



Pacific Bay Minerals Ltd.
Condensed Interim Consolidated Financial Statements
March 31, 2015
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars unless Otherwise Stated)

NOTICE TO READER

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 financial statements have been prepared by and are the responsibility of the management.

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

Pacific Bay Minerals Ltd.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	March 31, 2015	December 31, 2014
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	213	540
Taxes receivable	10,355	9,404
Prepaid expenses	-	-
Total current assets	10,568	9,944
Deposits (Note 4)	16,903	16,903
Property and equipment (Note 5)	7,156	7,533
Exploration and evaluation assets (Note 6)	962,551	962,551
Total non-current assets	986,609	986,987
Total Assets	997,177	996,931
LIABILITIES		
Current		
Accounts payable and accrued liabilities	254,084	245,801
Due to related parties (Note 9)	283,111	259,338
Loans payable to a related party (Note 9)	138,715	134,215
Total current liabilities	675,910	639,354
LIABILITY TO ISSUE SHARES (Note 10)	14,003	14,003
Total Liabilities	689,913	653,357
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	12,280,326	12,280,326
Contributed surplus	2,943,481	2,943,481
Accumulated deficit	(14,916,543)	(14,880,233)
Total shareholders' equity	307,264	343,574
Total Liabilities and Shareholders' Equity	997,177	996,931

Approved on behalf of the Board of Directors:

"David H. Brett"	Director	"Doug Blanchflower"	Director
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The accompanying notes are an integral part of these condensed interim consolidated financial statements

Pacific Bay Minerals Ltd.
Condensed Interim Consolidated Statements of Comprehensive Loss
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Three Months Ended March 31,	
	2015	2014
	\$	\$
Expenses		
Accounting and audit	3,664	–
Consulting fees	7,500	7,500
Depreciation	377	1,883
Interest	1,876	5,506
Impairment of mineral properties (Note 6)	–	1,194
Legal and professional	–	3,791
Listing and filing fees	3,045	4,988
Management and administrative fees (Note 9)	17,250	34,500
Office and general	–	805
Rent and office services	2,598	4,140
Travel	–	181
	(36,310)	(65,208)
Other Income (Expense)		
Other income	–	–
Comprehensive loss for the period	(36,310)	(65,208)
Loss per share – basic and diluted	(0.00)	(0.00)
Weighted average shares outstanding	21,311,824	12,447,523

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Pacific Bay Minerals Ltd.
Condensed Interim Consolidated Statement of Changes in Equity
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Common Shares		Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total
	Number	Value				
		\$	\$	\$	\$	\$
Balance, January 1, 2014	12,447,523	11,916,815	2,886,121	–	(14,606,691)	196,245
Net loss for the period	–	–	–	–	(65,208)	(65,208)
Balance, March 31, 2014 (unaudited)	12,447,523	11,916,815	2,886,121	–	(14,671,899)	131,037
Balance, January 1, 2015	21,311,824	12,280,326	2,943,481	–	(14,880,233)	343,574
Net loss for the period	–	–	–	–	(36,310)	(36,310)
Balance, March 31, 2015 (unaudited)	21,311,824	12,280,326	2,943,481	–	(14,916,543)	307,264

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

Pacific Bay Minerals Ltd.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Prepared by Management)
(Expressed in Canadian Dollars)

For the Three Months Ended March 31	2015	2014
	\$	\$
Cash provided by (used in)		
Operating activities		
Net loss for the period	(36,310)	(65,208)
Items not involving cash:		
Depreciation	377	1,883
Net change in:		
Accounts payable and accrued liabilities	8,283	16,164
Due to related parties	28,273	42,800
Prepaid expenses	–	–
Taxes receivable	(950)	(2,528)
	(327)	(6,889)
Investing activities		
Acquisition of mineral properties	–	–
Deferred exploration expenditures	–	(1,914)
Proceeds from sale of property and equipment	–	–
Accounts payable related to exploration activities	–	1,914
	–	–
Financing activities		
Proceeds from liability to issue shares		
Loan from related party	–	6,500
Proceeds from issuance of shares	–	–
	–	6,500
(Decrease) increase in cash and cash equivalents	(327)	(389)
Cash and cash equivalents, beginning of period	540	1,014
Cash and cash equivalents, end of period	213	625
Supplemental information:		
Interest paid	–	–
Taxes paid	–	–
Non-cash financing and investing activities:		
Issue of common shares for mineral properties		–
Issue of common shares for loans		–
Shares received for recovery of exploration expenditures		–

