Goldstrike Resources Ltd.

Financial Statements

Three Months Ended March 31, 2015

(Expressed in Canadian Dollars)

(Unaudited)

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.

Goldstrike Resources Ltd.
Statements of Financial Position
(Expressed in Canadian dollars - Unaudited)
March 31, 2015 and December 31, 2014

	Notes	March 31, 2015	December 31, 2014
ASSETS			
Current assets			
Cash and cash equivalents		$ 975,113	$ 85,769
Accounts receivable	3	8,414	94,580
Prepaid expenses and deposits		94,955	98,040
		1,078,482	278,389
Non-current assets			
Equipment	4	1,439	1,668
Exploration and evaluation assets	5	6,454,978	6,408,834
TOTAL ASSETS		$ 7,534,899	$ 6,688,891
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	6	$ 94,595	$ 36,950
TOTAL LIABILIITES		94,595	36,950
EQUITY			
Share capital	7	31,114,937	30,283,335
Share-based payment reserves	7	12,980,979	12,832,626
Deficit		(36,655,612)	(36,464,020)
TOTAL EQUITY		7,440,304	6,651,941
TOTAL LIABILITIES AND EQUITY		$ 7,534,899	$ 6,688,891

Nature and continuance of operations (Note 1)

Commitments (Notes 5 and 11)

Subsequent events (Note 11)

Approved on Behalf of the Board on May 20, 2015:

``Lucy Zhang`` ``Terry King``

Director Director

Goldstrike Resources Ltd.
Statements of Comprehensive Loss
(Expressed in Canadian dollars - Unaudited)
Three months ended March 31, 2015 and 2014

	Note	Three months ended March 31, 2015	Three months ended March 31, 2014
Expenses			
Listing and filing fees		$ 11,724	$ 14,400
Management consulting	8	3,000	9,375
Corporate development and communication	8	8,900	21,000
Investor relations		1,393	5,705
Office and miscellaneous	8	27,641	19,225
Professional fees	8	56,024	34,081
Rent		14,850	14,850
Stock-based compensation	7	77,222	12,850
		(200,754)	(131,486)
Other items			
Interest income		(1,398)	(2,636)
Amortization	4	229	510
Unrealized gain from foreign exchange		(7,993)	-
		9,162	2,126
Net and comprehensive gain (loss) for the period		$ (191,592)	$ (129,360)
Loss per share, basic and diluted		$ (0.002)	$ (0.002)
Weighted average number of common shares outstanding, basic and diluted		86,258,525	70,799,290

Goldstrike Resources Ltd.
Statement of Changes in Equity
Expressed in Canadian dollars- Unaudited)
Three months ended March 31, 2015 and 2014

	Share capital				
	Number of shares	Amount	Share-based Payment Reserve	Deficit	Total
Balance at January 1, 2014	70,799,290	$ 30,019,809	$ 12,383,078	$ (34,633,823)	$ 7,769,064
Comprehensive loss for the period	-	-	-	(129,360)	(129,360)
Stock-based compensation	-	-	12,850	-	12,850
Balance at March 31, 2014	70,799,290	30,019,809	12,395,928	(34,763,183)	7,652,554
Comprehensive loss for the period	-	-	-	(1,700,837)	(1,700,837)
Shares issued for mineral property interest	1,237,013	74,221	-	-	74,221
Shares issued for private placement	4,000,000	189,305	-	-	189,305
Stock-based compensation	-	-	436,698	-	436,698
Balance at December 31, 2014	76,036,303	30,283,335	12,832,626	(36,464,020)	6,651,941
Comprehensive loss for the period	-	-	-	(191,592)	(191,592)
Shares issued for private placements, net of issuance cost	20,000,000	831,602	-	-	831,602
Warrants issued for private placements	-	-	71,131	-	71,131
Stock-based compensation	-	-	77,222	-	77,222
Balance at March 31, 2015	96,036,303	31,114,937	12,980,979	(36,655,612)	$ 7,440,304

Goldstrike Resources Ltd.
Condensed Statements of Cash Flows
(Expressed in Canadian dollars - unaudited)
Three months ended March 31, 2015 and 2013

	Three month ended March 31, 2015	Three month ended March 31, 2014
Operating activities		
Net Income (loss) for the year	$ (191,592)	$ (129,360)
Adjustments for non-cash items:		
Amortization	229	510
Stock-based compensation	77,222	12,850
Changes in non-cash working capital:		
Receivable	2,405	70,055
Prepaid expenses and deposits	3,085	(148,519)
Trade payables and accrued liabilities	57,647	(14,444)
Net cash flows used in operating activities	(51,004)	(208,908)
Investing activities		
Exploration and evaluation assets acquisition costs	-	(100)
Exploration and evaluation assets exploration costs	37,615	(569,571)
Net cash flows used in investing activities	37,615	(569,671)
Financing activities		
Private Placements, net of issuance costs	902,733	-
Net cash flows from financing activities	902,733	-
Increase (decrease) in cash and cash equivalents	889,344	(778,579)
Cash and cash equivalents, beginning	85,769	1,252,944
Cash and cash equivalents, ending	$ 975,113	$ 474,365

