WAR EAGLE MINING COMPANY INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

December 31, 2014

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements of War Eagle Mining Company Inc. for the nine months ended December 31, 2014 have been prepared by and are the responsibility of the Company's management and have been approved by the Company's audit committee.

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

WAR EAGLE MINING COMPANY INC.
Condensed Consolidated Statements of Financial Position
Expressed in Canadian Dollars

	Note	December 31 2014 $	March 31 2014 $
ASSETS			
Current assets			
Cash		2,194	21,807
Receivables		810	2,888
Prepaid expenses and deposits		-	12,162
Total assets		3,004	36,857
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	11	594,416	536,705
Loan payable		1,879	-
Other liabilities	7	190,645	190,645
Total current liabilities		786,940	727,350
EQUITY (DEFICIENCY)			
Share capital	8	40,223,449	40,044,507
Reserves	8	3,185,465	3,164,717
Deficit		(44,192,850)	(43,899,717)
Total equity (deficiency)		(783,936)	(690,493)
Total liabilities and equity (deficiency)		3,004	36,857

Corporate information (note 1)

Events after the reporting date (note 17)

The condensed consolidated interim financial statements of the Company for the nine months ended December 31, 2014 were approved and authorized for issuance by the audit committee on March 2, 2015.

On behalf of the board of directors:

"Paul A. Carroll"	Director	*"Don Padgett"*	Director
Paul A Carroll		Don Padgett	

See accompanying notes

WAR EAGLE MINING COMPANY INC.
Condensed Consolidated Interim Statements of Comprehensive Loss
Unaudited – Prepared by Management
Expressed in Canadian Dollars

		Three Months Ended December 31		Nine Months Ended December 31	
	Note	2014	2013	2014	2013
		$	$	$	$
Operating expenses					
Consulting fees	11	30,367	41,615	87,367	98,615
Insurance		-	7,279	750	21,616
Investor relations		611	249	10,160	3,159
Management fees and salaries	11	72,000	60,087	216,000	216,000
Office and miscellaneous		1,037	6,265	4,606	13,284
Professional fees		6,248	16,602	13,464	23,928
Rent		618	204	2,264	1,427
Stock-based compensation	9,11	20,748	-	20,748	9,870
Transfer agent and filing fees		3,459	4,557	8,029	8,928
Travel		764	-	764	2,689
Loss before other income (expenses)		(135,852)	(136,858)	(364,150)	(399,516)
Other income (expense)					
Impairment of exploration and evaluation assets		(23,808)	(46,735)	(47,822)	(102,922)
Gain on sale of subsidiary		-	62,091	38,388	62,091
Foreign exchange loss		(1,054)	6	(443)	612
Gain on settlement of debt		79,157	-	80,894	-
		54,295	15,362	71,017	(40,219)
Loss and total comprehensive loss for the period		(81,557)	(121,496)	(293,133)	(439,735)
Basic and diluted (loss) per common share		(0.00)	(0.01)	(0.02)	(0.03)
Weighted average number of common shares outstanding		17,450,276	15,441,436	16,480,024	15,441,436

See accompanying notes.

WAR EAGLE MINING COMPANY INC.
Condensed Consolidated Interim Statements of Cash Flows
Unaudited – Prepared by Management
Expressed in Canadian Dollars

Nine months ended December 31	Note	2014 $	2013 $
Operating activities			
Loss for the period		(293,133)	(439,735)
Adjustments for			
Gain on settlement of debt		(80,894)	-
Stock-based compensation		20,748	9,870
Impairment of exploration and evaluation assets		47,822	102,922
Gain on sale of subsidiary		(38,388)	62,091
Changes in non-cash operating working capital			
Accounts receivable		2,078	11,123
Prepaid expenses		-	25,405
Accounts payable and accrued liabilities		267,655	193,560
Cash used in operating activities		(74,112)	(34,764)
Financing activities			
Loan payable		1,879	-
Issuance of shares		100,442	-
Cash provided by financing activities		102,321	-
Investing activities			
Cash transferred in sale of Tombstone		-	(1,893)
Exploration and evaluation assets	8	(47,822)	(95,205)
Proceeds from sale of Tombstone	8	-	50,762
Cash provided by (used in) investing activities		(47,822)	(46,336)
Decrease in cash and cash equivalents		(19,613)	(81,100)
Cash, beginning of period		21,807	163,082
Cash, end of period		2,194	81,982

Cash paid (received) for interest		$ -	$ -
Cash paid (received) for income tax		$ -	$ -

See accompanying notes.