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

1. Corporate Information and Nature of Operations

Pacific Bay Minerals Ltd. (the “Company”) business activity is the acquisition, exploration and evaluation of uranium, precious and base metal mineral properties in Argentina and Canada. The Company was incorporated in Canada under the Business Corporations Act (British Columbia). The Company is listed on the TSX Venture Exchange (“TSX.V”) under the trading symbol “PBM-V”, as a Tier 2 mining issuer and is in the process of exploring its mineral properties.

The underlying value and the recoverability of the amounts recorded as mineral properties is entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete its acquisition, exploration and development of its mineral properties or receive proceeds from disposition of mineral properties. The carrying value of the Company’s mineral properties does not reflect current or future values.

The Company’s registered office is 733 - 510 West Hastings Street, Vancouver, BC V6B 1L8.

These unaudited interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future.

2. Basis of Presentation

a) Statement of Compliance

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

The interim financial statements should be read in conjunction with the Company’s annual audited financial statements for the year ended December 31, 2014.

The interim consolidated financial statements were authorized for issue by the Board of Directors on June 1, 2015.

b) Basis of Measurement

The interim consolidated financial statements have been prepared on a historical cost basis. These interim consolidated financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

The preparation of the interim consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the interim consolidated financial statements are explained in Note 4.

c) Going Concern

These interim consolidated financial statements are prepared on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity’s ability to continue as a going concern.

2. Basis of Presentation (continued)

The Company has not generated revenue from operations. The Company incurred a net loss of \$36,310 for the three month period ended March 31, 2015 and, as of that date the Company's accumulated deficit was \$14,916,543. The Company does not generate sufficient cash flow from operations to adequately fund its future activities and has relied principally upon the issuance of securities to fund its exploration and administrative expenditures. These conditions raise significant doubt regarding the Company's ability to continue as a going concern.

The Company will require additional capital to fund its future property acquisitions and exploration programs as well as for administrative purposes. There is material uncertainty about whether the Company will be able to obtain additional capital. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these consolidated financial statements.

The interim consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

3. New Accounting Standards and Recent Pronouncements

The following new standards and amendments to existing standards have been published and are mandatory for the Company's accounting years beginning after January 1, 2015 or later, with early adoption permitted. None of these is expected to have a significant effect on the interim consolidated financial statements.

IFRS 9 'Financial Instruments: Classification and Measurement' – introduces new requirements for the classification and measurement of financial instruments.

Annual Improvements to IFRSs 2012 - 2014 Cycle, including *IFRS 7, Financial Instruments: Disclosures* and *IAS 34, Interim Financial Reporting*

Management is currently evaluating the impact of the adoption of these standards.

Pacific Bay Minerals Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
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March 31, 2015

4. Deposits

The Company is required to make reclamation deposits in respect of its expected rehabilitation obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on minerals properties in connection with the permits required for exploration activities by the Company. The reclamation deposits are held in certificates of deposits with a maturity dates of May 21, 2015 and June 2, with interest rates of 0.8% per annum.

