326,757**
Geological, data collection and assays	19,560	**49,191**	-	**68,751**
Office and salaries	6,542	**7,860**	-	**14,402**
Contribution from joint-venture partner		**(11,908)**	-	**(11,908)**
	451,886	**45,143**	-	**497,029**
Qilalugaq, Canada				
Exploration costs	87,641	**203,389**	-	**291,030**
Acquisition and tenure costs	24,623	**46,840**	-	**71,463**
Geological, data collection and assays	84,069	**3,059,102**	-	**3,143,171**
Office and salaries	41,058	**183,763**	-	**224,821**
	237,391	**3,493,094**	-	**3,730,485**
Luxx, Canada				
Exploration costs	38,370	**2,433**	-	**40,803**
Acquisition and tenure costs	135,028	**1,140**	-	**136,168**
Geological, data collection and assays	104,191	**17,110**	-	**121,301**
Office and salaries	26,824	**11,135**	-	**37,959**
	304,413	**31,818**	-	**336,231**
Mel, Canada				
Exploration costs	7,961	**2,244**	-	**10,205**
Acquisition and tenure costs	126,772	**1,700**	-	**128,472**
Geological, data collection and assays	126,012	**57,325**	-	**183,337**
Office and salaries	13,140	**5,544**	-	**18,684**
	273,885	**66,813**	-	**340,698**
Redemption, Canada				
Exploration costs	3,879	**425,174**	-	**429,053**
Drilling	-	**124,964**	-	**124,964**
Acquisition and tenure costs	39,651	**15,834**	-	**55,485**
Geological, data collection and assays	1,031,914	**26,101**	-	**1,058,015**
Office and salaries	101,631	**116,476**	-	**218,107**
Recoveries	-	**(50,000)**		**(50,000)**
	1,177,075	**658,549**	-	**1,835,624**
TOTAL	$ 4,350,909	**$6,285,123**	$ **-**	**$ 10,636,032**

8. EXPLORATION AND EVALUATION ASSETS - continued

	April 30, 2013	Expended During the Year	Write-offs During the Year	April 30, 2014
Gold Properties, Canada				
Exploration costs	$ 24,389	$ -	$ (24,389)	$ -
Acquisition costs	81,044	-	(81,044)	-
Geological, data collection and assays	458	-	(458)	-
Office and salaries	20,704	1,706	(22,410)	-
	126,595	1,706	(128,301)	-
Diamond Properties				
Lac de Gras, Canada				
Exploration costs	235,404	-	-	235,404
Acquisition and tenure costs	277,918	-	-	277,918
Geological, data collection and assays	153,489	70	-	153,559
Office and salaries	126,608	7,432	-	134,040
	793,419	7,502	-	800,921
Pikoo, Canada				
Exploration costs	6,099	296,475	-	302,574
Drilling	-	602,315	-	602,315
Acquisition and tenure costs	6,667	786	-	7,453
Geological, data collection and assays	-	72,852	-	72,852
Office and salaries	-	120,144	-	120,144
	12,766	1,092,572	-	1,105,338
Timiskaming, Canada				
Exploration costs	4,606	32	-	4,638
Drilling	92,672	1,717	-	94,389
Acquisition and tenure costs	12,432	314,325	-	326,757
Geological, data collection and assays	19,532	28	-	19,560
Office and salaries	-	6,542	-	6,542
	129,242	322,644	-	451,886
Qilalugaq, Canada				
Exploration costs	-	87,641	-	87,641
Acquisition and tenure costs	6,666	17,957	-	24,623
Geological, data collection and assays	-	84,069	-	84,069
Office and salaries	-	41,058	-	41,058
	6,666	230,725	-	237,391
Luxx, Canada				
Exploration costs	-	38,370	-	38,370
Acquisition and tenure costs	-	135,028	-	135,028
Geological, data collection and assays	-	104,191	-	104,191
Office and salaries	-	26,824	-	26,824
	-	304,413	-	304,413
Mel, Canada				
Exploration costs	-	7,961	-	7,961
Acquisition and tenure costs	-	126,772	-	126,772
Geological, data collection and assays	-	126,012	-	126,012
Office and salaries	-	13,140	-	13,140
	-	273,885	-	273,885