WAR EAGLE MINING COMPANY INC.
Condensed Consolidated Interim Statements of Changes in Equity (Deficiency)
Expressed in Canadian Dollars

	Note	Common shares $	Reserves $	Deficit $	Total shareholders' equity $
Balance March 31, 2013	8	40,044,507	3,154,847	(43,282,873)	(83,519)
Stock-based compensation		-	9,870	-	9,870
Loss for the period		-	-	(439,735)	(439,735)
Balance December 31, 2013		40,044,507	3,164,717	(43,722,608)	(513,384)
Balance March 31, 2014	8	40,044,507	3,164,717	(43,899,717)	(690,493)
Private placement		100,442	-	-	100,442
Debt conversions		78,500	-	-	78,500
Stock-based compensation		-	20,748	-	20,748
Loss for the period		-	-	(293,133)	(293,133)
Balance December 31, 2014	8	40,223,449	3,185,465	(44,192,850)	(783,936)

See accompanying notes.

1. Corporate Information

War Eagle Mining Company Inc. (the "Company") was incorporated under the laws of British Columbia on March 6, 1984. The Company is involved in the acquisition, exploration and, if warranted, development of mineral resource properties. The Company is listed on the TSX Venture Exchange (the "TSX-V"), under the symbol "WAR", as a Tier 2 mining issuer.

These condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

The address of the Company's corporate office and principal place of business is Suite 900, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5.

2. Basis of Presentation

a) *Statement of compliance*

These condensed consolidated interim financial statements for the nine month period ended December 31, 2014 have been prepared in accordance with *IAS 34 Interim Financial Reporting* and should be read in conjunction with the Company's March 31, 2014 audited annual financial statements which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with those used in the Company's March 31, 2014 audited annual financial statements except for income tax expense which is recognized in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

b) *Basis of measurement*

The condensed consolidated interim financial statements have been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets and at fair value through profit or loss ("FVTPL"). The condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of 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 financial statements are disclosed in note 4.

2. Basis of Presentation (continued)

c) *Going concern of operations*

These consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not generated revenue from operations. The Company incurred a loss of $293,133 during the nine months ended December 31, 2014 and, as of that date the Company's deficit was $44,192,850. The Company is dependent on its ability to raise additional debt or equity to raise sufficient cash resources to meet its current financial obligations. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. The Company had cash of $2,194 at December 31, 2014 (March 31, 2014 - $21,807). 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.

3. Adoption of New Accounting Pronouncements and Recent Developments

Standards, amendments and interpretations adopted

a) IFRIC 21 Levies

In May 2013, IASB issued IFRIC 21- which sets out the accounting for an obligation to pay a levy that is not income tax. This interpretation addresses what the obligating event is that give rise to pay a levy and when a liability should be recognized. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The adoption of IFRIC 21 did not result in an adjustment to the Company's condensed consolidated interim financial statements.

b) IAS 32 Financial instrument: presentation

This standard was amended to address inconsistencies in current practice when applying the offsetting criteria in IAS 32. Under this amendment, the meaning of "currently has a legally enforceable right of set-off" was clarified as well as providing clarification that some gross settlement systems may be considered equivalent to net settlement. This amendment is effective for annual periods beginning on or after January 1, 2014. The adoption of Amended IAS 32 did not have a material impact on the Company's condensed consolidated interim financial statements.

c) IAS 36 Impairment of assets

This Standard prescribes the procedures that an entity applies to ensure that its assets are carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and the Standard requires the entity to recognize an impairment loss. The Standard also specifies when an entity should reverse an impairment loss and prescribes disclosures. This amendment is effective for annual periods beginning on or after January 1, 2014. The adoption of Amended IAS 36 did not have a material impact on the Company's condensed consolidated interim financial statements.

3. Adoption of New Accounting Pronouncements and Recent Developments (continued)

Standards, amendments and interpretations not yet effective

a) IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace *IAS 39 - Financial Instruments: Recognition and Measurement*. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for the Company's fiscal year beginning July 1, 2015.

There are no other pending IFRSs or IFRIC interpretations that are expected to be relevant to the Company's financial statements.

4. Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Critical Judgments

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

4. Critical Accounting Estimates and Judgments (continued)

Critical Judgments (continued)

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes it has adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Estimates

Information about significant estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are:

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 9.