Cash and cash equivalents consist of:		
Cash	$ 188,850	$ (907)
GIC	786,263	475,272
	$ 975,113	$ 474,365

1. Nature and continuance of operations

Goldstrike Resources Ltd. (the "Company") was incorporated under the laws of the province of British Columbia, Canada. The Company trades on the TSV Venture Exchange (the "TSX-V") under the symbol "GSR.V", and the Frankfurt Stock Exchange under the symbol "KCG". The Company acquires and explores exploration and evaluation assets.

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at March 31, 2015, the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand and the private placement of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may materially less than the amounts on its statement of financial position.

2. Significant accounting policies and basis of preparation

Statement of compliance

These interim financial statements, including comparatives, are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

These interim financial statements have been prepared on the basis of and using accounting policies, methods and computation and presentation consistent with those applied in the audited annual consolidated financial statements for the year ended December 31, 2014.

These interim financial statements do not include all the information required for full annual financial statements and were approved and authorized for issue by the Audit Committee and Board of Directors on May 20, 2015.

Basis of measurement

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments which are measured at fair value. The financial statements are presented in Canadian dollars.

Significant estimates and assumptions

The preparation of these financial statements in accordance with IFRS requires management to make certain estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and share based transactions, the recoverability of deferred tax assets and provisions for restoration and environmental obligations and contingent liabilities.

2. Significant accounting policies and basis of preparation (continued)

Critical judgements in applying accounting policies

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The following are the most significant judgements that management has made in applying the Company's financial statements: the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty and the allocation of expenditures as exploration and evaluation expenditures or operating expenses.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and guaranteed investment certificates.

Financial instruments

Financial assets and liabilities are initially recognized at fair value. Financial assets are classified at initial recognition as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The Company does not use any hedging instruments. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

The subsequent measurement of financial assets depends on their classification. Financial assets at fair value through profit or loss includes financial assets held-for-trading which represent assets that are acquired for the purpose of selling or repurchasing in the near term. These financial assets are initially recorded in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement at fair value, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment.

Held-to-maturity investments represent assets to be held until a specific time period and are initially measured at fair value, including transaction costs. After initial measurement at fair value, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Any amortization of the effective interest rate method and any impairment is recognized in the statement of comprehensive income loss.

Available-for-sale financial assets are investments in equity instruments that are measured at fair value with gains and losses, net of applicable taxes, included in other comprehensive income until the asset is removed from the statement of financial position. Once this occurs, the resultant gains or losses are recognized in comprehensive loss. Any permanent impairment of available-for-sale financial assets is also included in the statement of comprehensive income loss.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2. Significant accounting policies and basis of preparation (continued)

Financial instruments (Continued)

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, no value is assigned to the warrants. Warrants that are issued as payment for an agency fee or other transaction costs are accounted for as share-based payments.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares.

Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive loss.

Amortization is calculated on a declining-balance method over their estimated useful lives. Amortization is provided at half the annual rate in the year of acquisition. The estimated useful lives of equipment are reviewed when events and circumstances warrant. The Company's equipment consists of computer equipment and computer software, which are amortized on a 55% and 100% declining-balance basis, respectively.

Share-based payments

The Company has a stock option plan. Share-based payments to employees are measured at the grant date fair value and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is credited to the share-based payment reserve. The fair value of options is determined using a Black–Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

2. Significant accounting policies and basis of preparation (continued)

Exploration and evaluation assets

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

Impairment of assets

The carrying amount of the Company’s assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset’s fair value less cost to sell and value in use. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(Expressed in Canadian dollars - unaudited)

2. Significant accounting policies and basis of preparation (continued)

Impairment of assets (continued)

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Accounting standards issued but not yet applied

At the date of authorization of these financial statements, the following standards, amendments, interpretations have not been early adopted and are not expected to have a material effect on the Company's future results and financial position.

IFRS 9 Financial Instruments – This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. 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 with early adoption permitted. The Company is currently evaluating the impact IFRS 9 will have on its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. Accounts receivable

Receivables consist of GST receivable of $8,414 (2014 - $10,819) and government grants receivable of $nil (2014 - $83,761).