8. EXPLORATION AND EVALUATION ASSETS - continued

	April 30, 2013	Expended During the Year	Write-offs During the Yea	April 30, 2014
Redemption, Canada				
Exploration costs	-	3,879	-	3,879
Acquisition and tenure costs	-	39,651	-	39,651
Geological, data collection and assays	-	1,031,914	-	1,031,914
Office and salaries	-	101,631	-	101,631
	-	1,177,075	-	1,177,075
TOTAL	$ 1,068,688	$ 3,410,522	$ (128,301)	$ 4,350,909

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of these assets are in good standing.

Diamond Properties, Canada

Lac de Gras, Northwest Territories

In August 2011, the Company entered into an option agreement with Harry Winston Diamond Mines Ltd. (subsequently Dominion Diamond Corp.) (“Dominion”), and Springbok Holdings Inc. (“Springbok”), to jointly explore Springbok and the Company’s Lac de Gras property and Dominion’s land holdings contiguous to Springbok and the Company’s Lac de Gras property (collectively, the “JV Property”).

Dominion must incur exploration expenditures of at least $5,000,000 over a 5 year period to allow the option to vest. Upon vesting, a joint venture will be formed whereby Dominion will hold a 55% interest and the Company and Springbok will share equally a 45% interest in the JV Property. During the year ended April 30, 2015, the Company was advised that Dominion had incurred $5,000,000 of expenditures.

On October 24, 2012, the Company entered into an agreement with Springbok to acquire Springbok’s 50% interest in the Lac de Gras property (the “Springbok Interests”). The Springbok Interests include the right to obtain a 22.5% interest in the JV Property, subject to the terms and conditions of the option agreement among Springbok, the Company and Dominion. Under the terms of the agreement with Springbok, the Company issued 1,000,000 shares at a value of $235,000 to Springbok for the Springbok Interests. As additional consideration, in the event that Dominion exercises its option and earns a 55% interest in the JV Property and the Company subsequently incurs $2 million in joint venture expenditures on the JV Property, the Company will issue to Springbok that number of common shares of the Company having a value of $1 million.

Timiskaming, Pikoo and Qilalugaq Diamond Projects, Canada

On March 12, 2013, the Company entered into an assignment agreement with 0954506 B.C. Ltd. (“BCCo”) under which BCCo agreed to assign and transfer to the Company all of BCCo’s interest and obligations in certain options to earn an 80% interest in the Timiskaming, Pikoo and Qilalugaq diamond projects. Stornoway Diamond Corporation (“Stornoway”) is the holder of a 100% interest in all three projects and had granted BCCo options to acquire the 80% interests in the projects. BCCo is a private company controlled by a party related to a director of the Company. Stornoway will retain a one-time right to buy-back a 20% interest in any of the projects once the Company completes an option work program and provides Stornoway with notice of its intent to vest an 80% interest in a project. Under the terms of the agreement, the cost of the buy-back will be equal to three times the costs incurred in connection with the applicable option work program.

8. EXPLORATION AND EVALUATION ASSETS - continued

Diamond Properties, Canada - continued

Timiskaming, Pikoo and Qilalugaq Diamond Projects, Canada - continued

Under the terms of the assignment agreement the Company paid BCCo $20,000 and issued BCCo 500,000 transferrable share purchase warrants having a fair value of $314,325 which was included in acquisition costs at the time the Company earned its interest in one of the projects. Each share purchase warrant will entitle the holder to acquire one common share of the Company at a price of $0.25 for a period of five years from the date of issuance. In addition, the agreement required the Company to complete a $2,000,000 financing (completed).

Qilalugaq diamond project, Nunavut

The Company has the option to earn an 80% interest in the Qilalugaq project by completing an option work program that includes the collection of a minimum 1,000 tonne mini-bulk sample within two years of receipt of the required land use permit or no later than January 2018. The project is subject to a 3% net smelter royalty ("NSR") on metals produced and a 3% gross-overriding royalty ("GOR") on the sale of industrial minerals, including diamonds.