5. Sale of a subsidiary

In December 2013, the Company sold all of the shares of its wholly owned subsidiary, Tombstone Exploration de Mexico S.A. de C.V., ("Tombstone Mexico") which is the owner of the Tres Marias property in Mexico for a consideration of US $2,500,000 ($2,710,032), payable over term to July 2016, of which, the first US$65,000 was paid at the closing of the transaction and the second payment of US$35,000 was paid in August 2014. The consideration is a partial recovery of funds that were advanced to the subsidiary. In 2012 the Company provided for total impairment of the investment so it is recognizing a gain on sale of subsidiary on receipt of each instalment of the purchase price. If the purchase price is not paid in full, the Tres Marias property will revert to the Company.

As of December 31, 2014, the Company recognized a gain on sale of Tombstone Exploration de Mexico S.A. de C.V. of $38,388.

6. Exploration and Evaluation Assets

	March 31 2014 $	Additions $	Impairment $	December 31 2014 $
Deferred exploration expenditures				
Mexico:				
Terrazas	-	47,822	(47,822)	-
	-	47,822	(47,822)	-

	March 31 2013 $	Additions $	Impairment $	December 31 2013 $
Deferred exploration expenditures				
Mexico:				
Tres Marias	-	81,776	(81,776)	-
Terrazas	-	45,896	(45,896)	-
	-	127,672	(127,672)	-

a) *Tres Marias*

The Company acquired 100% interest in Tres Marias property in the State of Chihuahua, Mexico in 2006 by satisfying all of its obligations under a purchase option agreement.

At March 31, 2012, the Company wrote off its investment in the Tres Marias property, but continued to maintain this property. The Company charged property maintenance costs to operations due to the uncertain outlook.

On December 23, 2013, the Company sold its Mexican subsidiary, Tombstone Exploration de Mexico S.A. de C.V., which is the owner of the Tres Marias property (Note 5).

b) *Terrazas*

During the fiscal year ended March 31, 2013, the Company acquired surface rights to the Terrazas project located in the State of Chihuahua, Mexico along with the acquisition of Andromeda. The Company is negotiating for an option to acquire the Terrazas project and making efforts to secure a substantial industry partner to assist in development of the project.

7. Other Liabilities

The Company entered into debt settlement agreements with certain vendors of the interest in the Terrazas project in the amount of $190,645. As per the agreements, the debt would be repaid only by converting into common shares of the Company at the time when and if the Company completes financing for acquisition of the Terrazas property, at an issue price per share equal to the issue price per share of such financing.

8. Share Capital and Reserves

Authorized capital

Unlimited common shares, without par value.

Issued capital

	Number of Shares		Common Shares $
March 31, 2014 and March 31, 2013	15,441,436		40,044,507
Private placement	2,008,840	0.05	100,442
Debt conversions	3,140,000	0.025	78,500
December 31, 2014	20,590,276		40,223,449

Non-brokered private placement

Fiscal 2014

In August 2014, the Company completed a private placement consisting of 2,008,840 units at a price of $0.05 per unit for gross proceeds of $100,442. Each unit comprises one common share of the Company and one common share purchase warrant exercisable at $0.10 until August 19, 2015. The net proceeds of the placement will be used for working capital and general corporate purposes.

In October 2014, the Company settled creditor debt in the aggregate of $157,000, by issuing 3,140,000 common shares at a deemed price of $0.05 per share to insider and non-insider creditors of the Company. The debt settlement transactions were approved by TSX Venture Exchange in November 2014.

Reserves

The reserves recorded in equity on the Company's statement of financial position comprise the fair value of share-based payments prior to exercise.

9. Share-Based Payments

In October 2013, the shareholders of the Company approved a new incentive stock option plan (the "2013 Plan") which provides that the aggregate number of common shares of the Company's capital issuable pursuant to options granted may not exceed 3,088,287. If the aggregate number of options granted exceeds the maximum allowed under the 2013 Plan, exercise of the options will require War Eagle shareholder approval. Options granted under the Plan may have a maximum term of five years and the exercise price of options granted will not be less than the discounted market price of the common shares as of the award date. The board of directors has the authority to set the vesting terms of options granted, subject to the rules of the TSX-V regarding options granted for investor relations services.

In October 2014, the Company granted 798,000 options to directors, officers and consultants of the Company. The options, which vest immediately, are exercisable for a five-year period at a price of $0.10 per share. In addition, the Company has cancelled an aggregate of 897,000 stock options previously granted to certain directors and officers of the Company.