4. Equipment

		Computer Equipment		Computer Software		Total
Cost:						
At December 31, 2013 and 2014,	$	12,641	$	5,530	$	18,171
Additions in Q1 2015		-		-		-
At March 31, 2015		12,641		5,530		18,171
Amortization:						
At December 31, 2013		8,934		5,530		14,464
Change for the year		2,039		-		2,039
At December 31, 2014		10,973		5,530		16,503
Change in Q1 2015		229		-		229
At March 31, 2015		11,202		5,530		16,732
Net book value:						
At December 31, 2013	$	3,707	$	-	$	3,707
At December 31, 2014		1,668		-		1,668
At March 31, 2015	$	1,439	$	-	$	1,439

(Expressed in Canadian dollars - unaudited)

5. Exploration and evaluation assets

A continuity of the Company's exploration and evaluation assets is as follows:

		Exploration Costs						
	Balance at Dec 31, 2014	Assessment	Exploration Management	Travel & Accommodation	Geological & Geophysical Consulting	Land Management	**Subtotal**	**Balance at Mar 31, 2015**
Mineral Property Interests								
Big One	$ 381,916	$ -	$ -	$ -	$ -	$ -	$ -	$ 381,916
BRC	260,519	-	-	-	-	-	-	260,519
Cando2	56,039	-	-	-	-	-	-	56,039
Gull	233,245	-	-	-	-	-	-	233,245
Lucky Strike	766,417	724	8,900	750	600	80	11,054	777,471
Plateau	4,216,567	-	8,900	1,880	24,310	-	35,090	4,251,657
St. Patrick	13,392	-	-	-	-	-	-	13,392
Strike Claims	44,095	-	-	-	-	-	-	44,095
Summit	347,484	-	-	-	-	-	-	347,484
	6,319,674	725	17,800	2,630	24,910	80	46,145	6,365,818
Oil and Gas Property Interests								
Milton	89,160	-	-	-	-	-	-	89,160
Total:	$ 6,408,834	$ 725	$ 17,800	$ 2,630	$ 24,910	$ 80	$ 46,145	$ 6,454,978

(Expressed in Canadian dollars - unaudited)

5. Exploration and evaluation assets

A continuity of the Company's exploration and evaluation assets is as follows:

			Exploration Costs												
	Balance at Dec 31, 2013	**Acquisition**	Assay	Assessment	Trenching & Drilling	Contractors & Labour	Exploration Management	Logistics	Travel & Accommodation	Mapping	Geological & Geophysical Consulting	Land Management	**Subtotal**	Government Grants	Impairment	**Balance at Dec 31, 2014**
Mineral Property Interests																
Big One	$ 381,907	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9	$ 9	$ -	$ -	$ 381,916
BRC	260,370	-	-	-	-	-	-	-	-	-	140	9	149	-	-	260,519
Cando2	56,030	-	-	-	-	-	-	-	-	-	-	9	9	-	-	56,039
Gull	233,236	-	-	-	-	-	-	-	-	-	-	9	9	-	-	233,245
Jimmy	206,299	-	-	-	-	-	-	-	-	-	-	9	9	-	(206,308)	-
Klaza	227,304	-	-	-	-	-	-	-	-	-	-	9	9	-	(227,313)	-
Lucky Strike	693,413	4,698	14,871	371	6,500	12,950	20,767	11,109	13,992	4,200	25,739	9	115,206	(42,202)	-	766,417
Plateau	4,007,876	74,220	-	4,838	-	2,184	20,767	4,132	16,227	-	127,864	18	250,250	(41,559)	-	4,216,567
St. Patrick	13,383	-	-	-	-	-	-	-	-	-	-	9	9	-	-	13,392
Strike Claims	44,095	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44,095
Summit	347,054	100	-	-	-	-	-	-	-	-	321	9	430	-	-	347,484
	6,470,967	79,018	14,871	5,209	6,500	15,134	41,534	15,241	30,219	4,200	154,064	99	366,089	(83,761)	(433,621)	6,319,674
Oil and Gas Property Interests																
South Reston	-	9,017	-	-	540,785	-	-	-	-	-	-	-	549,802	-	(549,802)	-
Milton	-	7,114	-	-	82,046	-	-	-	-	-	-	-	89,160	-	-	89,160
Total:	$ 6,470,967	$ 95,149	$ 14,871	$ 5,209	$ 629,331	$ 15,134	$ 41,534	$ 15,241	$ 30,219	$ 4,200	$ 154,064	$ 99	$ 1,005,051	$ (83,761)	$ (983,423)	$ 6,408,834

5. Exploration and evaluation assets (continued)

B2 Syndicate Option Agreements

On March 22, 2011, the Company entered into option agreements with the B2 Syndicate (the "Syndicate") to earn up to 100% interest in properties located in the Yukon Territory. Two directors and an officer of the Company are members of the Syndicate. The properties are subject to a 3 % Net Smelter Royalty ("NSR") royalty which may be reduced by 1% for a payment of $1,500,000.