Pikoo diamond project, Saskatchewan

The Company has earned an 80% interest in the Pikoo diamond project by completing an option work program consisting of a minimum 2,000 meter diamond drilling program, including a minimum of two drill holes at each of the North and South target areas. During the year ended April 30, 2014, the Company issued Stornoway notice that it had completed the option work program and had therefore vested at an 80% interest in the project, subject to Stornoway's right to buy back a further 20% interest in the project. The Company was notified by Stornoway that Stornoway did not elect to exercise its right to buy back a further 20% interest in the project. Ongoing evaluation of the project is subject to an 80%/20% (Company/Stornoway) participating joint venture.

During the year ended April 30, 2015, the Company entered into option agreements with Eagle Plains Resources Ltd., Kalt Industries Ltd., and Canadian International Minerals Inc. to acquire interests in mineral properties in the Pikoo diamond project area. Under the terms of the agreements the Company can acquire 70% interest in the properties by reimbursing staking costs that totalled $5,600 (paid) and discovering a kimberlite on the properties with a three year period. In the event that the Company earns a 70% interest in any of the properties that property will be subject to a 2% GOR on diamonds, payable to the vendor. There will be retained a right to purchase 1% of any royalty granted at any time for $1,000,000.

Timiskaming diamond project, Ontario/Quebec

The Company has earned an 80% interest in the Timiskaming diamond project by completing an option work program that includes testing three separate geophysical targets with at least one diamond drill hole. During the year ended April 30, 2014, the Company issued Stornoway notice that it had completed the option work program and had therefore vested at an 80% interest in the Timiskaming project subject to Stornoway's right to buy back a 20% interest in the project. During the year ended April 30, 2014, the Company was advised by Stornoway that it would not be exercising its right to buy back a further 20% interest in the project. Accordingly, under the terms of the Company's acquisition agreement with BCCo., the fair value of the warrants issued to BCCo. Under the terms of the assignment agreement was included in the acquisition costs at the time the Company earned its interest in the Timiskaming diamond project. Ongoing evaluation of the project is subject to an 80%/20% (Company/Stornoway) participating joint venture.

8. EXPLORATION AND EVALUATION ASSETS - continued

Diamond Properties, Canada - continued

Redemption project, Northwest Territories

In July 2013, the Company entered into an option agreement with Arctic Star Resources Ltd. ("Arctic Star") whereby it can earn a 55% interest in Arctic Star's Redemption diamond project in the Lac de Gras region of the Northwest Territories. Under the terms of the option agreement, the Company can earn a 55% interest in the project by incurring $5,000,000 in exploration expenditures prior to July 1, 2017, including a firm commitment to spend $1,000,000 prior to July 1, 2014 (completed). On July 11, 2014, the Company and Arctic Star signed an addendum to the option agreement under which the project area was expanded to include three additional mineral claims and one mining lease. Certain of the project's leases are subject to a 1.5% GOR on any diamond production and a 1.5% NSR on any other commodity mined of which 0.5% of this royalty may be purchased for $2,000,000.

Mel project, Nunavut

In July 2013, the Company acquired a 100% interest in the Mel diamond project in Nunavut. The acquisition was subject to a purchase and sale agreement with Anglo Celtic Exploration Ltd., a private company controlled by a director of the Company. Under the terms of the agreement, the Company acquired a 100% interest in the property for consideration of a 1% GOR and 250,000 warrants entitling the holder to acquire 250,000 shares at a price of $0.65 per share for a period of five years. The warrants had a fair value of $126,502 which has been included in acquisition costs. In addition, the Company retains the right to buy back one half of the gross overriding royalty for $1,000,000 at any time.

