VALENCIA VENTURES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the three months ended
March 31, 2015 and 2014
(expressed in Canadian dollars)

Unaudited

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

VALENCIA VENTURES INC.

Condensed Interim Consolidated Statements of Financial Position

Unaudited
(Expressed in Canadian dollars)

As at:	Notes	March 31, 2015 $	December 31, 2014 $
ASSETS			
Current assets:			
Cash		47,204	347,300
Amounts receivable		10,862	4,805
Short-term note receivable	3	250,000	-
Prepaid expenses		8,136	10,294
Total current assets		316,202	362,399
TOTAL ASSETS		316,202	362,399
LIABILITIES AND EQUITY (DEFICIENCY)			
Current liabilities:			
Accounts payable and accrued liabilities	12	172,286	149,775
Total liabilities		172,286	149,775
Equity (Deficiency):			
Share capital	6	336,896,958	336,896,958
Share-based payments reserve	7	249,950	249,950
Deficit		(337,002,992)	(336,934,284)
Total equity (deficiency)		143,916	212,624
TOTAL LIABILITIES AND EQUITY (DEFICIENCY)		316,202	362,399
Nature of operations and going concern	1		
Commitments and contingencies	13		

Approved on behalf of the Board of Directors:

"David Antony"
Director

"Fred Leigh"
Director

-*See accompanying notes to the condensed interim financial statements* -

VALENCIA VENTURES INC.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

Unaudited
(Expressed in Canadian dollars)

	Notes	Three months ended March 31, 2015 $	2014 $
Expenses			
Consulting, management and professional fees		42,991	104,003
Shareholder communications and filing fees	7, 12	8,682	13,425
Office expenses		17,235	16,340
Travel expenses		-	303
Finance (income)		(201)	(206)
Net loss for the period		(68,707)	(133,865)
Basic and diluted loss per share	6, 9	0.00	0.06
Weighted average number of common shares outstanding:			
Basic and diluted	6, 9	16,473,422	2,094,258

-See accompanying notes to the condensed interim financial statements -

Condensed Interim Consolidated Statements of Cash Flows

Unaudited
(Expressed in Canadian dollars)

	Notes	Three months ended March 31, 2015	2014
Cash provided by (used in)			
Operating activities			
Net loss		$ (68,707)	$ (133,865)
Working capital adjustments:			
Change in amounts receivable		(256,058)	1,900
Change in prepaid expenses		2,158	2,000
Change in accounts payables and accrued liabilities		22,511	69,318
Net cash used in operating activities		(300,096)	(60,647)
Change in cash		(300,096)	(60,647)
Cash, beginning of the year		347,300	128,171
Cash, end of the year		47,204	67,524

-See accompanying notes to the condensed interim financial statements -

VALENCIA VENTURES INC.

Condensed Interim Consolidated Statements of Changes in Equity

Unaudited

(Expressed in Canadian dollars)

	Note	Share capital		Share-based payments reserve	Accumulated other comprehensive (loss)	Deficit	Total equity (deficiency)
		No.	$	$	$	$	$
Balance, December 31, 2014		16,473,422	336,896,958	249,950	-	(336,934,284)	212,624
Loss for the period		-	-	-	-	(68,708)	(68,708)
Balance, March 31, 2015		**16,473,422**	**336,896,958**	**249,950**	**-**	**(337,002,992)**	**143,916**
Balance, December 31, 2013		2,094,258	336,057,458	415,635	(150,000)	(336,398,990)	(75,897)
Expiry of stock options		-	-	(56,240)	-	56,240	-
Loss for the period		-	-	-	-	(133,865)	(133,865)
Balance, March 31, 2014		**2,094,258**	**336,057,458**	**359,395**	**(150,000)**	**(336,476,615)**	**(209,762)**

-See accompanying notes to the condensed interim financial statements -

1. Nature of operations and going concern

Valencia Ventures Inc. (the "Company" or “Valencia”) is primarily engaged in the acquisition, exploration and evaluation of mineral properties in Canada. There has been no determination whether the Company's interests in exploration and evaluation properties contain mineral reserves. The registered head office of the Company is located at 65 Queen Street West, Suite 815, Toronto, Ontario, Canada, M5H 2M5.