The agreement terms for the properties are as follows:

Big One

The option agreement was amended on October 29, 2012. Under the amended agreement, the Company is required to make the following payments:

- $90,000 (paid) and issue 450,000 shares on June 15, 2011 (issued);
- Issue 500,000 shares by November 1, 2012 (issued);
- Issue 500,000 shares and pay $200,000 or issue shares in the equivalent amount, by November 1, 2015;
- Issue 750,000 shares and pay $300,000 or issue the amount in shares, by November 1, 2016; and
- Issue 750,000 shares and pay $500,000 or issue the amount in shares, by November 1, 2017.

During the year ended December 31, 2013, management determined that the Big One property was impaired and recorded an impairment charge of $345,000 against the property.

Gull, Jimmy and Klaza

The option agreements were amended on October 29, 2012. Under the amended agreements, the Company is required to make the following payments for each of the properties:

- $90,000 (paid) and issue 450,000 shares on June 15, 2011 (issued);
- Issue 100,000 shares by November 1, 2012 (issued);
- Issue 500,000 shares and pay $200,000 or issue the amount in shares, by November 1, 2015;
- Issue 750,000 shares and pay $300,000 or issue the amount in shares, by November 1, 2016; and
- Issue 750,000 shares and pay $500,000 or issue the amount in shares, by November 1, 2017.

During the year ended December 31, 2013, management determined that the Gull, Jimmy and Klaza properties were impaired and recorded impairment charges of $285,000 against each of the properties.

During the year ended December 31, 2014, the Company allowed the claims on the Klaza and Jimmy properties to lapse and fully impaired the properties.

Plateau

The option agreement was amended on November 1, 2013. Under the amended agreement, the Company is required to make the following payments:

- $90,000 (paid) and issue 450,000 shares on June 15, 2011 (issued);
- Issue 500,000 shares (issued), pay $100,000 or issue shares in the equivalent amount (paid), and incur $100,000 in exploration expenditures (incurred) by November 1, 2012;
- Issue 500,000 shares (issued) and pay $200,000 or issue shares in the equivalent amount (324,676 shares issued) by November 30, 2013 (Note 7);

5. Exploration and evaluation assets (continued)

B2 Syndicate Option Agreements *(continued)*

Plateau (continued)

- Issue 750,000 shares (issued) and pay $300,000 or issue the amount in shares (487,013 shares issued) by November 1, 2014 (Note 7); and
- Issue 750,000 shares, pay $500,000 or issue shares in the equivalent amount, and incur $2,500,000 in exploration expenditures (expenditures incurred) by November 1, 2015.

During the year ended December 31, 2013, management determined that Plateau property was impaired and recorded an impairment charge of $345,000 against the property.

Goldspike Exploration Inc. Option Agreement

Summit

On March 14, 2011, and as amended May 1, 2013, the Company entered into an option agreement with Goldspike Exploration Inc. to earn up to 100% interest in the Summit property located in the Yukon Territory. The property is subject to a 3% NSR which may be reduced by 1% for a payment of $1,500,000.
Under the amended agreement, the Company is required to make the following payments:

- $50,000 (paid) and issue 200,000 shares on June 15, 2011 (issued);
- Issue 300,000 shares (issued), pay $100,000 or issue shares in the equivalent amount (192,308 shares issued), and incur $100,000 in exploration expenditures (incurred) by October 31, 2012;
- Issue 200,000 shares by May 31, 2013 (issued)(Note 7);
- Issue 300,000 shares and pay $125,000 or issue shares in the equivalent amount, by October 31, 2015;
- Issue 500,000 shares by October 31, 2016; and
- Issue 600,000 shares, pay $250,000 or issue shares in the equivalent amount, and incur $1,000,000 in exploration expenditures by October 31, 2017.

During the year ended December 31, 2013, management determined that the Summit property was impaired and recorded an impairment charge of $208,923.

Petro One Energy Corp. Option Agreements

During the year ended December 31, 2011, the Company entered into option agreements with Petro One Energy Corp. ("Petro One"), a company with a common director, to acquire the Lucky Strike and BRC properties which are located in the Yukon Territory, Canada.