Luxx project, Nunavut

In July 2013, the Company acquired a 100% interest in the Luxx diamond project in Nunavut. The acquisition was subject to a purchase and sale agreement with Anglo Celtic Exploration Ltd., a private company controlled by a director of the Company. Under the terms of the agreement, the Company acquired a 100% interest in the property for consideration of a 1% GOR and 250,000 warrants entitling the holder to acquire 250,000 shares at a price of $0.65 per share for a period of five years. The warrants had a fair value of $126,502 which has been included in acquisition costs. In addition, the Company retains the right to buy back one half of the gross overriding royalty for $1,000,000 at any time.

Gold Properties, Canada

In addition to the properties described above, the Company maintains interests in various gold and base metal properties in the Northwest Territories and Nunavut.

Hope Bay Property, Nunavut

On January 28, 2011, amended February 1, 2013 and May 30, 2014, the Company entered into an agreement with Chelsea Minerals Corp. ("Chelsea"), whereby Chelsea has the option to earn a 60% interest in the Company's Hope Bay Oro gold project in Nunavut, consisting of five mining leases. Under the terms of the agreement, Chelsea could earn up to a 60% interest in the project by making an initial cash payment of $50,000 (received) and spending $5 million over a five year period. A minimum expenditure of $500,000 was required in the first year (complete). In May 2011, Chelsea was acquired by Sennen Resources Ltd. (subsequently Sennen Potash Corp.) ("Sennen") pursuant to a Plan of Arrangement and has assumed Chelsea's obligations pursuant to the agreement for the Hope Bay Property. Effective April 14, 2015, Sennen terminated their interest in the project pursuant to the terms of the option agreement.

Contwoyto Property, Nunavut

Between June and September 2011, the Company acquired, by staking, certain mineral claims in the Contwoyto Lake area, Nunavut. The Company also maintains a 100% interest in two mining leases in the Contwoyto Lake area.

8. EXPLORATION AND EVALUATION ASSETS - continued

Gold Properties, Canada - continued

Contwoyto Property, Nunavut - continued

In July 2012, subsequently amended, the Company announced that it had entered into an agreement with a subsidiary of Elgin Mining Inc. ("Elgin"). Under the terms of the amended agreement Elgin could earn a 60% interest in the Company's Contwoyto properties by spending $6,000,000 over a seven year period. During the year ended April 30, 2014, the Company was notified by Elgin that Elgin was terminating its option to earn an interest in the property and subsequent to April 30, 2015, the Company allowed certain of the claims and one of the leases to expire.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 30, 2015	April 30, 2014
Trade payables	**$ 215,098**	$ 330,890
Accrued liabilities	**59,000**	30,000
	$ 274,098	$ 360,890

10. CAPITAL STOCK AND RESERVES

Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value.

Share issuances

On October 29, 2013, the Company completed a non-brokered private placement of 13,625,000 common shares at a price of $0.40 per share for total gross proceeds of $5,450,000. As part of this private placement the Company paid finders' fees and costs totalling $81,400.

On February 25, 2014, the Company completed a private placement of 7,700,000 common shares at a price of $0.65 per share for total gross proceeds of $5,005,000. As part of this private placement the Company paid finders' fees and costs totalling $ 325,875.

Stock options and warrants

The Company's stock option plan (the "Plan") was approved by shareholders at an annual general and special meeting in November 2011. The Plan gives the directors the authority to grant options to directors, officers, employees and consultants. The maximum number of shares to be issued under the Plan is 10% of the issued and outstanding common shares at the time of the grant. The exercise price of each option granted shall not be less than the market price at the date of grant less a discount up to 25% in accordance with the policies of the TSX Venture Exchange ("TSXV").

Options granted can have a term up to 5 years with vesting provisions determined by the directors in accordance with TSXV policies for Tier 2 Issuers, with a typical vesting period of 25% upon grant and 25% every six months thereafter.