The Company’s shares are listed on the NEX Board of the TSX Venture Exchange (“NEX”). The financial statements of the Company for the three months ended March 31, 2015 and 2014 were reviewed, approved and authorized for issue by the Board of Directors on May 28, 2015.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that current operations, including exploration and evaluation programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

The Company has a need for equity capital and financing for working capital and exploration and evaluation of its properties. Because of continuing operating losses, limited working capital and a cumulative deficit as at March 31, 2015, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. These financial statements do not include the adjustments that would be necessary should the company be unable to continue as a going concern. Such adjustments could be material.

2. Significant accounting policies

a) Statement of compliance

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). The policies applied in these condensed interim financial statements are based on International Financial Reporting Standards (“IFRS”) issued and outstanding as at March 31, 2015. The policies as set out in the Company’s Annual Financial Statements for the twelve months ended December 31, 2014 were consistently applied to all the periods presented unless otherwise noted below.

b) Basis of preparation

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for held for trading and available-for-sale investments which are reflected at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

c) New and future accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2015 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

2. Significant accounting policies (Continued)

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

IAS 24 – Related Party Disclosures ("IAS 24") was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The amendments to IAS 24 are effective for annual periods beginning on or after July 1, 2014.

d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its wholly-owned subsidiary 1028827 B.C. LTD.

Subsidiaries
Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

e) Critical judgments and estimation uncertainties

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

e) Critical judgments and estimation uncertainties (Continued)

- Impairment of exploration and evaluation assets

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

- Estimation of decommissioning and restoration costs and the timing of expenditure

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

- Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning 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. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

- Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment is used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Contingencies

Refer to Note 13.

3. Short-term note receivable

On March 13, 2015, the Company entered into an amalgamation agreement ("Agreement") with Chelsea Natural Gas Ltd., a British Columbia company, ("Chelsea CNG") and 1028827 B.C. LTD., a British Columbia company and a wholly-owned subsidiary of the Company, ("VVI Subco") incorporated subsequent to year end December 31, 2014, whereby the Company will acquire all of the issued and outstanding shares of Chelsea CNG (the "Transaction"). It is expected that the Transaction will be effected by way of a three-cornered amalgamation. The completion of the Transaction remains subject to a number of conditions. In connection with the transaction, the Company has provided Chelsea CNG with a $250,000 loan for working capital purposes.

(Expressed in Canadian dollars unless otherwise noted)

4. Investments

		March 31, 2015		December 31, 2014	
		No. held	Value	No. held	Value
	Classification		$		$
Valere Mining Ltd. (a)	Equity investment	17,300,000	-	17,300,000	-
South American Rare Earth Corp. (b)	Available-for-sale	500,000	-	500,000	-
			-		-

(a) The Company owns 50% of Valere Mining Ltd. ("Valere"), however, as the Company does not control Valere, it accounts for it as an equity investment. On February 25, 2013, the Company received $195,700 from Valere as a return of capital for its investment in Valere, as the carrying balance of the investment was $103,166, a gain of $nil for 2014 (2013: $92,534) was recorded in the statement of operations. An equity loss of $nil was recorded for 2014 and 2013 in the statement of operations.

(b) In 2010, the Company entered into a loan agreement with a private Ontario company ("Ontario Co.") whereby the Company agreed to lend Ontario Co. $700,000. The Company had agreed to acquire the Diana Property from Ontario Co., subject to TSX-V approval. Ontario Co. had committed to use the proceeds of the loan to carry out a comprehensive $700,000 exploration program on the Diana Property to satisfy the 2010 work commitments in respect of the Diana Property. The principal under the loan incurred interest at a rate of 10% per year, was secured by a personal guarantee of the sole director of Ontario Co. and was to mature on September 30, 2010. The loan agreement was extended to December 31, 2010 under the same terms.

In April 2011, $127,000 of this loan was repaid. The Company negotiated settlement of the balance of the loan in June 2011. The shareholders of Ontario Co. entered into a third-party agreement with South American Rare Earth Corp ("SARE"), a private company, for the sale of Ontario Co., and the Company has agreed with Ontario Co. that the Company will receive 500,000 common shares of SARE on the sale of Ontario Co. Subsequently, this company changed its name to South American Silica Corp. These shares were received in the year ended December 31, 2012 and valued at $100,000 and recorded as an investment. The Company recorded a permanent impairment loss on this investment of $100,000 for the year ended December 31, 2013 in the statement of operations.

5. Interest in exploration and evaluation properties

Agnew Lake Property

In September 2010, the Company completed a purchase and sale agreement to acquire a 100% interest in the Agnew Lake Property. The Agnew Lake Property consists of exploration claim blocks at Agnew Lake North Uranium property.