Lucky Strike

Under the option agreement dated November 23, 2010, the Company is required to meet the following conditions in order to earn a 70% interest in the Lucky Strike property:

- Issue 2,000,000 shares and 4,000,000 warrants on June 15, 2011 (issued);
- An exploration program costing not less than $300,000 for Petro One to incur qualifying expenses as required by an underlying option agreement by December 31, 2011 (condition met);
- Issue 1,000,000 shares by June 20, 2012 (issued) (Note 7);
- Pay $50,000 (paid) and issue 1,000,000 shares by June 20, 2013 (issued) (Note 7);

5. Exploration and evaluation assets (continued)

Petro One Energy Corp. Option Agreements (continued)

Lucky Strike (continued)
The property is subject to a 3% NSR royalty.

On November 20, 2013, all future commitments under the option agreement were waived as part of a joint venture agreement with Petro One (the "Joint Venture") and the Company was deemed to have exercised its options on the property and earned its interest. (See *"Petroleum and natural gas exploration assets – Joint venture"*).

During the year ended December 31, 2013, management determined that the Lucky Strike property was impaired and recorded an impairment charge of $4,370,127 against the property.

BRC
Under the option agreement dated March 24, 2011, and as amended October 29, 2012, the Company is required to make the following payments in order to earn a 100% interest in the BRC property:

- Issue 2,000,000 shares and 3,000,000 warrants on June 15, 2011 (issued); and
- Arranging for an exploration program costing not less than $200,000 for Petro One to incur qualifying expenses as required by an underlying option agreement by December 31, 2011 (condition met).

The property is subject to a 4% NSR royalty. 1% of the royalty may be purchased for $1,000,000.

On November 20, 2013, all future commitments under the option agreement were waived as part of the Joint Venture and the Company was deemed to have exercised its options on the property and earned its interest. (See *"Petroleum and natural gas exploration assets – Joint venture"*).

During the year ended December 31, 2013, management determined that the BRC property was impaired and recorded an impairment charge of $3,287,458 against the property.

Cando2 Property
On September 8, 2011, the Company entered into a staking agreement with 517769 B.C. Ltd, a company owned by the spouse of an officer of the Company, and 1511558 Alberta Inc., a company partially owned by a director of the Company (collectively the "Vendors"). The Vendors identified the property for staking; the Company acquired the information from the Vendors and staked the property for the sole benefit of the Company subject to a 3% NSR royalty which may be reduced by 1% for a payment of $1,500,000.

Strike Claims Property
On July 25, 2013, the Company entered into an agreement to purchase a 100% interest in 39 mineral claims in Yukon Territory for a cash payment of $20,000 (paid) and the issuance of 225,000 shares (issued) (Note 7).

Other properties
The remainder of the Company's properties are located in the Yukon Territory and were acquired by staking. During the year ended December 31, 2013, the Company fully impaired all the staked properties except the St. Patrick property.

5. Exploration and evaluation assets (continued)

Petroleum and natural gas exploration assets – Joint venture

On February 14, 2014, the TSX-V approved an agreement for the Joint Venture between the Company and Petro One to drill oil wells on leases controlled by Petro One in Manitoba and Saskatchewan whereby the Company has the right to earn a 50% working interest. The first well contemplated under the agreement is Well #SR1 in the South Reston property in Manitoba. In order to acquire 50% working interest in Well #SR1, the Company must share in 50% of the cost of drilling the well and bear 100% of the completion costs. Upon executing the Joint Venture, the Company paid Petro One $50,000 and advanced its share of capital costs in the amount of $650,000. Petro One waived future option payments on the Lucky Strike and BRC properties and the Company will be deemed to have exercised its options on the properties and earned its interest.

In May 2014, the Company and Petro One amended the Joint Venture in order to defer completion of Well #SR1 and instead to drill a well on Petro One's J5 Milton property in Manitoba. Under the terms of the amended agreement, the Company will pay 100% of the testing and equipping costs to earn a 50% working interest in that well.

The Company also has the option to earn 50% of working interests in any other previously drilled wells at Milton within two years of the amendment.

The Company has the option to drill one well at a Milton location (the "Milton Option") to be selected by Petro One, paying 100% to earn 50% working interest within two years of the amendments. If the Company options to drill a vertical well, it will have the option to drill up to three additional vertical wells. The Company has 90 days in each case after the rig release date for the previous well.

If Petro One disposes the property to a third party before the Company exercises the Milton Option, the Milton Option will terminated and the Company will be entitled to:

(a) the lessor of $50,000 and 10% of cash (or equivalent) received by Petro One;
(b) 50% of gross overriding royalty interests ("GORR") received by Petro One on production from the first well drilled by the third party; and
(c) a working interest equal to 50% of Petro One's working interest in the first well drilled by the third party.

The Company retains the right for two years to complete Well #SR1 and the right to drill option wells at South Reston if Well # SR1 is brought into production by the Company by paying 100% of the costs of additional testing and completion and equipping of Well #SR1, as well as lease maintenance costs.