	March 31, 2015	December 31, 2014
	\$	\$
Reclamation bonds	12,033	12,000
Rent deposit	4,903	4,903
	<u>16,936</u>	<u>16,903</u>

5. Property and Equipment

	Field Equipment	Vehicles	Total
	\$	\$	\$
Cost			
Balance at December 31, 2014	42,413	–	42,413
Disposals	–	–	–
Balance at March 31, 2015 (unaudited)	<u>42,413</u>	<u>–</u>	<u>42,413</u>
Accumulated Depreciation			
Balance at December 31, 2014	34,880	–	34,880
Depreciation for the period	377	–	377
Balance at March 31, 2015 (unaudited)	<u>35,257</u>	<u>–</u>	<u>35,257</u>
Carrying Amounts			
Balance at December 31, 2014	7,533	–	7,533
Balance at March 31, 2015 (unaudited)	<u>7,156</u>	<u>–</u>	<u>7,156</u>

Pacific Bay Minerals Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
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6. Exploration and Evaluation Assets

	Argentina		Canada				
	Regalo	Other	Otish Mountain	Haskins Reed	Ax Property	Other	Total
	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2014	–	–	11,141	878,232	–	73,178	962,551
Exploration costs	–	–	–	–	–	–	–
Issuance of shares	–	–	–	–	–	–	–
Balance, March 31, 2015 (unaudited)	–	–	11,141	878,232	–	73,178	962,551

Lode Gold Property, British Columbia

On February 25, 2014, the Company entered into an option agreement to acquire the Lode Gold Property in the New Westminster Mining Division, BC, for a total of 1,500,000 common shares issuable over four years. The property is subject to a 3% net smelter royalty (“NSR”), 2% of which is purchasable for \$1,500,000 per percentage point, with the remaining 1% not purchasable. On April 8, 2014, the Company issued 250,000 shares at a fair value of \$0.04 per share pursuant to the agreement. During the three month period ended March 31, 2015, the Company incurred \$NIL in expenditures at Lode Gold.

Boulder Property, British Columbia

On February 25, 2014, the Company entered into an option agreement to acquire the Boulder Property in the Stikine Mining Division, BC, for a total of 5,000,000 shares issuable over 4 years. The property is subject to a 3% NSR, 2% of which is purchasable for \$1,500,000 per percentage point, with the remaining 1% not purchasable. On April 8, 2014, the Company issued 750,000 shares at a fair value of \$0.04 per share pursuant to the agreement. During the three month period ended March 31, 2015, the Company incurred \$NIL in expenditures on the Boulder property.

Haskins-Reed Property, British Columbia

During the prior year ended December 31, 2014, the Company issued 1,000,000 common shares at \$0.04 per share pursuant to their agreement and the Company now holds an undivided 100% interest in the Haskins-Reed Property, subject only to a 2% NSR. The Company recognized an impairment charge of \$250,237 during the year ended December 31, 2013, representing 25% of the remaining carrying costs of the property. During the three month period ended March 31, 2015, the Company incurred \$NIL in expenditures on the Haskins-Reed property.

6. Exploration and Evaluation Assets (continued)

Otish Mountains, Québec (Uranium Exploration)

During the prior year ended December 31, 2014, the Company prepared and filed a submission to the Bureau d'audiences publiques sur l'environnement ("BAPE") in Quebec, a governmental public consultation body that is conducting a province-wide consultation process regarding uranium mining. The Company's submission argues that uranium exploration and mining poses no environmental or social risk above or below any other type of mining activity and that the moratorium on such activities should be lifted immediately. The Company has also left open the possibility of legal action to recover damages from the Quebec government.

As potential exists for the moratorium to be lifted, as well as for possible recoveries from the Province of Quebec through legal action, the Company retains a modest assets balance on the Otish Property in its financial statements. During the three month period ended March 31, 2015, the Company incurred \$NIL in expenditures on the Otish Property.

Regalo Property, Argentina (Uranium Exploration)

Pacific Bay, through its Argentine subsidiary Bahia Atlantica, S.A., owns 100% of the Regalo Property. Due to increased regulatory risks, weak uranium prices and low availability of financing, management does not foresee any reasonable possibility of funding further work, and as such, all remaining carrying costs were written down in a prior year, resulting in an impairment charge of \$670,274 during the year ended December 31, 2013. No new work or activity was carried out in 2014, or for the three month period ended March 31, 2015, at Regalo.