The Company did not complete any exploration work on the property in 2013 and 2014, and does not intend on making additional exploration expenditures on the property in 2015. The Company is reviewing various strategic alternatives regarding this property.

6. Share capital

a) As at March 31, 2015 and December 31, 2014 the Company's authorized number of common shares was unlimited without par value.

b) Common shares	Number of Shares	Amount
	#	$
Balance, December 31, 2013	**2,094,258**	**336,057,458**
Private placement, net of cost of issue	13,999,998	839,500
Finders shares issued on private placement	379,166	-
Balance, December 31, 2014 and March 31, 2015	**16,473,422**	**336,896,958**

On June 27, 2014, the Company consolidated its common shares on the basis of one new common share for every eight old common shares held. All references to common shares, per share amounts, warrants and options for all periods presented have been retroactively restated to reflect this consolidation.

(Expressed in Canadian dollars unless otherwise noted)

6. Share capital (Continued)

On August 28, 2014, the Company completed a private placement of 13,999,998 common shares at a purchase price of $0.06 per share for gross proceeds of approximately $840,000. A former officer of the Company a director of the Company and a corporation controlled by a director of the Company subscribed to 2,250,000 shares of this private placement. A total of 379,166 finder shares were issued to certain finders.

7. Share-based payments reserve

Under the Company's stock option plan (the "Plan"), the Company may grant to directors, officers, employees and consultants options to purchase shares of the Company. The Plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The Plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding share capital increases. Options granted under the Plan will be for a term not to exceed 5 years.

The Plan provides that it is solely within the discretion of the Board to determine who should receive stock options and in what amounts. In no case (calculated at the time of grant) shall the Plan result in:

- The number of options granted in a 12-month period to any one consultant exceeding 2% of the issued shares of the Company;
- The aggregate number of options granted in a 12-month period to any one individual exceeding 5% of the outstanding shares of the Company;
- The number of options granted in a 12-month period to employees or consultants undertaking investor relations activities exceeding in aggregate 2% of the issued shares of the Company;
- The aggregate number of common shares reserved for issuance to any one individual upon the exercise of options granted under the Plan or any previously established and outstanding stock option plans or grants exceeding 5% of the issued shares of the Company in any 12-month period.

During the period ended March 31, 2015, 18,500 stock options expired unexercised and a value of $56,240 was recorded against deficit (year ended December 31, 2013: 3,750 options valued at $42,100).

The following share-based payment arrangements were in existence during the current and prior reporting periods:

	No. of options	Weighted Average Exercise Price	Value of options	No. of warrants	Weighted Average Exercise Price	Value of warrants	Total Value
	#	$	$	#	$	$	$
December 31, 2013	190,688	2.45	306,190	694,444	1.60	109,445	415,635
Expired	(18,500)	8.00	(56,240)	(694,444)	-	(109,445)	(165,685)
December 31, 2014 and March 31, 2015	172,188	1.85	249,950	-	-	-	249,950

STOCK OPTIONS:

No. outstanding	No. exercisable	Grant date	Expiry date	Exercise price	Fair value at grant date	Expected volatility	Expected life (yrs)	Expected dividend yield	Risk-free interest rate
20,938	20,938	22-Oct-10	22-Oct-15	$ 8.00	$ 117,250	126%	5.00	0%	1.91%
3,125	3,125	29-Jun-11	29-Jun-16	$ 6.40	$ 17,500	137%	5.00	0%	1.44%
80,625	80,625	15-Aug-12	15-Aug-17	$ 0.96	$ 77,400	192%	5.00	0%	1.51%
67,500	67,500	2-May-13	2-May-18	$ 0.80	$ 37,800	190%	5.00	0%	1.15%
172,188	172,188				$ 249,950				

The weighted average remaining contractual life of outstanding options as of March 31, 2015 is 2.45 years (March 31, 2014: 3.46 years)

(Expressed in Canadian dollars unless otherwise noted)

8. Accumulated other comprehensive income

	$
December 31, 2013	(150,000)
Adjustment to available-for-sale investment for changes in fair market value	(15,435)
Removal of accumulated other comprehensive loss on sale of Apogee Silver Ltd. shares	165,435
December 31, 2014 and March 31, 2015	-

9. Loss per share

Total shares issuable from options and warrants excluded from the computation of diluted loss per share because their effect would be anti-dilutive for the three months ended March 31, 2015 were 172,188 and nil respectively (three months ended March 31, 2014: 1,377,500 and 5,555,554).