If Petro One disposes the South Reston property to a third party before the Company exercises its options, the Company will be entitled to:

(a) the lessor of $350,000 and 10% of cash (or equivalent) received by Petro One;
(b) 50% of GORR received by Petro One on production from Well #SR1 and production the first well drilled by the third party; and
(c) 50% of Petro One's working interest in Well #SR1 and the first well drilled by the third party.

(Expressed in Canadian dollars - unaudited)

5. Exploration and evaluation assets (continued)

Petroleum & natural gas exploration assets – Joint venture (continued)

In November 2014, the Company and Petro one further amended the Joint Venture. Under the amended agreement, Petro One proposed to proceed with a re-work and test of Well #SR1. Petro One will carry out the test and advance 100% of the test costs. If funding is received by Petro One from a third party and Petro One is reimbursed from such funding for all test costs and any other costs incurred by Petro One in respect of Well #SR1 subsequent to the completion of the Well #SR1 test, the Company will be entitled to 50% of Petro One's working interest in Well #SR1 with no additional cost. If funding is not received from a third party, the Company will be entitled to a 25% working interest in Well #SR1, at no additional cost to the Company, after Petro One has recovered from production from Well #SR1. If Petro One sells, farms-out or otherwise disposes of all or any portion of the South Reston property to a third party prior to May 6, 2016, the Company will be entitled, at no additional cost, to

(a) the lesser of $350,000 and 10% of any cash (or equivalent) received by Petro One from such third party on completion of such transaction;
(b) 50% of any GORR received by Petro One on production from Well SR1 and production from the first well drilled on the South Reston property with funds provided by such third party; and
(c) the lesser of a 25% working interest and 50% of Petro One's working interest in Well #SR1 and the first well drilled on the South Reston property with funds provided by such third party.

During the year ended December 31, 2014, management determined that the carrying value of Well #SR1 on the South Reston property is not recoverable and fully impaired the property.

6. Trade payables and accrued liabilities

	March 31, 2015	December 31, 2014
Accounts Payable	$ 10,779	$ 2,080
Accrued Liabilities	33,298	34,492
Due to related parties (Note 8)	50,518	378
	$ 94,595	$ 36,950

7. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital during the three months ended March 31, 2015 and year ended December 31, 2014

On February 13, 2015, the Company closed a non-brokered private placement and raised $1,000,000 by issuing 14,920,000 non-flow-through units (each a "NFT Unit") and 5,080,000 flow-through units (each a "FT Unit"), all at the price of $0.05 per unit. Each NFT Unit is comprised of one common share and one share purchase warrant exercisable to purchase one additional share for $0.06 for 60 months after the closing date. Each FT Unit is comprised of one common share which is a "flow-through" share for the purposes of the Income Tax Act (Canada) and one-half of a share purchase warrant, with each full warrant exercisable to purchase one additional share for $0.10 for 24 months after the closing date. Shares issuable on any exercise of warrants comprised in the FT Units and NFT Units are not "flow-through" shares.

In connection with the offering, the Company paid finder's fees of $44,030 and issued 714,000 finders' warrant which are exercisable to purchase one share for $0.06 for 24 months after closing and 306,600 finders' warrants which are exercisable to purchase one share for $0.10 for 24 months after closing.

(Expressed in Canadian dollars - unaudited)

7. Share capital (continued)

Authorized share capital (Continued)

On October 31, 2014, the Company issued 750,000 common shares with a fair value of $45,000 and an additional 487,013 common shares with a fair value of $29,221 pertaining to the Plateau property option agreement (Note 5).

On July 10, 2014, the company closed a non-brokered private placement and raised $200,000 by issuing 4,000,000 flow-through ("FT") units at the price of $0.05 per FT unit. Each FT unit is comprised of one "flow-through" common share and share purchase warrant. All FT Shares and any shares issued on the exercise of the Warrants are subject to a four-month hold period from the closing date. The premium paid by the investors for the flow-through component was determined to be nominal. No value was assigned to the warrants. The Company incurred share issuance costs of $10,695 in connection with this financing.

Renunciation of exploration expenditure

During the year ended December 31, 2014, the Company incurred and renounced all proceeds raised under its flow-through program.

Stock options

The Company has adopted a stock option plan, which provides that the Board of Directors of the Company may, in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent of the issued and outstanding common shares.