7. Commitments

The Company entered into a lease for office premises which commenced February 1, 2013 and terminates on January 31, 2016. The following is a summary of the future lease commitments over the term of the agreement:

2015	\$41,250
2016	\$ 3,438

During the prior year ended December 31, 2013, the Company entered into a fully binding sublease agreement regarding the subject office premises whereby the subtenant has committed to pay the Company \$36,300 per year (plus overhead) commencing August 15, 2014 until the termination of the lease on January 31, 2016.

8. Share Capital

Authorized common shares:

The Company is authorized to issue an unlimited number of common shares without par value.

Issued and outstanding common shares:

Effective July 9, 2013, the Company consolidated its common shares on a 5 for 1 basis. All share and per share amounts have been restated retroactively.

On April 8, 2014, the Company issued a total of 3,250,000 shares to settle debt of \$162,500, including 3,100,000 shares to settle amounts owing of \$40,000 to the President of the Company and \$115,000 to a director of the Company.

On April 8, 2014, the Company issued 1,000,000 shares at a fair value of \$40,000 to complete the 100% purchase of the Haskins-Reed property.

On April 8, 2014, the Company issued 750,000 shares at a fair value of \$30,000 pursuant to the Boulder property agreement.

On April 8, 2014, the Company issued 250,000 shares at a fair value of \$10,000 pursuant to the Lode Gold property agreement.

On April 8, 2014, the Company issued 1,000,000 units pursuant to a private placement at \$0.05 per unit for gross proceeds of \$50,000. Each unit consisted of one common share and one common share purchase warrant entitling the holder to purchase an additional common share at \$0.10 per share on or before April 8, 2015. The Company allocated \$10,000 to the value of the warrants.

On August 1, 2014, the Company issued 500,000 units pursuant to a private placement at \$0.05 per unit for gross proceeds of \$25,000. Each unit consisted of one common share and one common share purchase warrant entitling the holder to purchase an additional common share at \$0.10 per share on or before August 1, 2015. The Company allocated \$5,000 to the value of the warrants.

On December 22, 2014, the Company issued 1,400,000 units pursuant to a private placement at \$0.05 per unit for gross proceeds of \$70,000. Each unit consists of one common share and one common share purchase warrant entitling the holder to purchase an additional common share at \$0.10 on or before December 22, 2015. The Company allocated \$nil to the value of the warrants.

On December 22, 2014, the Company issued 714,285 units pursuant to a flow-through private placement at \$0.07 per unit for gross proceeds of \$50,000. Each unit consists of one common share and one common share purchase warrant entitling the holder to purchase an additional common share at \$0.10 on or before December 22, 2015. The Company allocated \$nil to the value of the warrants.

8. Share Capital (continued)

Share purchase warrants

As at March 31, 2015, the following common share purchase warrants were outstanding and exercisable:

Number of Warrants	Exercise Price	Expiry Date
1,000,000	0.10	April 8, 2015
500,000	0.10	August 1, 2015
2,114,285	0.10	December 22, 2015
3,614,285		

Stock options

The Company has a Stock Option Plan ("the Plan") for directors, officers and employees. The maximum number of common shares to be issued under the Plan is restricted such that it cannot at any given time be more than 10% of the Company's issued and outstanding shares. The number of shares reserved for issuance at any one time to any one person shall not exceed 5% of the outstanding shares issued. Options granted must be exercised no later than two years after the date of the grant or such lesser periods as regulations require.