10. Financial instruments

Financial assets and financial liabilities as at March 31, 2015 and 2014 were as follows:

March 31, 2015	Cash, loans and receivables $	Available-for-sale $	Financial liabilities $	TOTAL $
Cash	47,204	-	-	47,204
Accounts payable and accrued liabilities	-	-	(172,286)	(172,286)

March 31, 2014	Cash, loans and receivables $	Available-for-sale $	Financial liabilities $	TOTAL $
Cash	67,524	-	-	67,524
Amounts receivables	24,519	-	-	24,519
Investments	-	60,000	-	60,000
Accounts payable and accrued liabilities	-	-	(369,675)	(369,675)

10. Financial instruments (continued)

The carrying value of amounts receivable and accounts payable and accrued liabilities reflected in the statement of financial position approximate fair value because of the limited term of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures for managing risk during the years ended March 31, 2015 and 2014.

Credit risk

The Company's credit risk is primarily attributable to amounts receivable. The Company has no significant concentration of credit risk arising from operations.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2015, the Company had a cash balance of $47,204 (December 31, 2014: $347,300) to settle current liabilities of $172,286 (December 31, 2014: $149,775). All of the Company's financial liabilities at March 31, 2015 and 2014 have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

(a) Interest rate risk

The Company has cash balances at March 31, 2015. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company considers interest rate risk to be minimal as investments are short term, the Company does not carry interest-bearing debt, and expects future financings will be primarily secured from private placements.

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company does not carry significant balances in foreign currencies that would give rise to a significant foreign currency risk.

(c) Commodity price risk

The Company is exposed to price risk with respect to commodity prices, specifically gold and silver. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company’s control. The supply and demand for these commodities, the level of interest rates, the rate of inflation, investment decisions by large holders of commodities including governmental reserves and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. Price risk is remote as the Company is not a producing entity.

(d) Securities price risk

The Company carries investments in certain public securities for which price fluctuations can affect the Company’s earnings. The Company classifies these investments as available-for-sale and price volatility is reflected in other comprehensive income/(loss).

10. Financial instruments (continued)

(e) Fair value

A fair value hierarchy prioritizes the methods and assumptions used to develop fair value measurements for those financial assets where fair value is recognized on the balance sheet. These have been prioritized into three levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Inputs for the asset or liability that are not based on observable market data.

Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment.

At March 31, 2015, the Company's financial instruments that are carried at fair value, consisting of investments of $nil (March 31, 2014: $60,000) have been classified as Level 1 within the fair value hierarchy.

11. Capital management

The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers its capital to consist of share capital, stock options and warrants.

The properties in which the Company currently has an interest are in the exploration and evaluation stage; as such the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and evaluation, and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the years ended March 31, 2015 and 2014. The Company is not subject to externally imposed capital requirements.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the Exchange which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of March 31, 2015, the Company is not compliant with Policy 2.5. The impact of this violation is not known and is ultimately dependent on the Exchange.

(Expressed in Canadian dollars unless otherwise noted)

12. Related party disclosures

During the year ended December 31, 2014, the Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

	Purchases of goods and services Three months ended March 31, 2015	2014
Forbes & Manhattan, Inc.	$ -	$ 37,500

The Company shares office space and other technical services with other companies who may have similar officers or directors. The costs associated with this space are administered by 2227929 Ontario Inc. Stan Bharti, a former director of the Company, is an officer of Forbes & Manhattan, Inc. An administration fee of $12,500 per month was charged by Forbes & Manhattan, Inc until July 2014.

The following balances were outstanding at the end of the reporting period:

	Amounts owed to related parties March 31, 2015	March 31, 2014
Forbes & Manhattan, Inc.	$ -	$ 282,500

Compensation of key management personnel of the Company
The remuneration of directors and other members of key management personnel during the period were as follows:

	Three months ended March 31, 2015	2014
Short-term benefits	$ 12,249	$ 74,749
Share-based payments	-	-

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

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. See note 13.

See also Note 6.

13. Commitments and contingencies

The Company is party to certain management contracts. These contracts contain clauses requiring additional payments of up to approximately $83,415 be made upon the occurrence of certain events such as management contract termination and a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these financial statements.

The Company's exploration activities are subject to various law and regulations governing the protection of the environment. These law and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.