The weighted average grant-date fair value of options awarded in the nine months ended December 31, 2014 was $.03 (2013 - $0.05). The Company employed the Black-Scholes option-pricing model using the following weighted average assumptions:

9. Share-Based Payments (continued)

Nine Months ended December 31	2014	2013
Share price	$0.03	$0.06
Annualized stock price volatility	152.50%	122.75%
Risk-free interest rate	1.56%	1.40%
Expected option lives	5.00 years	5.00 years
Dividend yield	0.0%	$0.00

The stock price volatility was determined using the historical fluctuations in the Company's share price.

	Number of options	Weighted average exercise price $
March 31, 2013	2,042,000	0.33
Granted	210,000	0.10
Expired	(30,000)	3.00
March 31, 2014	2,222,000	0.27
Granted	798,000	0.10
Forfeited	(897,000)	0.45
Expired	(25,000)	3.00
December 31, 2014	2,098,000	0.10

The Company's outstanding and exercisable stock options at December 31, 2014 were:

	Outstanding Options			Exercisable Options	
Expiry Date	Number	Weighted Average Remaining Life	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
November 14, 2017	290,000	2.87	0.10	290,000	0.10
December 20, 2017	800,000	2.97	0.10	800,000	0.10
April 25, 2018	210,000	3.32	0.10	210,000	0.10
October 31, 2019	798,000	4.84	0.10	798,000	0.10
	2,098,000	3.70	0.10	2,098,000	0.10

10. Warrants

	Number of financing warrants	Weighted average exercise price $	Number of broker warrants	Weighted average exercise price $
March 31, 2013	8,310,877	0.21	199,200	0.34
Expired	(3,960,000)	0.34	(199,200)	0.34
March 31, 2014	4,350,877	0.10	-	-
Issued	2,008,840	0.10		
Expired	(4,350,877)	0.10		
December 31, 2014	2,008,840	0.10		

As at December 31, 2014 the following share purchase warrants were outstanding and exercisable:

Number of financing warrants	Exercise price	Expiry date
2,008,840	$ 0.10	August 19, 2015

11. Related Party Transactions

The Company entered into the following transactions with related parties not disclosed elsewhere in these consolidated financial statements as follows:

Key management personnel compensation

	Three months ended December 31		Nine months ended December 31	
	2014	2013	2014	2013
	$	$	$	$
Short-term benefits	72,000	72,000	216,000	216,000
Share-based compensation	20,748	-	20,748	9,870
Consulting fees	9,000	9,000	27,000	27,000
	101,748	81,000	263,748	252,870

11. Related Party Transactions (continued)

As at December 31, 2014, $372,800 (March 31, 2014 - $228,534) in total is owing to officers and consultants for services. The total amount includes: $36,000 (March 31, 2014 - $32,400) owing to a company, owned by an officer of the Company. These amounts owing have been included in accounts payable and accrued liabilities.

Related party balances are due on demand, bear no interest, are unsecured and have no fixed payment terms.

Transactions with related parties were in the normal course of business and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

12. Capital Management

The Company's objectives when managing its capital are to safeguard the Company's ability to continue as a going concern in order to support ongoing exploration programs and development of its mining assets, to provide sufficient working capital to meet its ongoing obligations and to pursue potential investments.

The Company considers its capital to include equity and working capital. In order to maintain financial flexibility, the Company may from time to time issue shares and adjust its spending to manage current and projected capital levels. To assess capital and operating efficiency and financial strength, the Company continually monitors its working capital which is calculated as follows:

	December 31 2014 $	March 31 2014 $
Current assets	3,004	36,857
Current liabilities	786,940	727,350
Working capital (deficiency)	(783,936)	(690,493)

The Company is an exploration stage company. The Company monitors its forecasted working capital requirements on a quarterly basis. The Company prepares expenditure budgets, which are updated as necessary depending on varying factors including current and forecast prices, successful capital deployment and general industry conditions. The Company’s board of directors approves annual budgets.

The Company is not subject to external restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future. There were no changes to the Company’s approach to capital management during the nine months ended December 31, 2014.

13. Financial Instruments

Fair Value

The Company's financial instruments include cash, receivables, deposits and accounts payable. Fair value amounts disclosed in these consolidated financial statements represent the Company's estimate of the price at which a financial instrument could be exchanged in a market in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. These estimates may change in subsequent reporting periods due to market conditions or other factors.

A fair value hierarchy is used to categorize the inputs used to measure fair value. 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 as follows:

Level 1 - include financial assets and liabilities that are measured in whole or in significant part by reference to published quotes in an active market at the measurement date. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

This category includes the Company's investments in cash and cash equivalents.