The following table summarizes the changes in stock options:

	March 31, 2015		December 31, 2014	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding, beginning of period	1,000,000	0.10	510,000	0.50
Granted	-	-	1,000,000	0.10
Expired/cancelled	(100,000)	0.10	(510,000)	0.50
Outstanding, end of period	900,000	0.10	1,000,000	0.10
Exercisable, end of period	900,000	0.10	1,000,000	0.10

The following table summarizes information about stock options outstanding and exercisable at March 31, 2015:

Expiry Date	Number of Options	Exercise Price
October 29, 2016	900,000	\$0.10
	900,000	

9. Related Party Transactions

Related party transactions not disclosed elsewhere in these financial statements were as follows:

For the Three Months Periods Ended March 31,	2015	2014
	\$	\$
Management fees and salaries paid or accrued to directors and officers of the Company	17,250	42,000

As at March 31, 2015, the Company is indebted to the officers and directors of the Company in the amount of \$283,111 for unpaid management compensation (December 31, 2014 - \$274,998. The amount is unsecured, non-interest bearing and due on demand.

On May 23, 2012 the Company entered into a loan agreement with a director of the Company for \$200,000, which was due on or before December 31, 2012, with interest at the rate of 7% per annum. In addition, the Company agreed to issue the lender 160,000 bonus shares within 10 days of TSX Exchange acceptance. On July 16, 2012, the Company issued 160,000 bonus shares with a fair value of \$32,000. On December 20, 2012, the loan was extended to December 31, 2013. On December 20, 2013, the loan was extended to December 31, 2014. On April 8, 2014, the Company issued 2,300,000 shares with a fair value of \$92,000 to settle \$115,000 of this loan. As at December 31, 2014 the balance of this loan is \$85,000. During the three month period ended March 31, 2015, this director loaned an additional \$12,000, bringing the balance owing to \$97,000.

On April 8, 2014, the Company issued 800,000 shares with a fair value of \$32,000 to settle \$40,000 of accrued management fees due to the President.

During the prior year ended December 31, 2014, a director of the Company advanced \$7,500 to the Company in loans which are no interest bearing, have no fixed terms of repayment, and are payable on demand.

During the prior year ended December 31, 2014, the Company granted incentive stock options to directors and officers of the Company to purchase up to 900,000 common shares at \$0.10 per share, exercisable to October 29, 2016. The total fair value of stock options granted to directors and officers during the prior year ended December 31, 2014 using the Black-Scholes option pricing model was \$38,124.

10. Financial Instruments and Risk Management

The Company is exposed through its operations to the following financial risks:

Market Risk
Credit Risk
Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receive quarterly reports from the Company's Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

Market Risk;

Market risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in the market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

i) Foreign Currency Risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and the Argentina Pesos or other foreign currencies will affect the Company's operations and financial results.

ii) Interest Rate Risk:

Interest rate risk is the risk that future cash flow will fluctuate as a result of changes in the market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company consider this risk to be immaterial.

iii) Commodity Price Risk

The Company's ability to raise capital to fund operation of its properties is subject to risks associated with fluctuations in the market prices of uranium, gold, silver and other commodities.

iv) Equity Price Risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company is exposed to this risk through its equity holdings. The available-for-sale investments in the common shares of companies are monitored by Management with decisions on sale taken at Board level.

10. Financial Instruments and Risk Management (continued)

Credit Risk;

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

The carrying amount of financial assets represent the maximum credit exposure. The Company has gross credit exposure at September 30, 2014 and December 31, 2013 relating to cash and cash equivalents of \$1,848 and \$1,014, respectively. All cash and cash equivalents are held at CIBC Bank.

Liquidity Risk;

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases. The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other liabilities.

Determination of Fair Value:

Fair values have been determined for measurement and /or disclosure purposes based on the following methods. When applicable, further information about assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly as prices or indirectly derived from prices; and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on a observable market.

11. Capital Management

The Company monitors its cash, common shares, warrants and stock options as capital. The Company's objectives when maintaining capital are to maintain sufficient capital base in order to meet its short-term obligations and at the same time preserve investor's confidence required to sustain future development and production of the business. The Company is not exposed to any externally imposed capital requirements.

11. Subsequent Event

Subsequent to March 31, 2015, the Company issued a total of 1,300,000 common shares at a price of \$0.05 per share, pursuant to mineral property option agreements.