10. CAPITAL STOCK AND RESERVES - continued

Stock options and warrants - continued

As at April 30, 2015, the following stock options were outstanding:

Number of Shares	Exercise Price	Number of Shares Vested	Expiry Date
53,000	$ 2.00	53,000	May 12, 2016
2,125,000	$ 0.27	2,125,000	May 10, 2018
200,000	$ 0.50	200,000	September 23, 2018
1,035,000	$ 0.70	758,750	January 28, 2019
705,000	$ 0.60	345,000	September 25, 2019
200,000	$ 0.54	50,000	December 16, 2019
4,318,000		3,531,750	

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, April 30, 2013	166,000	$ 2.12
Granted	3,525,000	0.42
Exercised	(15,000)	0.27
Expired and forfeited	(31,000)	2.00
Balance, April 30, 2014	3,645,000	0.48
Granted	920,000	0.58
Exercised	(165,000)	0.48
Expired and forfeited	(82,000)	2.24
Balance, April 30, 2015	4,318,000	$ 0.47
Number of options currently exercisable	3,531,750	$ 0.44

Share-based compensation

During the year ended April 30, 2015, the Company granted 920,000 stock options (2014 – 3,525,000). The estimated fair value of the options granted during the year is $456,866 (2014 – $1,253,259). During the year ended April 30, 2015, the Company recognized share-based compensation of $720,050 (2014 – $831,809) relating to options vested during the year.

The following weighted average assumptions were used for the Black Scholes valuation of stock options granted or vested:

	April 30, 2015	April 30, 2014
Risk-free interest rate	1.33%	1.33%
Expected life of options	5.0 years	5.0 years
Annualized volatility	125.85%	124.39%
Forfeiture rate	0.00%	0.00%
Dividend rate	0.00%	0.00%

10. CAPITAL STOCK AND RESERVES - continued

Share-based compensation - continued

A summary of the Company's warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, April 30, 2013	500,000	$ 0.25
Issued	500,000	0.65
Balance, April 30, 2014	1,000,000	$ 0.45
Issued	-	-
Balance, April 30, 2015	1,000,000	$ 0.45

During the year ended April 30, 2013, five hundred thousand (500,000) warrants were issued as part of the acquisition agreement to acquire options to earn interests in the Timiskaming, Pikoo and Qilalugaq projects (Note 8). Each warrant entitles the holder to acquire one common share of the Company at a price of $0.25 per share until April 29, 2018. The warrants became exercisable when the Company exercised its option to earn an interest in the Timiskaming project and have been valued at $314,325 which has been capitalized as an acquisition cost of the Timiskaming project.

During the year ended April 30, 2014, five hundred thousand (500,000) warrants were issued as part of the purchase and sale agreements to acquire 100% interests in the Mel and Luxx projects (Note 8). Each warrant entitles the holder to acquire one common share of the Company at a price of $0.65 per share until August 19, 2018. The warrants have been valued at $253,004 which has been capitalized as an acquisition cost of the properties.

Share-based payments

The following weighted average assumptions were used for the Black Scholes valuation of share purchase warrants issued in conjunction with the acquisition of exploration and evaluation assets:

	April 30, 2015	April 30, 2014
Risk-free interest rate	-	1.79%
Expected life	-	5.0 years
Annualized volatility	-	137.65%
Dividend rate	-	0.00%

11. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its former subsidiary have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Company and related parties not disclosed elsewhere in the financial statements are disclosed below.

Related party transactions

Certain companies which have an officer and/or director or former officer and/or director in common and render services or are charged for certain services as follows:

11. RELATED PARTY TRANSACTIONS - continued

Related party transactions - continued

	Nature of transactions
Anglo-Celtic Exploration Ltd.	Interest and consulting
Strongbow Exploration Inc.	Exploration and administration
0954506 BC Ltd.	Exploration
Northair Silver Corp. (formerly International Northair Mines Ltd.)	Accounting and corporate services

The Company incurred the following transactions in the normal course of operations in connection with companies which have an officer and/or director in common.

a) During the year ended April 30, 2015, the Company paid or accrued $37,219 (2014 - $44,410) for shared administrative and accounting services to a company with common officers.

b) During the year ended April 30, 2015, the Company paid or accrued consulting fees of $nil (2014 - $5,259) to a companies controlled by directors. This amount is included in salaries disclosed below.

c) During the year ended April 30, 2015 the Company paid $5,886 (2014 - $17,877) for office and rent to a company with common directors and officers and/or controlled by a director.

d) Amounts due to related parties of $4,351 (2014 - $20,622) are owing to a director or companies with officers/directors in common.

e) Issued warrants to a director for exploration and evaluation assets with a value of $nil (2014- $253,004).

f) Had warrants issued to a party related to a director for exploration and evaluation assets vest with a value of $nil (2014- $314,325).