Level 2 - include financial assets and liabilities using valuation technical based on assumptions that are supported by prices from observable current market transactions.

The Company has no assets or liabilities in this category.

Level 3 - include financial assets and liabilities measured using valuation techniques based on nonmarket observable inputs. This means that fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The Company has no assets or liabilities in this category.

The fair value of cash and cash equivalents, receivables, prepaid expenses and deposits and payables approximates their carrying value due to the short-term nature and limited credit risk of these assets and liabilities.

Financial Instruments Risk Management

The Company has exposure to credit, liquidity and market risks from its use of financial instruments. This note provides information about the Company's exposure to each of these risks, and the Company's objectives, policies and processes for measuring and managing such risks. The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to credit, liquidity and market risks from its use of financial instruments. This note provides information about the Company's exposure to each of these risks, and the Company's objectives, policies and processes for measuring and managing such risks. The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

13. Financial Instruments (continued)

Market risk

The Company's profitability and long-term viability will depend, in large part, on the market price of zinc and lead. The market prices for metals can be volatile and are affected by numerous factors beyond the Company's control, including: global or regional consumption patterns; the supply of, and demand for, these metals; speculative activities; the availability and costs of metal substitutes; expectations for inflation; and political and economic conditions, including interest rates and currency values. The Company cannot predict the effect of these factors on metal prices.

The market price of these minerals and metals may not remain at current levels. In particular, an increase in worldwide supply and consequent downward pressure on prices may result over the longer term from increased zinc and lead production from mines developed or expanded as a result of current metal price levels.

Foreign currency exchange rate risk

The Company is exposed to foreign currency fluctuations as it has cash, denominated in Canadian dollars and a certain portion of the Company's investing activities are conducted in US dollars and Mexican pesos. There are no exchange rate contracts in place. A change in the US dollar or Mexican peso would not have a material effect on the Company's loss.

Financial instruments denominated in foreign currencies are:

At December 31, 2014	US Dollars
Cash	70
Accounts payable and accrued liabilities	52,062
Exchange rate - $1.00 =	0.8601

At March 31, 2014	US Dollars	Mexican Pesos
Cash (negative balance)	5,090	(9,199)
Accounts payable and accrued liabilities	106,220	357,748
Exchange rate - $1.00 =	0.9043	11.81

Interest rate risk

The Company's interest rate risk mainly arises from the interest rate impact on cash and cash equivalents, which receive interest based on market interest rates. In the nine months ended December 31, 2014 , the Company did not receive any income from interest on its accounts.

13. Financial Instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in paying obligations as they come due. The Company's financial liabilities consist of accounts payable, accrued liabilities and other liabilities. Accounts payable consists of invoices payable to trade suppliers for capital expenditures, field operating activities, and general corporate expenses. All of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms.

As at December 31, 2014, the Company has a working capital deficiency of $783,936. The Company has deferred paying its trade payables until it is able to raise funds through share issuance or until it collects on its receivable from the sale of Tombstone.

14. Segment Reporting

The Company's activities are all in one industry segment of mineral property acquisition and exploration. The mineral properties are segmented by geographic location as disclosed in note 6. Substantially all administrative expenses are incurred in Canada.

15. Commitments

In February 2013, the Company approved 12 month compensation agreements for two individuals in management at $10,000 each per month and for two consultants at $3,000 each per month. The initial term of the contracts was 12 months to January 2014 which are automatically renewed for further incremental periods of 6 months at a time unless terminated by either party prior to expiry of the then term.

16. Loss Per Share

Nine months ended December 31	2014 $	2013 $
Loss for the period	(293,133)	(484,519)
Weighted average number of common shares outstanding	16,480,024	15,441,436
Loss per share, basic and diluted	(0.02)	(0.03)

Diluted loss per share for the nine months ended December 31, 2014 and 2013 is the same as stock options and warrants were out of the money.

17. Events After the Reporting Date

In January 2015, the Company issued 1,400,000 common shares at a deemed price of $0.05 per share, relating to a debt settlement in October 2014 of $70,000 to insider creditors of the Company. The transactions were approved by the shareholders in the January 19, 2015 annual general meeting.

In February, 2015, Contratista y Operaciones Mineras SA de CV ("COMSA"), the purchaser of Tombstone Mexico, paid an additional US$300,000 as the next instalment of the outstanding receivable.