As at March 31, 2015, the Company had the following options outstanding and exercisable:

Date Issued	Expiry Date	Exercise Price		Number of Options Outstanding	Number of Options Exercisable
January 26, 2011	January 26, 2021	$	0.20	650,000	650,000
August 5, 2011	August 5, 2016	$	0.20	440,000	440,000
August 5, 2011	August 5, 2021	$	0.20	2,900,000	2,900,000
August 19, 2011	August 19, 2021	$	0.20	100,000	100,000
August 30, 2011	August 30, 2016	$	0.20	200,000	200,000
August 30, 2011	August 30, 2021	$	0.20	550,000	550,000
October 17, 2011	October 17, 2016	$	0.20	100,000	100,000
June 23, 2014	June 23, 2024	$	0.20	1,700,000	1,700,000
August 15, 2014	August 15, 2024	$	0.20	2,100,000	2,100,000
January 13, 2015	January 13, 2020	$	0.05	1,000,000	1,000,000
March 6, 2015	March 5, 2020	$	0.20	1,100,000	-
				10,840,000	9,740,000

(Expressed in Canadian dollars - unaudited)

7. Share capital (continued)

Stock options (Continued)

A continuity of the Company's options is as follows:

	March 31, 2015		December 31, 2014	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Options outstanding, beginning of year	8,740,000	$ 0.20	4,940,000	$ 0.67
Options granted	2,100,000	0.13	3,800,000	0.20
Options outstanding, end of period	10,840,000	$ 0.19	8,740,000	$ 0.20

As at March 06, 2015, the Company granted 1,100,000 incentive stock options to two independent consultants at an exercise price of $0.20 per share until March 5, 2020. The options will vest and become exercisable over two years (25% each six months after the grant date). The fair value of the options was determined to be $177,827 on the grant date and $12,618 was expensed during the three month ended March 31, 2015.

As at January 13, 2015, the Company granted 1,000,000 incentive stock option to an independent consultant. All of the options were vested 100% upon issuance and are exercisable at the price of $0.05 per share until January 13, 2020. The fair value of the options was determined to be $64,603.

The fair value of stock options issued during the three month ended March 31, 2015 were estimated using the Black-Scholes option pricing model with the following weighted average assumptions: expected life of 5 years, volatility of 147.56%~149.64%, dividend yield of 0% and risk-free interest rate of 0.99%~1.15%.

As at August 15, 2014, 2,100,000 stock options were granted to directors and an officer of the Company. All of the options were vested 100% upon issuance and are exercisable at the price of $0.20 per share until August 15, 2024. The fair value of the stock options was determined to be $334,258 using the Black-Scholes option pricing model with the following assumptions: expected life of 10 years, volatility of 177%, dividend yield of 0% and risk-free interest rate of 2.02%.

As at June 23, 2014, 1,700,000 stock options were granted to directors and officers of the Company. All of the options vested upon issuance and are exercisable at the price of $0.20 per share until June 23, 2024. The fair value of the stock options was determined to be $92,637 and was estimated using the Black-Scholes option pricing model using the following assumptions: expected life of 10 years, volatility of 176%, dividend yield of 0% and risk-free rate of 2.33%.

The weighted average grant date fair value of options granted during the year ended December 31, 2014 was $0.11 per option.

As at June 25, 2014, the Company's board approved the amendment of 1,790,000 incentive option previously granted to consultants of the Company and 3,150,000 incentive options previously granted to directors and officers of the Company by reducing the exercise price to $0.20. The incremental increase of the fair value of the options as a result of the amendment was nominal.

As at March 31, 2015, the Company recognized stock-based compensation of $77,222 (2014 - $12,850) for stock options that vested in the first quarter of the year.

As at March 31, 2015, 9,740,000 options were exercisable. The weighted average life and weighted average exercise price of exercisable options are 7.12 years and $0.18, respectively.

(Expressed in Canadian dollars - unaudited)

7. Share capital (continued)

Share purchase warrants

As at March 31, 2015, the Company had the following warrants outstanding:

Date issued	Expiry date	Exercise price		Number of warrants outstanding
July 7, 2010	July 7, 2015	$	0.10	2,000,000
March 21, 2011	March 21, 2016	$	0.40	1,990,000
April 11, 2011	April 11, 2016	$	0.66	80,000
June 15, 2011	June 15, 2016	$	0.25	4,000,000
June 15, 2011	June 15, 2016	$	0.70	3,000,000
June 15, 2012	June 15, 2016	$	0.80	1,307,679
July 10, 2014	July 10, 2016	$	0.10	4,000,000
February 13, 2015	February 13, 2017	$	0.06	714,000
February 13, 2015	February 13, 2017	$	0.10	2,846,600
February 13, 2015	February 13, 2020	$	0.06	14,920,000
				34,858,279

A continuity of the Company's warrants is as follows:

	March 31, 2015			December 31, 2014		
	Number of Common Shares Issuable	Weighted Average Exercise Price		Number of Common Shares Issuable	Weighted Average Exercise Price	
Warrants outstanding, beginning	17,363,454	$	0.34	13,565,375	$	0.41
Warrants issued	18,480,600		0.07	4,000,000		0.10
Warrants expired	(985,775)		0.30	(201,921)		0.35
Warrants outstanding, ending	34,858,279	$	0.20	17,363,454	$	0.34

On February 13, 2015, the Company issued 14,920,000 warrants at an exercise price of $0.06 and exercisable until February 13, 2020, as part of a non-flow-through private placement offering. 714,000 finder's warrant at exercise price of $0.06 and exercisable until February 13, 2017 were also issued. The fair value of the finder's warrants was $50,970.

On February 13, 2015, the Company issued 2,540,000 warrants at an exercise price of $0.10 and exercisable until February 13, 2017, as part of a flow-through private placement offering. 306,600 finder's warrant at exercise price of $0.10 and exercisable until February 13, 2017 were also issued. The fair value of the finder's warrants was $20,160.

On July 10, 2014, the Company issued 4,000,000 warrants at an exercise price of $0.10 and exercisable until July 10, 2016, as part of a flow-through private placement offering.

On May 30, 2014, the expiry date of 1,307,679 warrants with exercise price of $0.80 was extended from June 15, 2014 to June 15, 2016. The incremental increase in the fair value of the warrants was nominal.

(Expressed in Canadian dollars - unaudited)

7. Share capital (continued)

Share purchase warrants (Continued)

The fair value of warrants issued during the three month ended March 31, 2015 were estimated using the Black-Scholes option pricing model with the following assumptions:

	March 31, 2015
Risk-free interest rate	0.43%
Dividend yield	-
Expected stock price volatility	160.37%
Weighted average expected life (years)	2.00

As at March 31, 2015, the weighted average exercise price and weighted average life of the warrants are $0.20 and 2.79 years, respectively.

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

8. Related party transactions

Related party transactions with directors and officers as at March 31, 2015 and December 31, 2014 are as follows:

	March 31, 2015	**December 31, 2014**
Rent incurred to a company controlled by the Chief Operating Officer's spouse	$ 3,713	$ 14,850
Legal fees and share issuance costs incurred to a firm of which the Chairman is a principal	74,452	47,385
Rent incurred to a company controlled by the Chairman	3,713	14,850
Geological consulting fees incurred to directors of the Company	20,600	65,500

Key personnel compensation:

	March 31, 2015	**December 31, 2013**
Management and accounting fees incurred to the Chief Financial Officer	$ 6,000	$ 75,000
Management fees incurred to the Chief Operating Officer	26,700	106,800
Directors' fees incurred to directors of the Company	3,000	12,000

As at March 31, 2015, $50,518 (2014 - $6,860) was owing to related parties and has been included in trade payables and accrued liabilities (Note 6). The amounts are unsecured, non-interest bearing and due on demand.

(Expressed in Canadian dollars - unaudited)

9. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and cash equivalents. Cash and cash equivalents are held with the same financial institution giving rise to a concentration of credit risk. This risk is managed by using a major Canadian bank that is a high credit quality financial institution.

Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. All of the Company's non-derivative financial liabilities are due within a year.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not incur significant expenditures that are denominated in foreign currencies, and does not have any mineral property commitments that are denominated in foreign currencies. Therefore, the Company's exposure to currency risk is considered minimal.

Interest rate risk

Interest rate risk refers to the risk that fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk as cash and cash equivalents earn interest income at variable rates. The fair value of cash and cash equivalents are minimally affected by changes in short term interest rates.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	March 31, 2015	December 31, 2014
Loans and receivables:		
Cash and cash equivalents	$ 975,113	$ 85,769
Other receivables	-	-
	$ 975,113	$ 85,769

Financial liabilities included in the statement of financial position are as follows:

	March 31, 2015	December 31, 2014
Non-derivative financial liabilities:		
Trade payables	$ 10,779	$ 2,080
Amounts due to related parties	50,518	378
	$ 61,297	$ 2,458

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

10. Capital Management

The Company manages its capital, consisting of share and working capital, in a manner consistent with the risk characteristic of the assets it holds. All sources of financing are analyzed by management and approved by the board of directors.

The Company’s objectives when managing capital is to safeguard the Company’s ability to continue as a going concern. The Company is meeting its objective of managing capital through preparing short-term and long-term cash flow analysis to ensure an adequate amount of liquidity. The Company is not subject to any externally imposed capital restrictions.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any external restrictions on its capital.

11. Subsequent events

In May 2015, 100,000 warrants were exercised at the exercise price of $0.10 per common share.