The remuneration of directors and key management personnel during the year ended April 30, 2015 was as follows:

		April 30, 2015		**April 30, 2014**
Salaries[1]	**$**	**283,333**	**$**	**191,667**
Share-based compensation[2]		**430,701**		**821,087**
Total	**$**	**714,034**	**$**	**1,012,754**

1 – When key management is working specifically on mineral properties their time is capitalized against the mineral property.
2 – Share-based compensation is the fair value of options that have been granted to directors and key management personnel.

12. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		2015		**2014**
Net income (loss) for the year	$	(1,611,595)	$	(1,573,703)
Expected income tax (recovery)	$	(419,000)	$	(409,000)
Change in statutory rates, foreign tax and other		(47,000)		(87,000)
Permanent differences		188,000		217,000
Share issue cost		-		(106,000)
Change in unrecognized deductible temporary differences		278,000		385,000
Total income tax expense (recovery)	**$**	**-**	**$**	**-**

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

		2015	**Expiry Date Range**		**2014**	**Expiry Date Range**
Temporary Differences						
Exploration and evaluation assets	$	4,826,000	No expiry date	$	4,888,000	No expiry date
Investment tax credit		193,000	2028 to 2034		128,000	2028 to 2033
Property and equipment		27,000	No expiry date		16,000	No expiry date
Share issue costs		250,000	2034 – 2037		344,000	2034 – 2037
Marketable securities		14,000	No expiry date		14,000	No expiry date
Non-capital losses available for future period		4,649,000	2029 – 2034		3,615,000	2029– 2033

Tax attributes are subject to review, and potential adjustment, by tax authorities.

13. COMMITMENTS

As at April 30, 2015, the commitment for rental of the Company's office space is as follows:

Year ending	
April 30, 2016	$66,634
April 30, 2017	$49,975

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the year ended April 30, 2015 were:

a) The Company incurred exploration and evaluation expenditures of $214,906 (2014 - $313,106) that are included in accounts payable and accrued liabilities at April 30, 2015.

b) The Company issued nil warrants (2014 - 500,000) and had nil warrants issued in a prior period vest (2014 - 500,000) with a value of $nil (2014 - $567,329).

15. CAPITAL MANAGEMENT

The capital of the Company consists of the items included in shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Company's objective for capital management is to plan for the capital required to support the Company's ongoing acquisition and exploration of its mineral properties and to provide sufficient funds for its corporate activities.

The Company's exploration and evaluation assets are in the exploration stage. As an exploration stage company, the Company is currently unable to self-finance its operations. The Company has historically relied on equity financings to finance its operations. In order to carry out the Company's planned exploration programs and to pay for administrative costs, the Company will have to raise additional funds as required. To effectively manage the Company's capital requirements, the Company's management has in place a planning and budgeting process.

16. SEGMENTED INFORMATION

The Company operates in Canada in a single operating segment – the acquisition and exploration of mineral properties in Canada.

17. SUBSEQUENT EVENTS

a) On May 28, 2015, the Company completed a private placement of 4,211,000 flow-through shares at a price of $0.95 per share for total gross proceeds of $4,000,450. As part of this private placement the Company paid finders' fees and costs totalling $339,729.

b) On July 10, 2015, the Company issued Stornoway notice that it had completed the option work program on the Qilalugaq property and had therefore vested at an 80% interest in the project, subject to Stornoway's right to buy back a further 20% interest in the project. The Company was notified by Stornoway that Stornoway did not elect to exercise its right to buy back a further 20% interest in the project. Ongoing evaluation of the project is subject to an 80%/20% (Company/Stornoway) participating joint venture.